



PASAI

JANUARY 2017 UPDATE

Pacific Auditors working together

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



Photo above: The new Secretary-General, Mr Martin Matthews.

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On 1 February 2017, Martin Matthews began his seven-year term as New Zealand's Controller and Auditor-General. Martin has worked in the public service for more than 36 years. He joined the (then) Audit Office in 1979 and spent the first 18 years of his career in the office. He was an Assistant Auditor-General from 1990 to 1998, holding various portfolios during this period.

Martin then spent 10 years as Chief Executive of the Ministry of Culture and Heritage. He later served as Secretary for Transport and Chief Executive of the Ministry of Transport, from 2008 to June 2016. Martin was the select committee's advisor on the Public Finance Act 1989 and led much of the policy design work for the Public Audit Act 2001.

As Controller and Auditor-General, Martin's principal functions and duties are set out in the Public Audit Act 2001. In summary, they are to:

- ensure that the office carries out its obligation to conduct audits of public sector bodies, and report to Parliament on the results of the audits; and
- ensure the efficient, effective, and economical management of the Office of the Auditor-General.

Martin is a Fellow of Chartered Accountants Australia and New Zealand, New Zealand Institute of Management, New Zealand Institute of Chartered Logistics and Transport, and Companion of the New Zealand Institute of Professional Engineers. PASAI's Chief Executive Tiofilusi Tiueti met the new Secretary-General during his visit to Wellington on 27 January 2017 and provided a brief on PASAI's operations. Mr Tiueti also met with Lyn Provost in her last week at the Office of the Auditor-General.

STORY COURTESY OF: <http://oag.govt.nz/our-people/martin-matthews>



Photo above left: PASAI CE, Tiofilusi Tiueti with the new Secretary-General, Mr Martin Matthews



Photo right: PASAI CE, Tiofilusi Tiueti with Mrs Lyn Provost former Secretary-General.

Fiji appoints new Auditor-General

Fiji has appointed Ajay Nand as the new Auditor-General and he commenced work on 16 January 2017. The new Auditor-General was appointed by the President of the Republic of Fiji in accordance with section 151(2) of the Constitution of the Republic of Fiji, and on the advice of the Constitutional Office Commission.

He previously worked as Manager of Internal Audit at the Fiji National Provident Fund since October 2007. Prior to that he worked for 20 years and occupied various roles at the Office of the Auditor-General, Fiji. He was appointed as an Assistant Examiner in 1987 and moved up the ranks to Director of Audit in 2004, a position which he held prior to his resignation in 2007.

Mr Nand is a Chartered Accountant with the Fiji Institute of Accountants (FIA) and had served on selected panels with FIA.

Former Auditor-General Tevita Bolanavanua, who took the independent position on 13 August 2010, had completed his term in December 2014.



Photo: Mr Ajay Nand, Auditor-General of Fiji.

Samoa Legislative Committees strengthen their financial oversight and external scrutiny role

Photo below: Samoa PAC workshop participants engaging in a session.

The Pacific Association of Supreme Audit Institutions (PASAI) in partnership with the Office of the Controller and Auditor-General of Samoa, delivered a two-day workshop on the “Financial oversight and external scrutiny roles of Samoa’s Legislative Committees” on 19-20 January 2017 at the Samoa Parliament Conference facility. Twenty of the 24 members of five Parliamentary Committees of Samoa attended the workshop opened by the Honourable Speaker of Parliament, Hon Leaupepe Taimaiono Toleafoa Faafisi. In his opening remarks, Hon Leaupepe Taimaiono Toleafoa Faafisi stressed the importance of this workshop for members of the five Parliamentary Committees, and was delighted at the opportunity for PASAI to deliver this workshop for the Samoa Legislative Assembly.

This workshop is the sixth one that PASAI has delivered in the region with the aim to build the capacity of the Members of Parliament who are also Members of Parliamentary Committees. The objective was to help them better understand their role in providing financial oversight of public expenditure, as well as better understand the specific role of legislative committees within the processes of Parliament.

Fuimaono Papalii C.G. Afele, Controller and Auditor-General of Samoa hosted the workshop, and was supported by the PASAI Advocacy Team, Mr Eroni Vatuloka, PASAI Advocate, and Ms Aolele Su’a Aloese, Director of Advocacy, Engagement and Financing in delivering this workshop. A committee member during the sessions commented that “there is a need for building the capacity of Committee members as many are non-accountants and are not familiar with accounting and financial terminologies



contained in the audit reports or in the financial statements of the audit entities. A training of this type targeted at non-accountant Parliamentarians will be most helpful in performing their financial oversight and external scrutiny role”.

The outcomes of the workshop include proposals for: enhancing the efficiency and effectiveness of the parliamentary committees; increasing efforts in the evaluation of performance of government entities; strengthening the Office of the Controller and Auditor-General; and engaging PASAI to assist in capacity building of the parliamentarians.

This programme comes under Strategic Priority 2: Advocacy for governance, accountability and transparency, of PASAI’s long-term strategic plan. PASAI is very grateful for the excellent support by the Hon. Speaker of Parliament and his staff, and also the Controller and Auditor-General of Samoa and his team in organising this workshop. PASAI also acknowledges the valued support from the Australian

Department of Foreign Affairs and Trade and the New Zealand Ministry of Foreign Affairs and Trade.



Photo left: The Samoa PAC workshop participants and facilitators outside the Samoa Parliament Conference facility.

Supporting Performance Measurement of Public Auditors in the Pacific

The Pacific Association of Supreme Audit Institutions (PASAI) and INTOSAI Development Initiative (IDI) continued with phase II of the SAI Performance Measurement Framework (SAI PMF) project for supreme audit institutions (SAIs) in the North Pacific by facilitating a week long workshop in Guam on 30 January to 3 February 2017. Twenty-one staff from nine SAIs including a representative from the United States Department of the Interior Office of Inspector General (US DOI/OIG) attended the workshop.

The Speaker of the 34th Guam Legislature, the Honourable Mr Benjamin J.F. Cruz officially opened the workshop. In his opening remarks, he acknowledged that the work of SAIs is vital and necessary in keeping all government officials including politicians, in line with utilizing public funds and public resources.

SAIs from Guam, Marshall Islands, Federated States of Micronesia (FSM) Office of the National Public Auditor, FSM States of Pohnpei, Kosrae and Yap will conduct peer reviews of each other using the SAI PMF framework. Staff from SAIs Cook Islands, Samoa and Tonga who took part in Phase I of this project participated as resource persons to assist with the peer review of the six SAIs in the North Pacific.

The main objectives of the workshop were:

- to train staff of SAIs who will participate in conducting a SAI PMF assessment;
- to develop the terms of reference (TORs) for the SAI PMF assessments; and
- to assess the SAI's institutional capacity by measuring its independence and legal framework.

The planned activities for Phase II, which will be executed in the next few months, are peer reviews of the six SAIs and a final workshop to discuss and analyse the results of the assessments. The intended output of this phase is completed SAI Performance reports for all six SAIs participating in the programme.



Photo: SAI PMF workshop participants and co-ordinators at the Guam workshop.

Camilla Fredriksen, SAI PMF advisor from IDI, hopes that the implementation of Phase II will strengthen the knowledge on SAI Performance in the Pacific and that the results will enable regional bodies and SAIs to identify good practices as well as opportunities for capacity development throughout the region. She added that rolling out the Phase II provides an opportunity for applying the lessons learnt from Phase I, and to strengthen the regional expertise of SAI PMF assessors.

The assessment results will assist the SAIs in taking appropriate measures to ensure they have the capabilities and resources to carry out its responsibilities effectively with professionalism. The results will also assist the SAIs to know if they have the ability to respond to stakeholders' expectations as well as emerging issues that impact the lives of citizens at large.

This programme is aligned with one of PASAI's strategic goals requiring SAIs to develop a performance measurement framework to assist with improving the delivery of SAI's audit responsibilities.

The workshop was facilitated by a team of facilitators consisting of Ms Camilla Fredriksen, SAI PMF Advisor from IDI, Mr Robert Buchanan, PASAI Consultant, Mrs Sinaroseta Palamo-Iosefo, PASAI Director of Practice Development, Mr Allen Parker and Mr Desmond Wildin of Cook Islands, Mr Marshall Maua of Samoa and Mr Kelepi Makakaufaki from Tonga.

This project is supported by the Australian Department of Foreign Affairs, INTOSAI Development Initiatives (IDI) and the New Zealand Ministry of Foreign Affairs and Trade.

Two new PASAI member countries have commenced using the International Computer Driving Licence (ICDL) programme since the last report in August 2016. The Vanuatu and Tonga Offices of the Auditor-General, have both taken steps to utilizing ICDL for staff capacity building of core ICT skills.

PASAI Members ICDL Participation

They join the YAP State Office of the Public Auditor, GUAM Office of Public Accountability, and the Tuvalu Audit Office.



Photo: FSM State of Yap Public Auditor and his staff wearing ICDL promotional shirts



PASAI Members ICDL Participation

New updates:

VANUATU – 13 Staff: The Vanuatu Office of the Auditor-General has enrolled staff in 11 ICDL modules, including Word Processing, Spreadsheets, Presentations, Databases, Web Editing, Image Editing, Project Planning, and the 4 Advanced modules (Word, Excel, PowerPoint and Access).

VANUATU Training and Results

Starting in January 2017, the Vanuatu office staff received approval for funding and enrolled all staff in ICDL modules. Vanuatu is utilizing the ICDL online e-courseware for training and 12 staff members have already logged into the ICDL system, and have commenced training in advanced excel. These staff have also started testing their skills through the ICDL Diagnostic assessment tool, however they have not yet completed these assessments.

Vanuatu will likely plan to conduct certification assessments in February and March 2017.

TONGA – One Staff: A single member of the Tonga Office of the Auditor-General enrolled in ICDL to trial the programme for the office. This staff member will commence with the Computer Essentials module.

TONGA Training and Results

The single candidate trialing the ICDL programme from the Tonga Office of the Auditor-General has received their ICDL login, however has not yet commenced ICDL training.

Of note: recently an officer from the Tonga Ministry of ICT contacted PASAI and ICDL after hearing about the programme from the Audit office member. This is an unintended but positive example of the potential impact PASAI's ICDL membership may have spreading the use of this world leading certification through the region.

TUVALU – Seven Staff: The Tuvalu Audit Office undertook the ICDL programme through the Tuvalu Treasury Accredited Testing Centre, and were the first PASAI member to utilize ICDL to develop staff capacity in general computer usage.

The Tuvalu Audit office advisor has recently contacted PASAI/ICDL to reestablish their ICDL activity. However this has not yet actively commenced.

YAP – Seven staff: Yap State Office of the Public Auditor enrolled in the ICDL program and primarily undertook the ICDL Databases (Access) and ICDL Presentation (PowerPoint) modules.

YAP Training and Results

The YAP office staff commenced ICDL training in the first quarter of 2016, with the majority of training being conducted using ICDL's online e-courseware through March and April 2016.

Three Staff undertook the Database module, and four staff the Presentation module.

There has been no recent ICDL activity by the YAP audit office since the last update / report in August 2016.

GUAM – 13 Staff: The Guam Office of Public Accountability staff enrolled in the ICDL program, and are undertaking a range of modules including Databases, IT Security, Advanced Spreadsheets, Advanced Databases and others.

GUAM Training & results

The GUAM office commenced ICDL training in June 2016 but generally have not yet begun the certification assessment process.

Final Visit by Lyn Provost, retiring NZ Controller and Auditor-General and PASAI Secretary-General

The Secretariat welcomed PASAI Secretary-General, Mrs Lyn Provost to the Secretariat Office for her final visit on 20 January, as she prepares to complete her term of office as Controller and Auditor-General of NZ at the end of February 2017. Lyn was presented with the new PASAI Journey Timeline poster and the Secretariat hosted her for a farewell lunch as token of appreciation for her excellent service for PASAI.



Photo left: Retiring PASAI Secretary-General Lyn Provost with PASAI Chief Executive, Tiofilusi Tiueti at the Secretariat.

Photo above: Lyn Provost looking through the PASAI Journey Timeline poster.

IDI Global Independence Programme

The IDI's global independence programme was presented to SAI Heads at the IDI/PASAI workshop in Auckland in June 2016, and has now been launched with PASAI as an active participant.

The first stage has been the preparation of a guidance document on SAI independence. Aolele Su'a Aloese, PASAI Director of Engagement, Finance and Advocacy was PASAI's representative on the working group, and Robert Buchanan, PASAI's Legal Consultant was appointed as a subject-matter expert (independently of, but funded by, PASAI).

A draft of the guidance document is now available on IDI's website <http://www.idi.no/en/idi-cpd/sai-independence-programme>, together with a large number of "success stories" contributed by SAIs from around the world. The success stories shared by IDI include our PASAI members Tonga SAI and Tuvalu SAI. The guidance draws heavily on the "independence as a journey" focus of PASAI's independence resource kit.



Technical Support Update #01/2017

This is a *new section* which will feature each month in the PASAI update to alert our members to (i) changes in International Standards of Supreme Audit Institutions (ISSAIs) due to updates or amendments to International Standards of Auditing (ISAs) or changes in professional standards which will affect the Generally Accepted Auditing Standards (GAGAS) and (ii) any other relevant issues or matters of interest that may impact on SAI member's ability to fulfill their audit mandates.

This update is not meant to be exhaustive and reading this update is not a substitute for reading and fully understanding the requirements of ISSAIs or GAGAS. This update also does not address the responsibilities of the auditor that may exist in law, regulation or national standards, which may contain requirements in addition to those established by these standards.

The New Auditor's Report (ISSAI1701) effective date on or after December 15, 2016

The International Auditing and Assurance Standards Board (IAASB) issued the new and revised Auditor Reporting standards and related conforming amendments relating to auditor's reports. In particular a new standard **ISA701**

Communicating Key Audit Matters in the Independent Auditor's Report.

IAASB's deliberations in development of these standards have been informed by international research, public consultation and stakeholder outreach since 2011. Enhanced auditor reporting is viewed as critical to the perceived value of the financial statement audit and thus to the continued relevance of the auditing process. This new and revised Auditor Reporting standard lays the foundation for the future of global auditor reporting and improved auditor communications.

The objectives of the IAASB's Auditor Reporting project were to:

- appropriately enhance the communicative value and relevance of the auditor's report through revisions to the International Standards on Auditing (ISAs) that address its structure and content; and
- modify, in their design, the IAASB's reporting ISAs to accommodate evolving national financial reporting regimes, while at the same time ensuring that common and essential content is being communicated.

The other ISA's that have been revised comprise of:

- ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements;
- ISA 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report;
- ISA 706 (Revised), Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report;
- ISA 570 (Revised), Going Concern;
- ISA 260 (Revised), Communication with Those Charged with Governance; and
- ISA 720 (Revised), The Auditor's Responsibilities Relating to Other information

Consequently, INTOSAI has developed the equivalent ISSAI1701 which is a Practice Note to ISA 701 Communicating Key Audit Matters (KAM) in the Independent Auditor's Report. In particular paragraph P3 states:

"Application of ISA 701 is mandatory for the audit of general purpose financial statements of listed entities and may also be applied on a voluntary basis for other audits. The rationale for only requiring the reporting of KAM for listed entities is derived from the material impact that such entities have on markets and economies as a whole. Given that the public sector is a significant participant of any economy and is responsible for maintaining and providing important functions that affect citizens, public sector auditors should also consider reporting KAM for auditees other than listed entities."



Technical Support Update #01/2017

IAASB has published a few different guidance documents to help practitioners apply the new ISA 701. Refer to links provided below for more information or technical support.

Practice Notes have also been developed for the all the revised ISA's and these were endorsed at XXII-INCOSAI.

"The quality of work performed by SAIs affects their reputation and credibility, and ultimately their ability to fulfill their mandate"
– ISSAI40 (Introduction)

North SAIs that follow GAGAS

Please ensure you take note of Professional Standards Update No.66 issued 19 January 2017 on the GAO website which alerts you to changes in professional standards which relates to:

- new accounting and auditing guidance related to derivative and hedging, service concession agreements, discontinued operations and stock compensation.
- changes in audits performed under the OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)
- review engagements – issuance of SSARS No.22 and No.23
- a guide to provide practical assistance for auditors in developing an effective audit approach to address risks related to financial instruments
- and much much more.....

Proposal on the INTOSAI Framework of Professional Pronouncements – effective 2019

At the XXII-INCOSAI the proposal on the revised INTOSAI Framework of Professional Pronouncements was endorsed. The purpose for this revision was to improve the credibility of INTOSAI's professional pronouncements, assist in making them an authoritative framework for public sector auditing and enhance their technical quality. The proposal entails a series of changes in the current framework of ISSAIs and INTOSAI GOVs. These changes recognise the central importance of ISSAI 100, the fundamental principles of public sector auditing within the framework.

More information on the changes will be provided in future Technical Support Updates.

For more Information or should you require any Technical Support:

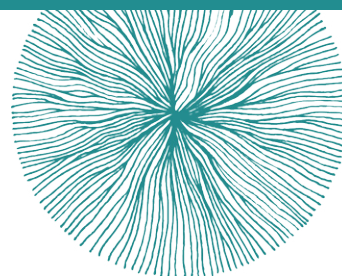
Contact PASAI's Director of Technical Support agnes.aruwafu@pasai.org

Visit INTOSAI's ISSAI website www.issai.org

Visit the IAASB's website at www.iaasb.org/auditor-reporting

Visit the AICPA (American Institute of CPAs (Auditing Standards Board) www.aicpa.org

Visit GAO (US Government Accountability Office) www.gao.gov/yellowbook/overview



A Communication Tip – Using Abbreviations or Acronyms

It has become very common in writing today to use abbreviations or acronyms to shorten long names of organisations or titles of projects and reports. While abbreviations are useful and can help with making reports or articles less wordy and shorter in length, the overuse of abbreviations or acronyms may also take away from the clarity of our writing. Here are a few tips to help you use abbreviations or acronyms effectively:

1. Use abbreviations or acronyms that are well known either generally or for your context/audience. For example, UN for United Nations is well known generally; ISSAI is well known within the auditing context.
2. If you decide to use an abbreviation or acronym and you are not sure if it is well known or not, in your first use of the it, use the full term with the abbreviation or acronym in brackets. Later in your writing you can use the abbreviation or acronym, rather than the full term as you have already introduced this the first time that you used it.
3. Keep in mind your readers and who is likely to read your report or article. This should help you determine how to use abbreviations and acronyms effectively in your writing.

For more useful communication tips, please refer to the PASAI Reporting Guidelines on our website under the 'Resources' at www.pasai.org

PASAI CALENDAR

THE NEXT SIX MONTHS

- **2 – 9 March:** Public Accounts Committee (PAC), Audit Entities and Other Stakeholders Workshop, Tuvalu
- **13 – 17 March:** SAI Tonga Programme Review, Nukualofa, Tonga
- **14 – 17 March:** PFTAC Steering Committee Meeting, Honiara, Solomon Islands
- **3 – 7 April:** Technical Support, WOG, Port Vila, Vanuatu
- **3 April:** Regional IPSAS e-course starts, Online
- **3 – 7 April:** SAI Young Leaders Symposium, Auckland, NZ
- **17 – 21 April:** SAI PMF Peer Review, Pohnpei, FSM
- **1 – 5 May:** SAI PMF Peer Review, Kosrae, FSM
- **8 – 12 May:** SAI PMF Peer Review, Marshall Islands
- **8 – 12 May:** PAC Workshop, Kiribati
- **8 to 12 May 2017:** Design Meeting PASAI QA Regional Workshop - Auckland NZ
- **15 – 19 May:** SAI PMF Peer Review, Guam and Yap
- **12 May:** Regional IPSAS e-course ends, Online
- **22 – 26 May:** Technical Support (WOG), Nauru
- **22 – 26 May:** Communications Training, Solomon Islands
- **29 – 31 May:** Technical Support, Kiribati
- **5 – 9 June:** SAI PMF Peer Review, FSM National
- **19 – 23 June:** Enhancing Effective Communications for Head of SAIs – a regional leadership program
- **19 – 23 June:** Technical Support (WOG), Vanuatu
- **26 – 30 June:** Communications Training, Tuvalu
- **26 – 30 June:** 6th CPA SDG Preparedness Design Meeting