



PACIFIC ASSOCIATION OF SUPREME
AUDIT INSTITUTIONS

ASIAN DEVELOPMENT BANK

A REFLECTION ON THE SUB-REGIONAL AUDIT SUPPORT PROGRAMME (SAS) 2009 – 2016



Participating SAIs from – Solomon Islands, Kiribati, Tuvalu & Nauru

FOREWORD



The sub-regional audit support program (SAS) is one of PASAI's success stories. The program was designed to support some of our smaller and most vulnerable members that were facing similar challenges with their people capability, audit methodologies and systems. SAS has benefited those nations, namely Kiribati, Nauru, Solomon Islands and Tuvalu. Some of the key achievements include professional development and capability improvement for the staff in those offices; completion of audits particularly whole of government accounts; relationship building; and reporting of value adding recommendations.

The Auditors General have agreed that the improvement is such that these SAIs can be 'mainstreamed' into PASAI's standard programmes. A fine result.

Thank you to everyone who worked so hard to make this program a success. They include the Auditors General and their staff, the PASAI secretariat, the consultants and the Asian Development Bank.

We have reached a key milestone but there is more to do. In the words of one of the Auditors General "We can now do audits and report on time. Our next challenge is audit quality." A shared challenge.

A handwritten signature in black ink, appearing to read 'Lyn Provost'.

Lyn Provost

Chair SAS Committee

Secretary-General of PASAI and Controller and Auditor-General of New Zealand

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ROUND 1, ROUND 2 & ROUND 3

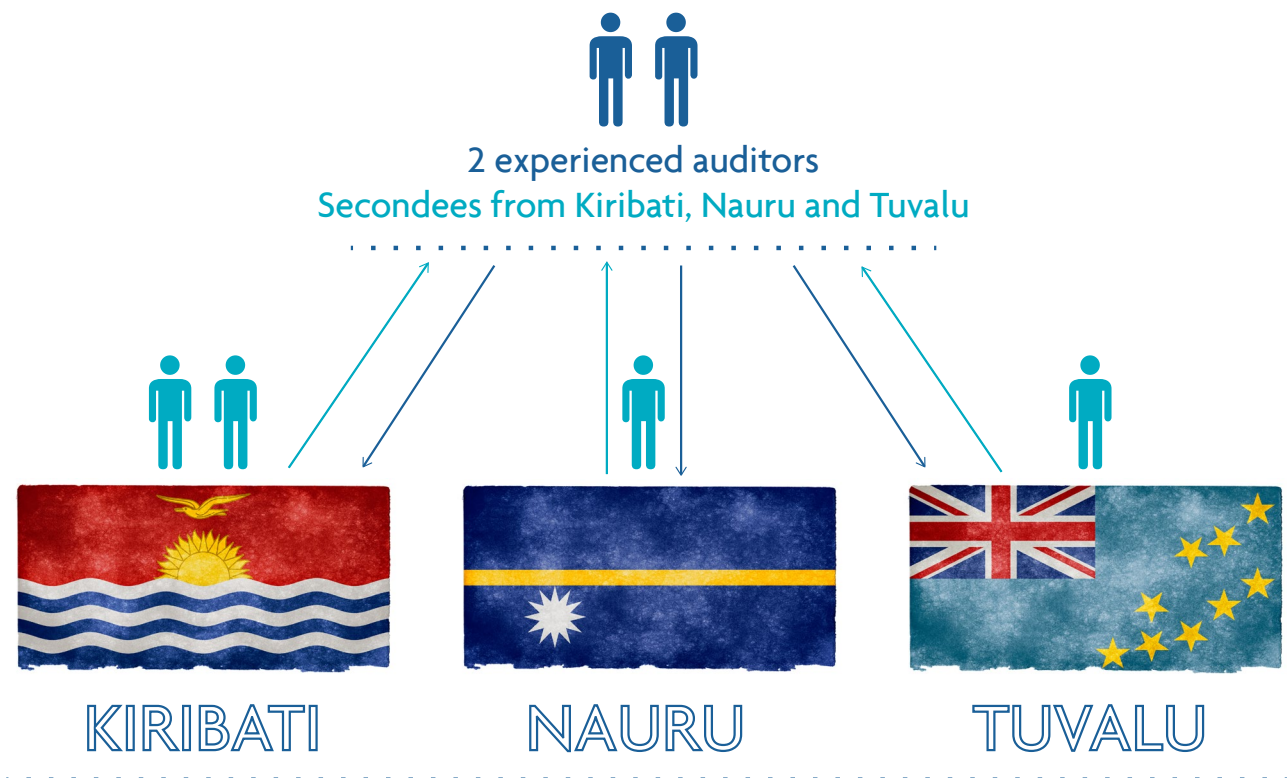
Pacific Island Forum leaders have long recognised that the serious challenges facing Pacific island countries could be met through sharing scarce resource and aligning policies to strengthen national capacities to support their people. In 2005, the Pacific Plan for Strengthening Regional Cooperation and Integration formed the basis for further development of Pacific public auditing through the development of the Pacific Regional Audit Initiative (PRAI).

The PRAI’s overarching objective is to raise Pacific public auditing to uniformly high standards and one of the key capacity building programmes for the Secretariat is the sub-regional audit support (SAS) programme. This SAS programme approach was developed as in Figure 1 below and was introduced in July 2009. Initially the Supreme Audit Institutions (SAIs) in Kiribati, Nauru and Tuvalu were chosen as they faced similar challenges in the areas of human resource capacity and the efficacy of their audit methodologies and audit systems. The SAS team is made up of secondees from each participating country and supported by Asian Development Bank (ADB) consultants on a 9-12 month rotation in each country to conduct the audit of public accounts. The SAS team helped complete financial audits, train SAI personnel, and improve harmonisation and information sharing.

The common challenges faced by these SAIs include the small number (non-existence) of trained and qualified personnel, the disproportionate effects of staff turnover or absences, difficulties in attracting and retaining staff and weak Public Financial Management (PFM) systems. These issues mean that public accounts are often not prepared for audits to be conducted and in cases where public accounts are produced, they are not audited to high standards in a timely manner.

Figure 1: The Sub-regional Audit Support Approach

SUBREGIONAL AUDIT SUPPORT (SAS) TEAM



-  Secondments to the SAS Team (for 9-12 month periods)
-  In-country support to conduct financial and performance audits

SAS PROGRAM ENTERS A NEW ERA – ROUND 4 & ROUND 5

During the Round 3 phase and planning for Round 4 it was noted that Whole of Government accounts or public accounts are generally being done and the audits are up to date in these countries. However the audits of state owned enterprises or entities controlled by the government were not being audited in a timely manner. Therefore the Heads of SAIs aimed to focus on the backlog of these type of audits.

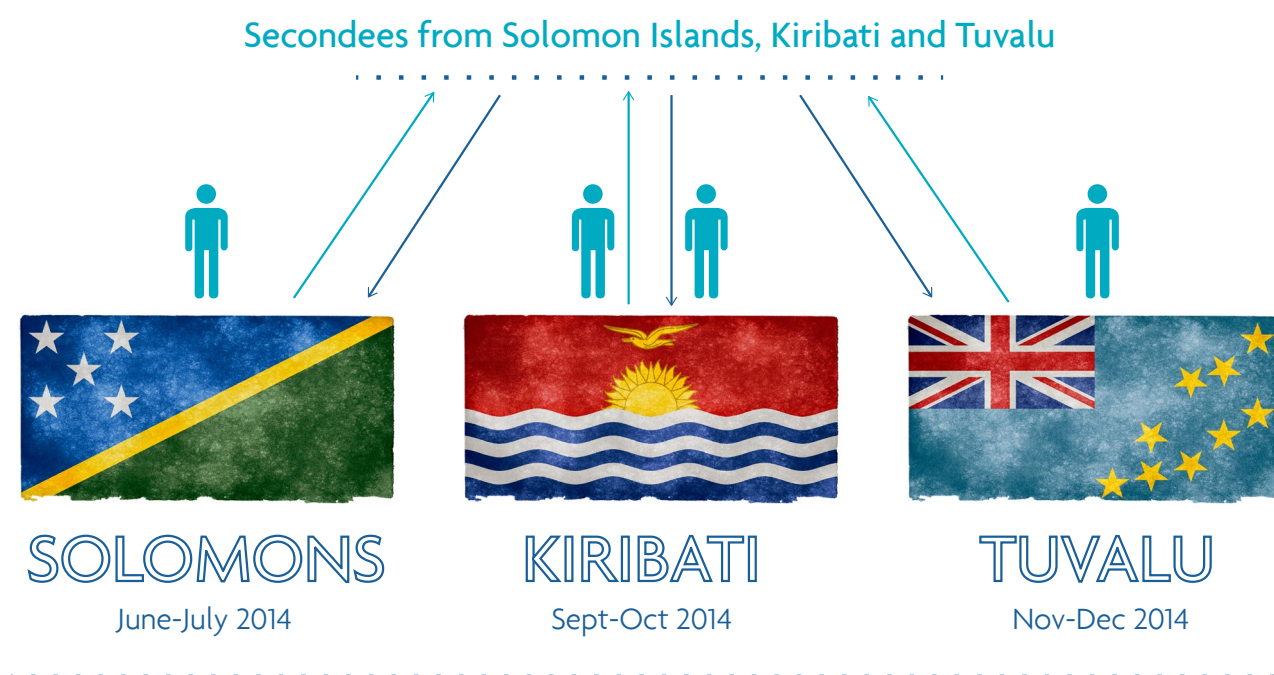
Furthermore another major change in the SAS program was the exclusion of Nauru SAI in Round 4. The PASAI Governing Board received a report about Nauru SAI and decided, together with the members of the SAS committee that the SAS program in its current form did not provide the required assistance to meet the specific capacity needs of Nauru SAI. Instead, the PASAI Governing Board acknowledged the request by Nauru for technical assistance and has incorporated this into operational plan of the PASAI 10 year Strategic plan.

PASAI Secretariat circulated an expression of interest to all other SAIs who may benefit from joining this SAS program and the Office of the Auditor General in Solomon Islands was interested to participate. The SAS committee accepted the inclusion of Solomon Islands and a revised Memorandum of Understanding was signed at the 7th SAS Committee Meeting held at PASAI Secretariat Office in NZ on 26-27 May 2015 before fourth round commenced in June 2015.

The Committee also reflected that since Round 1 (2009/2010) one of the key issue faced by the consultants was trying to motivate staff and improve team spirit within offices to come to work to conduct the audit. The program has come a long way with visible positive results where staff are motivated and audits are being conducted. However the key focus for all the participating SAIs is the question of **“high audit quality”**.

Figure 2: The Sub-regional Audit Support Approach Round 4

ROUND 4 SAS TEAM



- > Secondments to the SAS Team (6 weeks)
- > In-country support to conduct financial audits

OVERALL STATISTICS

CAPABILITY DEVELOPED



One of the key objectives of the SAS program is to strengthen capability of SAI staff and following is a summary of these achievements:

- 1 Developed good supervisory skills and experience
- 2 Increased knowledge and audit skills on how to audit complex industries - insurance and investments
- 3 Strengthen staff in audit planning and reporting skills
- 4 Improved ability to carry out more complex audits
- 5 Gained understanding of international standards of supreme audit institutions (ISSAIS)
- 6 Improvement in audit methodology to align better with ISSAIS.
- 7 More confidence in conducting and supervising an audit
- 8 Staff are more confident to identify audit issues and discuss them
- 9 Audit team were confident to discuss audit findings and issues with the auditee
- 10 Strengthened management skills of audit supervisors to lead an audit team
- 11 Staff were empowered to be confident in the work they do due to the training, mentoring and coaching. This was observed in positive body language and the staff speaks up more during meetings.

“Management accepted audit recommendations and the consultants used secondees for the exit interview.” **Mr Eli Lopati Tuvalu Auditor General – Round 3 and 4**

“After Round 4 the staff were able to pass on skills to staff”
Ms Matereta Raiman Kiribati Auditor General – Round 4

“The impact on the secondees is the increase in their confidence”
Mr Robert Cohen Solomon Islands A/Auditor General – Round 4



NUMBER OF STAFF INVOLVED AND THE GENDER BALANCE



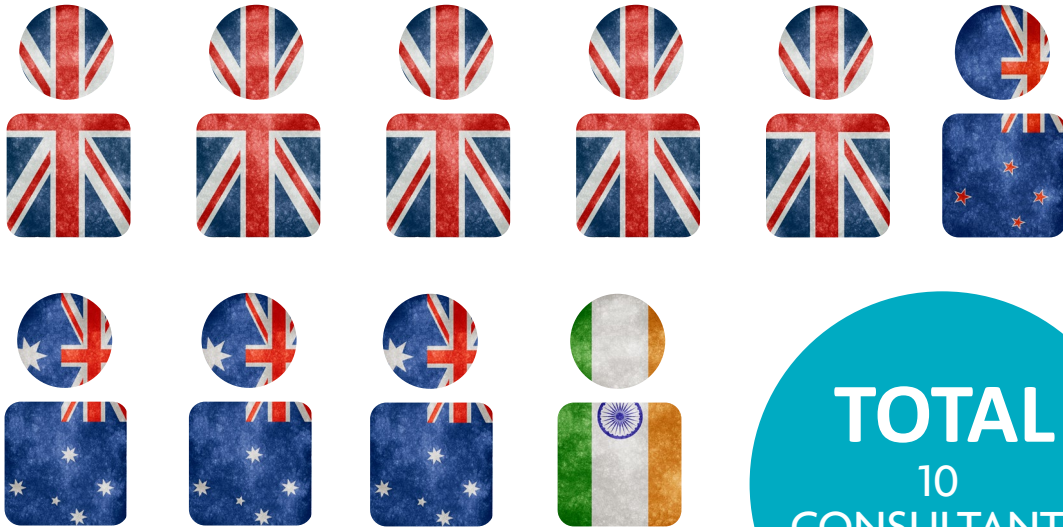
TOTAL
47 STAFF INVOLVED

53% FEMALE
25 / 47



47% MALE
22 / 47

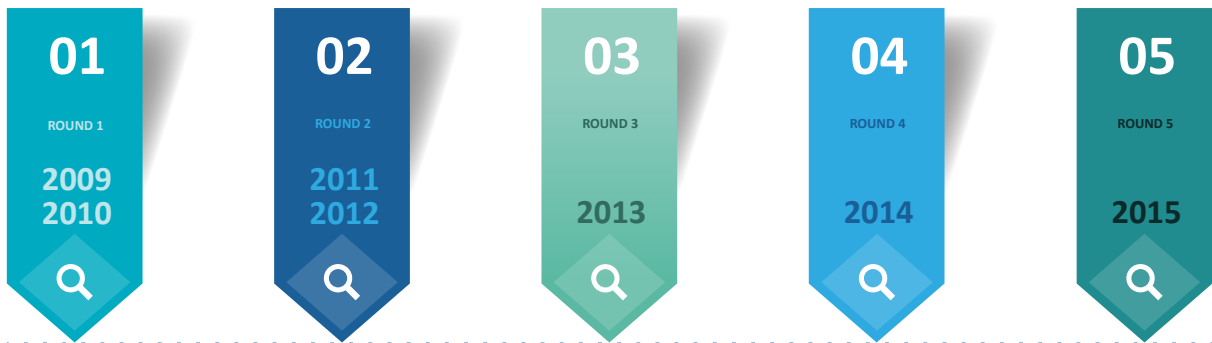
NUMBER OF CONSULTANTS USED



TOTAL
10
CONSULTANTS
USED

FROM : UK, NEW ZEALAND, AUSTRALIA & INDIA

AUDITS COMPLETED



Kiribati Provident Fund – 31 Dec 2006

Telecommunications Services Kiribati Limited – 31 Mar 2007 and 2008

Tuvalu Whole of Government - 31 Dec 2008

Ronphos Limited – 30 June 2006

Central Utilities (limited scope) – 30 June 2006, 2007, 2008

Kiribati Provident Fund

Kiribati Utilities Board

Tuvalu Whole of Government Accounts

Nauru public utilities

Kiribati Oil Company - 2012

Falekaupule Trust Fund - 2012

Kiribati Shipping Services Limited 2012 and 2013 audit.

Falekaupule Trust Fund (FTF) for 2013

Audit of internal controls of Honiara City Council

Kiribati Insurance Corporation (KIC) for year ended 2014

Tuvalu Maritime Training Institute (TMTI) year ended 30 June 2013

Solomon Islands Postal Corporation (SIPC) for year ended 2014



17
FINANCIAL
AUDITS
CARRIED
OUT







MOU

SIGNED FOR
ROUND 3 ONWARDS



3

REGIONAL REPORTS
PUBLISHED

-  **KIRIBATI**
-  **TUVALU**
-  **SOLOMONS**

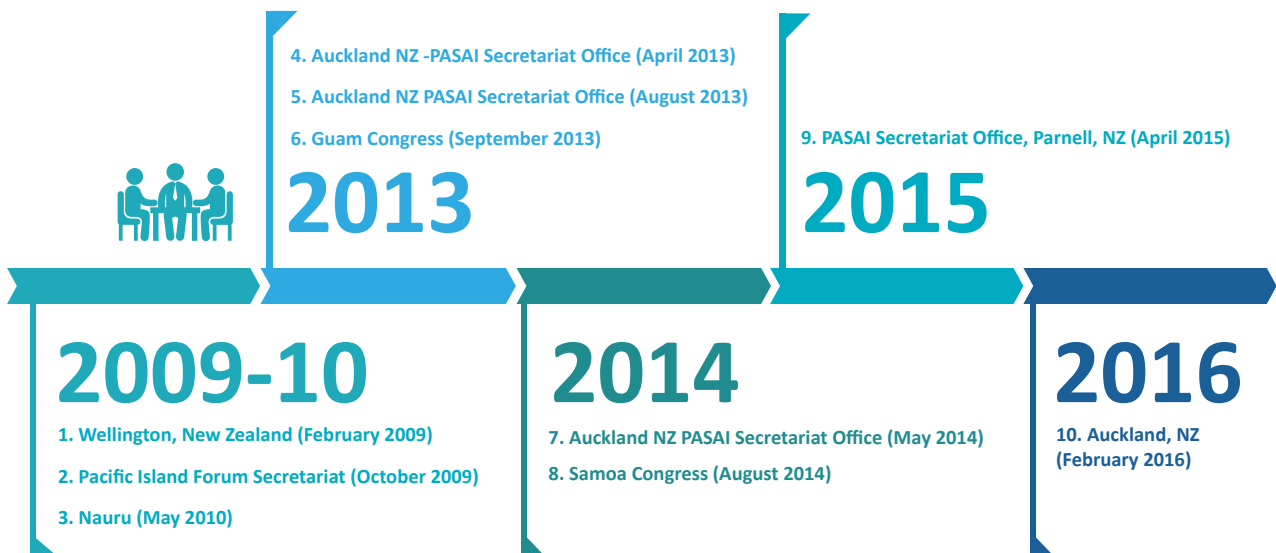
COUNTRY REPORTS
(R3 AND R4 AND R5)
PRODUCED FOR EACH COUNTRY

NUMBER OF SAS COMMITTEE MEETINGS HELD



10

SAS
COMMITTEE
MEETINGS
HELD





1 Nauru SAI

Recommended for Nauru to start at a point of time given WOG backlog of 15 years. Nauru SAI is a focus and include in the PASAI Strategic Plan. Efforts are being made to provide technical support.



2 SAS Program Round 3



focus
“LEARNINGS,
CAPACITY BUILDING”

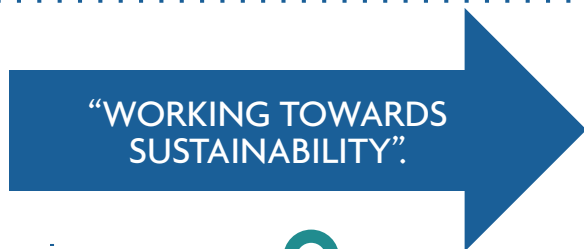
3 SAS Program Round 4



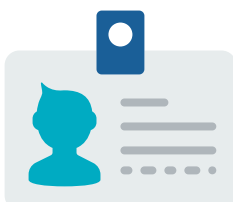
focus
“EMBED
LEARNINGS”

4 SAS Program Round 5

No Secondees however **regional training** provided to encourage use of templates in PASAI FAM.



PASAI FACILITATOR



used
FIRST TIME
for Tuvalu phase.

PASAI

carried out a

QA PROCESS

during post country visits and identified the need for a regional QA mechanism

GALLERY OF SAS MEETINGS



PHOTO: Signing of the revised Memorandum of Understanding. Seated L-R: Eli Lopati, Auditor General of Tuvalu, Matareta Raiman, Auditor General of Kiribati, Robert Cohen, Auditor General of Solomon Islands. Standing L-R: Robert Buchanan, PASAI Legal Advisor, Eroni Vatuloka



SAS Committee Meeting at Pacific Island Forum Secretariat, October 2009



5th SAS Committee Meeting, April 2013, Auckland NZ -PASAI Secretariat Office



SAS Planning Meeting, August 2013, Auckland NZ -PASAI Secretariat Office



Round 4 SOLOMON ISLANDS
The SAS secondees and
ADB consultants in Solomon
Islands



Round 4 - SAS secondees are
presented with Certificates of
participation in the 4th SAS
Round.

Round 4 TUVALU
SAS secondees, ADB
Consultant, PASAI Executive
Director, Tuvalu Auditor
General & Tuvalu Staff



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