



New Audit Act 2017 for the Kiribati Audit Office

A new Audit Act 2017 for the Kiribati Audit Office (KAO), formerly known as the Kiribati National Audit Office (KNAO), was passed by Parliament in its August 2017 session. His Excellency Te Beretitenti assented the Act on October 11, 2017 and the Honorable Minister of Finance and Economic Development issued a commencement date of October 12, 2017.

The Office of the Attorney-General with the assistance of the Auditor-General, Matereta Raiman (pictured right) and PASAI's consultant for the "*Independence Resource Kit*" (<https://www.pasai.org/introduction>) drafted the Act, which contains provisions that are recognized as international best practices.



The new provisions, amongst others, include:

- i) the creation of an Audit Board with six members (who will be formerly appointed by the Hon. Minister of Finance and Economic Development and sworn in by a Single Magistrate on Monday, 15 January, 2018) to provide guidance to the work of the KAO;



Photo above: Participants from Kiribati Parliament and KAO at the sessions discussing the new Audit Act 2017.

- ii) the inclusion of other types of audits as practiced in developed jurisdictions namely performance, environmental and IT audits, which were absent in the existing four pieces of governing legislation covering specific auditable entities;
- iii) the power to instigate legal recovery actions on fraudulent cases and impose a fine and penalty;
- iv) as prompted by the Mexico Declaration (<http://www.intosai.org/issai-executive-summaries/view/article/issai-10-the-mexico-declaration-on-sai-independence.html>) the Auditor-General is to report on the operations of the KAO against the accountability annual work plan and the result/achievements of its audits to Parliament through the Board;
- v) the Auditor-General is expected to complete the audits and produce the audit reports within 3 months from the date of receipt of the financial statements;
- vi) the power to obtain timely, unfettered, direct and free access to relevant documents and information however the Auditor-General is required to preserve the confidentiality of privileged documents;
- vii) the requirement for the KAO to apply ISSAIs in their audits.

The Audit Board amongst other things will review the accountability annual work plan of the KAO and evaluate the performance against these plans. However, it is emphasized in the Act that the Board will not in any way interfere with the role, functions and independence of the Auditor-General as guaranteed by the Constitution.

The provisions of the new Act will enhance the work of the KAO and assist Parliament in the evaluation of government Ministries' and State Owned Enterprises' programmes, with expected impacts in improved good governance, transparency and accountability.

"One of the added benefits to the Kiribati Audit Office as a result of this new Act, is the increase in transparency. The performance of every Government Office will be assessed by the Auditors, and the Audit Office will be assessed by an approved oversight body, which is now the KAO Audit Board. The establishment of the Audit Board was fully supported by Cabinet so that there will be no exception in the monitoring process. This was seen as the first step to promote good governance," says Auditor-General Matereta Raiman.



Photo right: Auditor-General, Matereta Raiman presenting about the Audit Act 2017.



Timeliness of completion of audit reports

Regarding the timeliness of the audit reports, the year 2017 is the third year in a row the KAO has lodged the Whole of Government (WG) audit report to Parliament in its December sessions:

- 1) WG annual accounts 2014 - lodged in June 2015 by the Accountant-General, audit completed in December 2015 – however there was no December session so it was lodged in Parliament at the next session in April 2016.
- 2) WG annual accounts 2015 - received in June 2016, audit completed and lodged to Parliament in December 2016.
- 3) WG annual accounts 2016 - received in June 2017, audit completed and lodged to Parliament in December 2017.

In respect of the State Owned Enterprises (SOEs), the year 2017 also marked a great achievement by the following:

- i) Eleven out of 17 fully functional SOEs had been audited on their financial statements for the year 2016 and were lodged in 2017 Parliament sessions;
- ii) Three financial statements remain at the end of 2017 one of which will be completed in January 2018 while the two will still remain due to the absence of their company files;
- iii) Three SOEs have yet to lodge their 2015 and 2016 financial statements;
- iv) Aside from the above 17 there are still three SOEs that have not lodged their financial statements since 2013 thus it is uncertain whether they are still functional or if financial statements are forthcoming or not.

The Project division is also well ahead with its 12 auditable projects. All of these audit reports were completed before the end of June 2017 for the World Bank projects as requested, and before the end of December 2017 for the other four projects.

All the audits up to 2017 have been financial audits only. However, the fiscal year 2018 looks to be a challenge for the KAO, given now its broad mandate under the Audit Act 2017 to conduct performance audit on the operations and service deliveries of government Ministries as well as SOEs.



Some of the staff of Kiribati government ministries and State Owned Enterprises discussing and clarifying the requirements of the new Kiribati Audit Act with the Auditor-General and KAO staff.