



Tuvalu leads the way in Strengthening SAI Independence and the role of Public Accounts Committee

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Photo above: The Auditor-General of Tuvalu, Mr Eli Lopati with PASAI Director of Advocacy, Engagement and Financing, Ms Aolele Su'a Aloese and PASAI Advocate, Mr Eroni Vatuloka and participants of the Tuvalu Public Accounts Committee and Parliamentarians workshop.

The Pacific Association of Supreme Audit Institutions (PASAI) in partnership with the Office of the Auditor-General of Tuvalu, delivered a four-day workshop involving Public Accounts Committee (PAC) members, Parliamentarians, audit entities and other stakeholders in Tuvalu from the 3 – 8 March 2017. The workshop aimed at strengthening the financial oversight and external scrutiny roles of the Public Accounts Committee (PAC) and the role all other stakeholders play in upholding public accountability and transparency in Tuvalu.

On the first day Friday 3rd March 2017, representatives from seven audit entities

attended and discussed relevant audit issues during the workshop, including the need to form an Institute of Accountants for Tuvalu, the quality assurance process over the completion of audits, and the independence and the composition of the Public Accounts Committee. These audit entities were the Tuvalu Electricity Corporation, Tuvalu National Provident Fund, Tuvalu Development Bank, Tuvalu Maritime Institute, Telecom Corporation, Tuvalu Broadcasting Corporation and the National Bank of Tuvalu. The workshop continued on Monday and Tuesday 6th and 7th March 2017, for Members of Parliament in which 11 of the 15 Members of Parliament of

Tuvalu, including the Honourable Prime Minister, Hon. Enele Sopoaga, and cabinet members attended. The Honourable Prime Minister stressed the importance of the value PASAI could contribute to the work of the Pacific Forum through its work in the Region. During the sessions, the members held discussions, among other issues, on the proposed Tuvalu Public Accounts and Budget Committee Bill currently before the Speaker, which enhances the role of the PAC and its ability to provide effective financial oversight and external scrutiny on the reports of the Audit Office and all government entities.

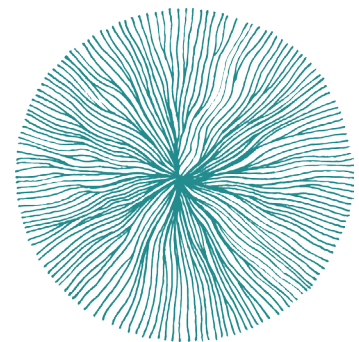
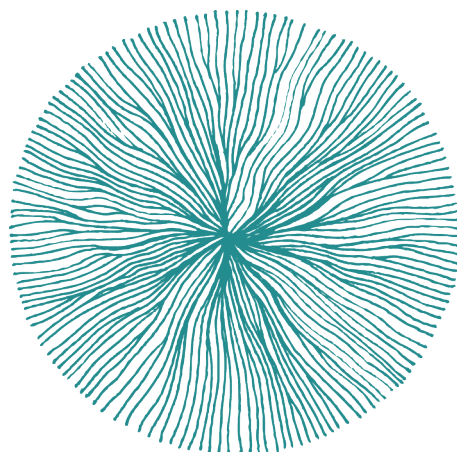
In December 2016, Tuvalu Parliament passed the new Audit Act 2016, which enhances the independence of the Office of the Auditor-General and includes a provision on financial independence for the Office, the first country in the South Pacific (excluding Australia and New Zealand) to achieve this.

The Honourable Speaker, Hon. Otinielu Tauteleimalae Tausi, closed the session for Parliamentarians on Tuesday, 7th March 2017, by thanking the PASAI facilitators for a very short, but very important exercise. "While we as Parliamentarians are not auditors, it was good to be reminded of the importance of having checks and balances in place, and for Members of Parliament to always keep the principles of accountability and transparency in mind when undertaking their duties". The four day programme concluded with a final session for

all other stakeholders including media organisations, civil societies, non-government organisations and permanent secretaries on Wednesday, 8th March 2017.

This is the seventh workshop PASAI has delivered in the Region with the aim to build the capacity of the Members of Parliament who are also Members of the Public Accounts Committee, to better understand their role in providing financial oversight of public expenditure. The workshop was co-presented by the PASAI Advocacy Team, Mr Eroni Vatuloka, PASAI Advocate, Ms Aolele Su'a Aloese, Director of Advocacy, Engagement and Financing, the Auditor-General of Tuvalu, Mr Eli Lopati, and the Tuvalu Director of Planning, Budget and Aid Co-ordination, Mr Niuatui Niuatui, who presented on the Tuvalu national budget processes.

This programme comes under Strategic Priority 2 - Advocacy for governance, accountability and transparency of PASAI's long-term strategic plan. PASAI appreciated the assistance provided by the Auditor-General of Tuvalu and his staff, and also acknowledged the valued support from the Australian Department of Foreign Affairs and Trade and the NZ Ministry of Foreign Affairs and Trade.



Pacific Financial Technical Centre (PFTAC) Steering Committee meeting, 15 – 16 March, 2017, Honiara, Solomon Islands.

The PFTAC Steering Committee meeting was held in Honiara, Solomon Islands on 15 - 16 March, 2017. As one of PFTAC's development partners, PASAI was represented to the meeting by the Chief Executive, joining more than 60 delegates representing island member countries, development partners, international institutions, and partner regional organisations. Representatives from member countries included Ministers of Finance, Governors of Central Banks, CEOs of Finance ministries, Revenue ministries and/or Statistics Bureau.

On the first day the focus was primarily on: (i) a review of PFTAC activities and capacity development outcomes in FY2017 (May 2016-April 2017); (ii) the work programme for FY2018 (May 2017-April 2018); and (iii) PFTAC financing in Phase V. On the second day, interactive discussions were made on issues relating to (i) Public Financial Management (PFM); (ii) Revenue Mobilization; and (iii) Macroeconomic Statistics.

At the margin of the meeting, the Chief Executive also met and discussed with PFTAC some of the programmes to be jointly carried out with PASAI in the future to assist member countries in improving PFM at country level and in the region. PASAI will continue the dialogue with PFTAC on these arrangements. The Chief Executive also held informal discussions with relevant senior officials from member countries and also with development partners' representatives (DFAT, World Bank, EU etc.) who attended the meeting, and networked with other members from international institutions.



IDI Auditing SDG's Programme, Mentor Training and Courseware Development meeting - Kingston, Jamaica

The Auditor-General of Jamaica and Secretary-General of the Caribbean Association of Supreme Audit Institutions (CAROSAI), Mrs Pamela Munroe Ellis, hosted a two week training and meeting of the INTOSAI Knowledge Sharing Committee (KSC) and the International Development Initiative (IDI), on Auditing SDGs Programme, Mentor Training and Courseware Development in Kingston, Jamaica from 13th - 24th March 2017. The Audit Programme training and meeting was lead by Ms Archana Shirsat (IDI), Ms Maria Lucia Lima (IDI), Ms Aranzazu Guillan Montero (UN), Mr John Reed (SAI Canada) and Mr Chris Mihm (GAO:USA). The main objective of this programme is to support Supreme Audit Institutions (SAIs) in conducting audits on the preparedness for implementation of the SDGs. Ms Utuone Vena from the Tonga Office of the Auditor-General (TOAG) amongst other Performance Auditors from the Regional Bodies of INTOSAI participated in this training and meeting.

The participants are also expected to act as Mentors in their respective Regional Jurisdiction in providing online tutoring and support for an upcoming e-course in auditing preparedness for implementation of SDGs, which is scheduled to be running from July-August 2017 for seven (7) weeks.

From the discussion and learning that was done over the three days it showed how important it is to understand the SDG's and how complex the subject matter is. Sharing of experience and the knowledge gained from the other participants was so rich and for the Pacific region, Ms Utuone looks forward to the completion of this programme and to what she will take back and use with the Performance Auditors in the region.

PASAI and IDI will be working together to incorporate this e-course into PASAI's 6th co-operative performance audit programme on SDG preparedness.



Photo above: Participants at the IDI Auditing SDG's Programme, Mentor Training and Courseware Development Meeting - Kingston, Jamaica. Ms Utuone Vena, from the Tonga Office of the Auditor-General is fourth from the right, in the second row.

PASAI's Graphic Designer visits the Secretariat

In March 2017 the Secretariat engaged Katie Gannon as a preferred provider to perform services from time to time as a graphic designer for PASAI publications and promotional materials, including PASAI web development.



Katie is not new to this role. She has been working in the background designing the fresh modern look of our PASAI reports since 2014. From the Climate Change and Adaption Regional Report in 2014 to the timeline design of PASAI's story 1974 to 2016, all of which have received positive comments by PASAI members and the global audit community, Katie's excellent work has helped to develop PASAI's brand.

Katie has a BA in Communications (Media) and has studied several additional design courses over her 15 year career. She works with a variety of clients from small businesses, marketing agencies and NGOs, with her scope of work including graphic art, report formatting and layout as well as web design. Katie works from her home office in Queensland, Australia.



From 29-31 March 2017, Katie travelled to the PASAI Secretariat for the first time to meet and work closely with the staff to design several NEW sections on the PASAI website that will include more interactive Technical Support Resources for financial, compliance and performance audits. These new sections will be informative and resourceful, allowing PASAI members to raise "questions" through the new "online technical support" feature relating to all aspects of auditing.

It was a pleasure for the Chief Executive and the Secretariat team to finally meet its graphic designer and put a 'face to the name' and give credit to where credit is due. Keep an eye on our PASAI website and Facebook page for updates on these new features!



Photo: PASAI Secretariat team with Katie Gannon PASAI Graphic Designer.

New features on PASAI website



If you haven't already noticed but PASAI has a new online "TECHNICAL SUPPORT HELPDESK" chat feature on its website. Please visit and feel free to send PASAI any questions and we will respond. If the 'online helpdesk' is not available you can leave a message and your email address and we will get back to you as soon as practicable. Please don't forget to "rate us" as well.

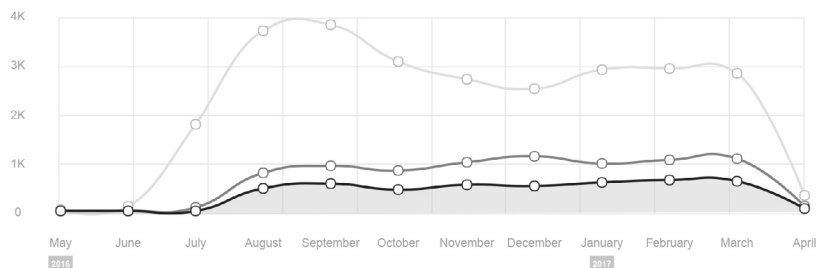
Congratulations SAI Tonga for being the very first PASAI member to use this new feature!

Also, you can share any page on PASAI's website via Facebook, LinkedIn, Twitter, email or any other social media. Spreading or sharing the news and information about PASAI in the wider globe really helps with engaging key stakeholders and advocating the work of our member SAs!

Note: PASAI welcomes any feedback in relation to its publications, website, promotional materials and regional reports in order to assist us in improving our services.

PASAI Website Statistics and Traffic

Here is a screen shot of our current website analytics overview:



	Visits	Page Views	Audience Size
March	1,096	2,829	633

THE DATA BREAKDOWN for March 2017 as seen in this image - is as follows:

- VISITS (the number of times the website was visited) = 1,096
- PAGE VIEWS (the number of pages that were viewed by unique users) = 2,829
- AUDIENCE SIZE: (the number of individuals that used the website over the month) = 633

POPULAR CONTENT:

It seems the most popular content on the site for March, after the home page is the events page followed by the Report of the Review of High Quality Performance Auditing in the Pacific.

Other interesting things to note for March were:

44% of viewers were using the Google Chrome Browser
20% of viewers were using the Internet Explorer
14% of viewers were using Firefox

74% of viewers were using the Windows Operating System
9.5% of viewers were using OSX
7.7% of viewers were using iOS

81.2% of people visited the PASAI site on their desktop
18.8% of people visited the PASAI site on their mobile phone

POPULAR CONTENT



606
Total Page Views

Count	Page
132	Home
27	Events
26	Report of the Review of High Quality Performance Auditing in the Pacific

1 DAY	2 DAYS	3 DAYS	WEEK	MONTH
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44.72%	5.09%
Home	SAI PMF Self-Assessment Tool
9.16%	5.09%
Events	Forum Economic Ministers Meeting (PEMM)
8.81%	5.09%
Report of the Review of High Quality Performance Auditing in the Pacific	Meet the Secretariat Team
6.78%	4.74%
Tonga	Monthly Updates
6.45%	4.07%
About PASAI	Members



TECHNICAL SUPPORT UPDATE #03/2017

This is a *new section* which commenced in January 2017 and alerts 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.

Public Sector Assets

Public assets/resources and their management are critical for the ability of governments to deliver key services to its citizens. Good management reduces waste, improves economic performance, enhances social service, improves community lifestyles, safeguards the environment and ultimately will make a difference to the lives of citizens. The risks to Pacific Island Country and Territories' governments of poorly managed public assets/resources can be significant and material. Although many of our Pacific SAIs are still auditing Whole of Government /Public Accounts that are still being prepared on a cash basis, there is a global effort to encourage accrual based accounting. In the meantime, it doesn't necessarily mean that SAIs can't start auditing public assets and raising significant issues to improve the management of these valuable government resources.

In November 2016, PASAI delivered a Regional Workshop to build capacity to effectively audit the management of public assets. The following are 24 key take away points from this workshop:

1. **The purpose of assets is to provide a service.**
2. **There are two types of service**, provider defined and user defined. Provider defined services are visible to administrators and may have key performance indicators to be measured and monitored. User defined services are those which are important to the community but often invisible to administrators.
3. **There are four decision phases**, planning, acquisition, operations and maintenance and disposal. It is at the early planning stage where around 75% of future life cycle costs are pre-determined.
4. **Co-ordination of decisions**, especially design and future Operational and Management (O&M) costs is essential to minimise life cycle costs, so lack of co-ordination is a key feature that Auditors should watch for.
5. **Infrastructure is composed of many different elements, or components.** It has to be managed as a system. Its life is undefined because we can keep it going indefinitely by renewing the components as they wear out. Think Grandfather's Axe.
6. **Infrastructure assets have a distinct pattern of decay or degradation.** If basic maintenance is

"High Quality Global Accrual based accounting standards enable Governments to produce High Quality financial information that leads to better decision making and builds transparency and accountability and trust with citizens"
– IPSASB Chair Ian Carruthers, 6 March 2017



TECHNICAL SUPPORT UPDATE #03/2017

carried out then it will remain in good condition for about half its anticipated life before rehabilitation. But then maintenance costs start to rise and great care must be taken to get full value from the asset.

7. **Expensive maintenance contracts are not needed in the first five years**, only basic maintenance needs to be done. So it is important for audit to know where the assets are in their life cycles.
8. **Three Step Asset Management Approach** – 1. document the current situation, 2. determine what the future will be if this situation continues, 3. choose recommendations that have clear implications for improving the outcomes.
9. **In documenting the current situation, look for three things** – 1. what the agency knows about its assets, 2. what its management policies and strategies are, and 3. what its management practices are.
10. In considering the consequences and your recommendations, you can use a tool called the **Descartes Square** -What will happen if the current situation continues? What will happen if it doesn't? What won't happen if the current situation continues? What won't happen if it doesn't?
11. **The Star Ratings Method** is another tool. This can measure the current situation and tell the agency how to improve it. Audit can see whether the agency is spending its limited budget wisely.
12. **Never take a 'we don't know' answer as final**. Just ask more detailed questions. If they don't have an Asset Register, what do they know about their assets?
13. **We will always have poor data**. Make assumptions - but explain, check and document them!
14. An audit of the management of public assets is **significant and material**.
15. History - know **your history because when you stand back you can see trends** that make it possible to review the consequences and provide audit findings that are helpful.
16. If you are stuck in the detail, then you are not doing an audit of the **management** of public assets. Auditing "an asset" will lead to questions about its components. **Auditing the management of a public asset will lead you to look at the decisions being made.**
17. SDGs are the overall goals, National Development Plans set priorities for your country, Sector Plans apply priorities to sectors and **annual budgets provide resources to implement the government's plans to achieve the SDGs.**
18. Identify **future influences** on the services such as urbanisation and climate change.
19. Capital funding is becoming more complex, the move to risk sharing with private sector can generate greater risk for governments. **Watchpoint: B.O.O.T and P.P.P projects**
20. Audit criteria - **think 'what should be'**, benchmarks, ISO 55,000: Asset Management
21. Risk Management - Recognise and use key elements of Risk Assessment table:
Impact X Likelihood = Risk
22. Annual Audit Planning. Recognise the key elements of risk matrix and how to use them in Annual audit planning: **Audit Universe, Financial Risk, Prior Audit Issues, Number of people impacted, Risk of Failure or Denial of Service**
23. Recommendations and Reporting. **Emphasise REAL risks and implications that are important to readers and stakeholders.** Report to Legislature so that they will influence management.
24. Join and use **a network of fellow auditors who are all thinking about asset management audits.** Work together!



TECHNICAL SUPPORT UPDATE #03/2017

Relevant Resources:

Auditing

Endorsed Version: INTOSAI GOV9160 Enhancing Good Governance for Public Assets

http://www.issai.org/en_us/site-issai/issai-framework/intosai-gov.htm

Accounting

IPSAS-Accrual Basis:¹

IPSAS 11 Construction Contracts

IPSAS 17 Property Plant and Equipment

IPSAS 26 Impairment of Cash-Generating Assets

IPSAS-Cash Basis

Exposure Draft 61, Amendments to Financial Reporting under the Cash Basis of Accounting

GASB Statement 51 Accounting and Financial Reporting for Intangible Assets

GASB Statement 42 Accounting and Financial Reporting for Impairment of Capital Assets & For Insurance Recoveries

GASB Concept Statement 6 Measurement of Assets and Liabilities

Other

International Standard ISO 55000 Asset Management –Overview, principles and terminology

International Standard ISO 55001 Asset Management-Management Systems-Requirements

International Standard ISO 55002 Asset Management –Management systems

In previous Technical Update #01/2017 you were alerted to *Professional Standards Update No.66* issued 19 January 2017 issued by US GAO. There are no further updates for March 2017.

For more Information or should you require any Technical Support:

Contact PASAI's Director of Technical Support

✉ agnes.aruwafu@pasai.org

☎ + 64 9 304 1892

Visit AICPA (American Institute of CPAs-Auditing Standards Board)

Visit GASB (US Governmental Accounting Standards Board)

Visit GAO (US Government Accountability Office)

Visit IAASB (International Auditing and Assurance Standards Board)

Visit IFAC (International Federation of Accountants)

Visit IPSASB (International Public Sector Accounting Standards)

Visit ISSAI (International Standards of Supreme Audit Institutions)

www.aicpa.org

www.gasb.org

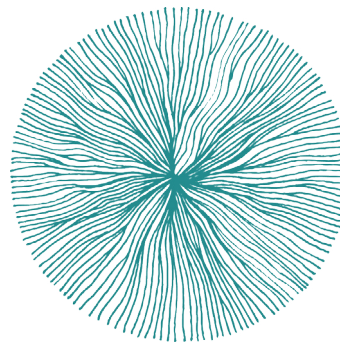
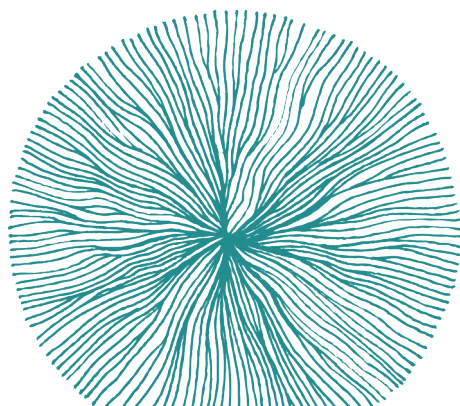
www.gao.gov

www.iaasb.org

www.ifac.org

www.ipsasb.org

www.issai.org



PASAI CALENDAR

THE NEXT SIX MONTHS

- **3 – 7 April:** SAI Young Leaders Symposium, Auckland, NZ
- **10 - 14 April:** Technical Support, WOG, Port Vila, SAI Vanuatu
- **17 – 21 April:** SAI PMF Peer Review, Pohnpei, FSM
- **1 May:** Regional IPSAS e-course starts, Online
- **1 – 5 May:** SAI PMF Peer Review, Kosrae, FSM and Marshall Islands
- **8 – 12 May:** PAC Workshop, Kiribati
- **8 to 12 May 2017:** Design Meeting PASAI QA Regional Workshop Design Meeting - Auckland NZ
- **15 – 19 May:** SAI PMF Peer Review, Guam and Yap
- **22 – 26 May:** Technical SAI Support (WOG), Nauru
- **29 May – 9 June 2017 (2 weeks):** Technical SAI Support (Performance Audit), Kiribati
- **29 – 31 May:** Enhancing Effective Communications for Head of SAs – a regional leadership programme
- **29 May – 2 June:** SAI PMF Peer Review, FSM National
- **5 – 9 June:** Communications Training, Solomon Islands
- **16 June:** Regional IPSAS e-course ends, Online
- **19 – 23 June:** Technical Support (WOG), Vanuatu
- **26 – 30 June:** Communications Training, Tuvalu
- **19 - 23 June:** 6th CPA SDG Preparedness Design Meeting, Auckland NZ
PASAI project review team and IDI

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