

About PASAI

The Pacific Association of Supreme Audit Institutions (PASAI) is the overarching regional working group of Supreme Audit Institutions in the Pacific region. We have 26 members with whom we work to promote transparent and efficient use of public sector resources.

On behalf of our members, we advocate the interests of good governance and the need for strong and independent SAIs. We help our members improve the quality of audits of public funds. We are also a regional working group of INTOSAI, representing the interests of all SAIs in the Pacific region and beyond.

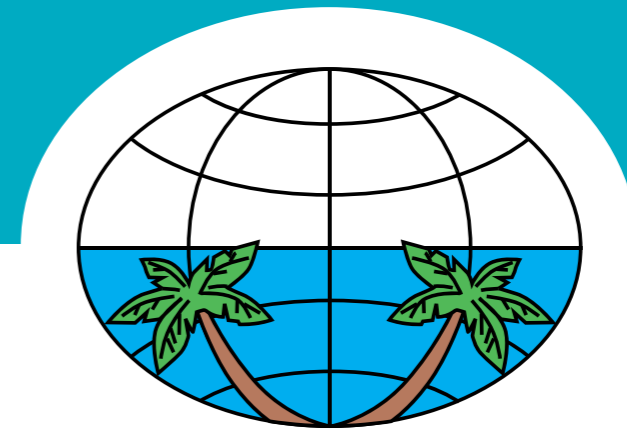
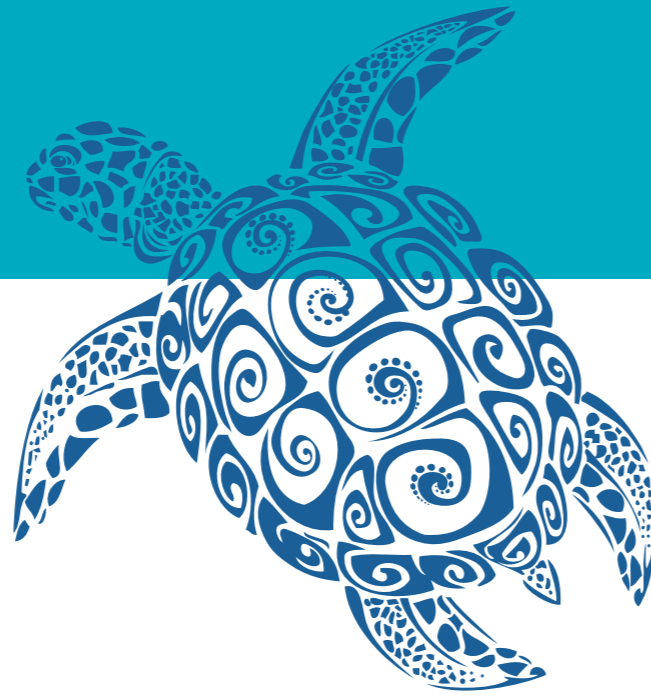
PASAI's Secretariat is based in Auckland, New Zealand. The Secretariat coordinates PASAI's work, supports our members, shares knowledge, delivers training to help improve public auditing in the Pacific, and encourages members to cooperate among them and with other regional groups.

Suite 7, Level 2, Heards Building
168 Parnell Road, Auckland 1052

P O Box 37276, Parnell,
Auckland 1151, New Zealand.

T: +64 9 304 1275;
DDI: +64 9 304 1894;
F: +64 9 307 9324

www.pasai.org



Pacific Association of Supreme Audit Institutions

2015 Accountability and Transparency Report

For more information, contact



Tiofilusi Tiueti
Chief Executive
tiofilusi.tiueti@pasai.org
secretariat@pasai.org



Eroni Vatuloka
PASAI PFM Consultant
eronivatuloka@gmail.com

PASAI's 2015 *Accountability and Transparency Report* is the third report in a series that has become one of PASAI's most important research projects. The project provides an independent view of accountability and transparency in the Pacific region, which our members can use as a basis for communicating with the region's governments and for undertaking broader advocacy about the role of SAIs and associated governance mechanisms in the accountable and transparent use of public resources. The Accountability and Transparency reports form part of PASAI's work program under its Strategic Priority 2: Advocacy to strengthen governance, transparency and accountability.

The PASAI Governing Board approved the start of the third Accountability and Transparency project in February 2015. Six countries were visited as part of the in-depth study: Cook Islands, Fiji, Tuvalu, Marshall Islands, Kiribati, New Caledonia and Vanuatu.

The 2015 *Accountability and Transparency Report* focused on three key themes:

1. Financial independence and operational autonomy
2. SAI involvement in national budget scrutiny
3. Promoting ethical governance in the public sector.

Auditors Lead by Example - Overview

In the Pacific, the issue of corruption and unethical behaviour around the expenditure of public funds has forced an increased focus on good governance and leadership. Supreme Audit Institutions (SAIs) are now playing a significant role in promoting ethical governance and behaviour.

One of the reasons for corruption and unethical behaviour surround national budgets is that there is no formal structure or rules around how national budgets are set. SAIs can influence this process by having a broader role in providing assurance that the national budget has been appropriately developed and scrutinized.

In order to perform these two functions—promote ethical and provide assurance over the national budget—SAIs need to lead by example in terms of their own accountability and transparency. They also need to be adequately resourced so they can function independently.

PASAI's 2015 *Accountability and Transparency Report* looked at the financial independence of SAIs in the Pacific, and how they are promoting ethical behavior and good governance practices in the public sector environment. The report also considers approaches to national budget scrutiny across the Pacific, including whether SAIs could have a broader role in the scrutiny of national budgets.

"The report has shown that the state of ethical behavior in Pacific Island countries remains variable, including in respect of the use of public resources. SAIs can influence ethical behavior through leading by example and having a broader role in the promotion of ethical conduct by public officials and office holders."

PASAI Chief Executive, Tiofilusi Tiueti.



ISSAI 12

One of the primary international standards for SAIs is ISSAI 12—The Value and Benefits of SAIs—making a difference to the lives of citizens. The standard emphasizes three primary contributions of a SAI to country outcomes:

- strengthening the accountability, transparency and integrity of government and public entities
- demonstrating ongoing relevance to citizens and other stakeholders
- being model organisations through leading by example.



1. Financial independence and operational autonomy

The report found that strengthening the accountability, transparency and integrity of government and public sector entities starts with “the SAI having financial independence and operational autonomy”. Key recommendations were:

- SAIs should engage with their governments and legislature about options for increasing their financial and operational independence under their respective country systems.
- A country’s legislature could be involved in the process for developing and setting the SAI’s budget, with the objective that the SAI has access to the resources that are necessary and reasonable to perform its mandate.
- The SAI Head can become more responsible for SAI employment matters, including establishing the terms and conditions of staff employment, salaries paid and staffing levels.

2. SAI involvement in national budget scrutiny

The report found that SAIs can “enhance the quality of the national budgetsetting process by providing information to the executive and citizens, and assistance to the legislature, enabling the budget to be appropriately developed and scrutinized”, thus demonstrating ongoing relevance to citizens, the legislature, and other stakeholders. Options for doing so include:

- Providing a role for the SAI in strengthening the budget process by, for example, providing information about the previous years’ financial audit results or undertaking performance audits of the budget process, where the SAIs’ capacity and resources allow.
- Assisting the legislature and its committees with their scrutiny of the government’s budget proposals by, for example, providing briefings on budget proposals and their links to the SAI’s previous audit reports and recommendations.
- Providing other assistance such as training for members of the legislature, and its appropriation committee, about the budget scrutiny process.

3. Promoting ethical governance in the public sector

The report found that SAIs can promote ethical governance in the public sector by “being a model organization and leading by example”. Ways of doing this could include:

- SAIs effectively explaining their role and what they do by, for example, making more use of websites and other forms of media (including print, radio, and social media) to communicate with citizens.
- SAIs increasing their activities in promoting ethical behavior in the public sector by, for example, encouraging citizens to draw the SAI’s attention to unethical behavior in the public sector.
- SAIs including matters of fraud, waste and probity, and working with other government agencies to provide training on ethics to civil servants.