



## **Accountability and Transparency in the Pacific Region 2011**

**Pacific Association of Supreme Audit Institutions**



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## Table of Contents

<b>1. Executive Summary</b> .....	<b>2</b>
<b>2. Summary of Key Findings</b> .....	<b>6</b>
<b>3. Introduction</b> .....	<b>17</b>
<b>4. Methodology and Overall Approach</b> .....	<b>19</b>
<b>5. Focus Area 1– Independence of Supreme Audit Institutions</b> .....	<b>26</b>
<b>6. Focus Area 2 - Open Budget Preparation, Execution and Reporting</b> .....	<b>30</b>
<b>7. Focus Area 3 – Scrutiny Role of The Legislature and its Committees</b> .....	<b>33</b>
<b>8. Focus Area 4 – Legal and Ethical Framework of Public Management</b> .....	<b>39</b>
<b>9. Focus Area 5 – Control of Corruption</b> .....	<b>44</b>
<b>10. Focus Area 6 – Public Availability of Information</b> .....	<b>50</b>
<b>11. Focus Area 7 – Corporate Governance, Principles and Practices</b> .....	<b>55</b>
<b>12. Focus Area 8 – Community Participation in Civil Society</b> .....	<b>58</b>
<b>13. Focus Area 9 – Media Freedom and Independence</b> .....	<b>66</b>
<b>14. Summary of Recommendations and Good Practice Indicators</b> .....	<b>70</b>
Glossary of Terms .....	74
Appendix 1 – Respondents to Survey .....	75
Appendix 2 – Citizen-Centric Reporting Guideline .....	76
Bibliography .....	78



## 1. Executive Summary

Corruption is a global phenomenon, and for many of our Pacific Island countries is a reality. It has tainted the picture of a beautiful and peaceful Pacific. This worldwide epidemic calls for a greater level of accountability and transparency within the public sector, and efforts by governments, private enterprises, non-government organisations (NGOs), and the public as a whole to find a cure for what is destroying our societies and our Pacific paradise.

Public accountability is the hallmark of modern democratic governance. “Democracy remains a paper procedure if those in power cannot be held accountable in public for their acts and omissions, for their decisions, their policies, and their expenditures<sup>1</sup>.” Public accountability, as a value, is one of the main goals of public management and an essential ingredient to creating a culture of good governance in the Pacific.

The United Nations Development Programme (UNDP) – Pacific Centre has described “good governance initiatives in the Pacific as somewhat scattered and sporadic in nature and called for a concerted and well-coordinated effort to ensure maximum impact”<sup>2</sup>. It is also recognised that there can be tension in Pacific Island countries (PICs) between inherited political and legal structures and pre-existing cultural traditions.<sup>3</sup> Improving governance in this context requires effective legal systems and public institutions, strong law enforcement, and, increasingly, cooperation between governments and civil society organisations. There is also a need to strengthen collaboration between proponents of good governance institutions, including multi-lateral and bilateral aid donors and relevant NGOs and academic experts. The case for such collaboration is simply that little progress is likely to be possible while governance institutions continue to lack popular respect and support.

Supreme audit institutions (known as SAIs<sup>4</sup>), and other state and provincial audit offices, have a key role in promoting accountability and transparency in a nation’s public governance. The Pacific Association of Supreme Audit Institutions (PASAI) is the official association of SAIs in the Pacific region. PASAI is one of the regional working groups of the International Organisation of Supreme Audit Institutions (INTOSAI). PASAI’s overall goal is to promote transparent, accountable, effective, and efficient use of public sector resources in the Pacific. The strategic goals of PASAI are to: strengthen regional cooperation and coordination; build and sustain public auditing capacity; conduct cooperative financial and performance audits; and strengthen communication and advocate transparency and accountability. The 2011 Accountability and Transparency project, resulting in this report,

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<sup>1</sup> Boven, M. Public Accountability, The Oxford Handbook of Public Management, 2005.

<sup>2</sup> UNDP Pacific Centre, Democratic Governance website.

<sup>3</sup> Powles, M (2010), Commentary on “Report on Accountability and Transparency in the Pacific Region – 2009.

<sup>4</sup> This report uses the term “SAI” to include state and provincial audit institutions (for example, audit institutions of the states of the Federated States of Micronesia), and those of self-governing territories such as Guam (U.S.) and New Caledonia (France), even though the correct definition of a supreme audit institution is confined to a national audit body.

was the second study PASAI has undertaken under its fourth output: strengthening communication and advocating transparency and accountability.

The 2011 study updates the original study which was completed in 2009 and is available on PASAI's website ([www.pasai.org](http://www.pasai.org)). This latest study was conducted in more depth than the first, and identified different practices across the Pacific region under differing governance arrangements. The study consisted of an updated questionnaire completed by 20 SAIs as members of PASAI, and in-depth studies undertaken of six SAIs and their jurisdictions. These were the Federated States of Micronesia, Guam, New Caledonia, Samoa, Solomon Islands, and Tonga.

The areas of focus for the questionnaire and the in-depth study visits were based on international benchmarks, identified specifically for the purpose of this study. The areas of focus are in three groups: those directly affecting the SAI and its work; those affecting the public sector within which the SAI operates; and those affecting wider civil society and its interface with the government and the SAI. The areas of focus are:

**The SAI and its work:**

1. the independence of the SAI;
2. open budget preparation;
3. the scrutiny role of the legislature and its committees.

**Public sector transparency and accountability:**

4. the legal and ethical framework of the public sector;
5. control of corruption;
6. public availability of information;
7. corporate governance in the public sector.

**Civil society and its interface with government and the SAI:**

8. community participation in society;
9. media freedom.

A fuller description of each benchmark and area of focus is in the methodology section from page 20.

This report presents the key findings of this study in each of the areas of focus (grouped above). The conclusions on how transparency and accountability can be better promoted and achieved in the Pacific range from those that PASAI and its member SAIs are themselves in a position to action, to those that fall outside the direct responsibility of SAIs but which reflect good practices that could be considered for adoption across the region. Some of the key findings of the study include:



- The independence of SAIs and other accountability institutions continues to be an area of concern for Pacific jurisdictions under the parliamentary model. Many such countries lack the means of appointing the SAI head without executive influence.
- Timely completion of public accounts audits is fundamental to holding governments and public entities accountable. SAIs that have outsourced financial audits to private audit firms, and those that do not have to table public accounts before they are published, did not have any audit backlog.
- The effectiveness of PAC (Public Accounts Committee)s in parliamentary jurisdictions is dependent on the timely completion and tabling of public accounts, the experience and skills of committee members, and political stability and the commitment of political leaders to such principles. The need for on-going training and orientation programs for committee members and their staff is crucial to the success of PACs.
- Prescribed standards of practice, and codes of conduct for public officials and civil servants, are lacking in a number of Pacific jurisdictions. Ethical standards bodies and other accountability institutions (including those found in parliamentary jurisdictions, such as public service commissions, ombudsman's offices, and leadership code commissions) are often under-resourced. They also need similar standards of independence similar to those of the country's SAI.
- Most Pacific jurisdictions recognise the need for a co-ordinated and concerted effort to control corruption. The United Nations Convention Against Corruption (UNCAC) is gaining increasing recognition by Pacific Island governments, and is a valuable entry-point for anti-corruption advocacy.
- A strong and independent SAI is an important part of any country's anti-corruption strategy. However, the need to also have an independent and active public prosecutor's office is also crucial to successful investigation and prosecution of corruption cases involving public officials and civil servants.
- Ready access to public information is fundamental to promoting a culture of accountability and transparency in the Pacific. Where it exists, freedom of information legislation promotes such a culture. Several other Pacific jurisdictions have identified the need for such legislation in order to promote transparency.
- Corporate governance principles and practices play an important role in public financial management, as much as in the private sector. Chambers of Commerce in

the six jurisdictions visited for the in-depth studies stressed how important it is for public entities, as well as private sector entities, to implement corporate governance principles and practices in their governance and management. This will enhance accountability and transparency surrounding the use of public funds by public entities, while also being crucial to a thriving private sector.

- Civil society and media organisations play a vital role in promoting a culture of accountability and transparency in the Pacific region. Transparency can be enhanced through the engagement of NGOs and civil society at various levels, including in the budget process and through the delivery of services to the community on behalf of government. The presence of NGOs with a good understanding of the principles of accountability and transparency promotes an open culture in Pacific jurisdictions.

Despite the strengths identified in the study, the picture of accountability and transparency remains mixed across the region. It calls for a concerted and a well-co-ordinated effort from PASAI and its member SAIs, and from other institutions with an interest in good governance including multi-lateral and bilateral aid donors and relevant NGOs and academic experts.

These findings underline the value of a coherent and well-functioning “accountability chain”, involving not only SAIs and legislatures but through other accountability bodies and into the private sector, civil society, and the media. There have been many development initiatives across the region involving different links of the chain, but often in isolation from one another. One of the purposes of this report is to enable PASAI to encourage ways of working in partnership with other international organisations such as the Pacific Islands Forum Secretariat (PIFS), the UNDP and Transparency International (TI), in co-ordinated, cross-cutting initiatives that will promote consistent approaches and ensure the sharing of ideas.

## 2. SUMMARY OF KEY FINDINGS

The detailed findings of the study are discussed in separate chapters identified under the headings of the specific **focus areas 1 to 9**, the basis of which is explained in the Methodology section from page 19. The main findings are summarized below, together with recommendations for PASAI and its member SAIs, and indications of good practice that PASAI should encourage for consideration by Pacific jurisdictions. A full list of the recommendations and good practice indicators is at the end of the report, on page 70.

### The SAI and its work

#### *i) Independence of Supreme Audit Institutions*

For the appointment of the head of a SAI, the benchmarks suggest that those methods of appointment that operate free from any political interference and influence provide a higher level of confidence and assurance to the public about the independence of the SAI. The processes for appointment range from the judicial process used for appointing the head of the Territorial Chamber of Accounts (i.e., by the Court of Accounts) in the civil law jurisdictions, to the involvement of parliament or congress to varying degrees under the parliamentary and congressional models, to an elected Public Auditor position for the Office of Public Accountability in Guam. In the parliamentary model of government, it is good practice for the head of the SAI to be appointed either by the legislature or by the head of state on the recommendation of the legislature. Several of the Pacific jurisdictions using the parliamentary model have not yet achieved this standard, and retain involvement by the executive (often through the Prime Minister). This is the case, for example, in Samoa, Tonga, and the Solomon Islands.<sup>5</sup>

The study found that only just over half of SAIs' governing legislation has been recently, or is to be, reviewed against the best practice provided for under the Mexico Declaration on SAI Independence (MD). This may demonstrate a need for organisations such as PASAI to provide support to SAIs in helping governments and legislatures to understand the importance of SAI independence. This is so the SAIs can be effective in carrying out their mandate, and instrumental and effective in upholding and promoting accountability and transparency.

Of the 20 SAIs surveyed, 90% make their governing legislation available to the public either online or by hard copy. Just over half are subject to a practice or peer review under their legislation. Most of these SAIs are the US affiliated SAIs, which are subject to mandatory review under US requirements. Only a minority of SAIs under the parliamentary form of government are subject to a practice or peer review.

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<sup>5</sup> The three models of government (parliamentary, congressional, and civil law) discussed in this paragraph are explained in the Methodology section from page 26.

**Recommendations:**

- 1. SAIs should encourage governments to review their governing legislation to ensure it addresses the Mexico Declaration principles and provides for the independence necessary for the SAI Head and the office to fulfil its mandate.*
- 2. PASAI should make resources and expert assistance available for this purpose, under Strategic Goal 4 of the PRAI.*
- 3. Those SAIs that do not make their legislation publicly available should take steps to do so, or encourage their respective governments to do so, to bring them into line with practice elsewhere.*

***ii) Open Budget Preparation, Execution and Reporting***

The study found that in 80% of the jurisdictions surveyed there is a requirement by law to publish information before or at the time of the budget process, and to present an end of year report about the budget outcomes within a certain timeframe after balance date. Of the 20 SAIs surveyed, only 30% (including the two civil law jurisdictions) were required under their mandate to review budgetary controls and comment on the budget process. This function provides assurance to the legislature and the executive as to how an individual government is operating within budget. The availability of budget documents either online, through the media or in hard copy for citizens to access, was also seen as an essential feature of promoting an accountable and transparent government.

All six jurisdictions visited for the in-depth studies published a statement on the approved budget in the media in the form of a media release prepared by either the government's press secretariat or the public information officer. In each jurisdiction the budget documents were also discussed extensively on radio. However, only four of the six jurisdictions made the public budget documents available online through the Ministry of Finance official website.

The level of engagement by civil society and the private sector with the budget process is an area that requires strengthening. Only four of the six jurisdictions visited for the in-depth studies have some form of process to engage civil society and the private sector. Often it was after the draft budget had been prepared. Engaging civil society and the private sector much earlier in the budget process can provide useful insight and help identify opportunities where they can contribute to achieving government priorities and outcomes. Of the six jurisdictions visited, the Solomon Islands, New Caledonia and Samoa provided good

examples of how government has engaged these sectors in the budget formulation and preparation process.

**Good practice indicators:**

*1. International benchmarks highlight that it is good practice for legislatures and governments to engage NGOs, private sector enterprises, chambers of commerce, and civil society at an early stage when formulating the budget so as to identify key areas of priority, areas where cost savings can be made, and where the delivery of service can be more effective in partnership with these sectors.*

*2. It is good practice for budget documents to be made accessible and readily available at no cost or at a minimal cost to all members of the public, and to be published online, in the press, or discussed on radio to reach a wider audience. This practice is especially relevant for Pacific jurisdictions where the population is widely spread.*

*3. Budget documents and budget data should be presented in a way that citizens can easily understand and interpret and therefore promotes accountability.*

***iii) Scrutiny Role of the Legislature and its Committees***

Scrutiny by the legislature of the use of public funds varied across the 20 jurisdictions surveyed, including the six jurisdictions included in the in-depth studies. Some of the variance was due to the different nature of the legislature's role under the three systems of government in the Pacific.

Of the 20 jurisdictions surveyed, 13 have a specific committee of the legislature to review the public accounts and audit reports. Jurisdictions that operate under the parliamentary model of government (such as Samoa, Tonga, and the Solomon Islands) have a PAC or similar committee that is responsible for the review and scrutiny of public accounts. In jurisdictions such as Guam, the Federated States of Micronesia which operate under the congressional or the civil law model of government, the public accounts are presented to the legislature and then debated if there are any areas of concern.

Scrutiny by the legislature can only be effective in holding government accountable if timely audited accounts are provided, within the period they are due. The study found that those SAIs which report directly to the public, without having first to present audit reports to the legislature, were up to date with their audits. Also, those SAIs which outsourced their financial audits found this to be advantageous in achieving timeliness.

**Recommendations:**

*4. SAIs should encourage their legislature and (where relevant) its committees to review existing audit legislation to make provision for the timely publication of audit reports, irrespective of whether there is a prior requirement to present to the legislature.*

*5. PASAI should work with the United Nations Development Programme and related multi-lateral donors to offer professional training programmes to legislatures and their committees, to enable committee members to effectively scrutinize and review public accounts and follow up on audit reports.*

*6. SAIs should consider whether outsourcing of audit work, where possible and practicable, offers a means of improving the timeliness of audit reporting.*

**Public sector accountability and transparency**

***iv) Legal and Ethical Framework of Public Management***

Three-quarters of the SAIs surveyed reported the existence of a standard of ethical practice or guidelines for the civil service as a whole. Jurisdictions using the parliamentary model of government usually have a specific government entity (such as a public service commission or a leadership code commission) to provide standards of conduct for civil servants. Similar but not identical arrangements exist in jurisdictions using the congressional model, but are administered through various government entities. However, prescribed standards of practice and a code of conduct for civil servants were lacking in some of jurisdictions visited during the in-depth studies. Under-resourcing of ethical standards bodies was also reported.

The civil law jurisdictions reported the existence of independent processes where the SAI prescribes ethical standards for civil servants, who can be held accountable through the role of the financial prosecutor.

The questionnaire also looked at whether the SAI issues any standard of practice or guidelines on ethical practice, including conflicts of interests, for the civil service. Only one of the SAIs surveyed provides guidelines on ethics and standards to the civil service. Others said that, when undertaking audits, the SAI would highlight any areas of concern or where civil servants or public entities did not comply with accepted standards.

The legislature of the Republic of Marshall Islands is currently considering an Ethics in Government Bill, which seeks to strengthen financial disclosure by politicians and senior civil servants and establish enforcement remedies. The SAI will have a leading role in managing the system and investigating breaches.

**Recommendations:**

7. SAIs should encourage their governments to ensure there are clearly understood standards of ethical practice applicable to civil servants, government officials, and elected representatives, supported by institutions such as a public service commission or a leadership code commission. Such institutions need to be given adequate resourcing and sufficient powers to effectively carry out their mandate, including the freedom to report their findings to the public.

8. SAIs should encourage civil servants, government officials, and elected members to undergo ethics training, in order to understand the importance of ethical conduct and meeting public expectations.

9. Where no such standards or training exist, SAIs should themselves consider issuing good practice guidelines on ethics and standards, and take steps to encourage compliance and highlight areas of concern.

**v) Control of Corruption**

UNCAC is gaining increasing recognition by Pacific Islands governments. Eight countries (including two of those studied in the in-depth studies) have now acceded to UNCAC, and accession is under active consideration by three others.

Promoting accession to UNCAC is a useful point of advocacy for transparency and accountability. As well as promoting direct anti-corruption measures (such as law enforcement and asset recovery), it encourages other good practices which are of direct interest to SAIs (such as transparency and accountability in the public finance management and procurement).

Even in those countries which have yet to accede to UNCAC, the study found a commitment to the fight against corruption which was demonstrated through actions taken domestically to enact laws and establish institutions. Steps being taken include, for example, legislative initiatives and the establishment (in one jurisdiction) of an “integrity forum” comprising the heads of a number of public sector agencies including the SAI. But such measures have been ineffective in the absence of political commitment to establish and adequately resource anti-corruption institutions.

The establishment of an anti-corruption institution is a specific requirement of UNCAC. But any institutional response to this requirement must be sustainable in terms of both finance and human resources. Existing institutions, including the SAI, can have an important role.

The study suggests that the level of corruption can be influenced by the development of transparency legislation (such as the Sunshine Act in Guam). The independence of key positions, such as the SAI and prosecutors' offices, can also provide greater confidence for the public in their integrity and effectiveness. By contrast, where such institutions do not exist, corruption may not be a topic that is openly discussed in Pacific cultures.

The wider survey of SAIs explored whether there was an institution in each jurisdiction with a mandate to prevent, investigate, and/or prosecute corrupt activity by government organisations. Such institutions exist in about half of the jurisdictions surveyed. However, of those, only three are independent anti-corruption commissions. In other jurisdictions, enforcement is a joint effort between offices such as the SAI, the office of the Attorney-General, the police, and the ombudsman's office.

The survey also examined whether there were adequate laws requiring disclosure of financial and other conflicts of interest for government transactions. Just under half of the SAIs said that it was a requirement by law for civil servants and government officials to disclose financial and other conflicts of interest in government transactions.

The SAIs were also asked to say whether they had identified any areas of weakness in public entities' control systems within the last three years that could, in the SAI's assessment, be a cause of corruption. Three-quarters of SAIs answered yes to this question. Only one quarter had no concerns about auditees' control systems.

**Good Practice Indicator:**

*4. Accession to UNCAC is one means by which Pacific governments could make a commitment to combating against corruption in their respective jurisdictions. The development of a well-resourced, independent anti-corruption body is another good practice response.*

**Recommendations:**

*10. SAIs should use UNCAC as an advocacy entry-point when promoting the adoption of new laws and practices on matters of direct significance to their functions, such as open budgeting and open procurement.*

*11. SAIs should encourage co-operation with other key integrity agencies such as the police, office of the Attorney-General, and the ombudsman's office and/or the leadership code commission (if they exist), and professional bodies such as the Association of Certified Fraud Examiners, to develop measures against corruption, especially in countries that may have difficulty in operating a specialist anti-corruption agency on a sustainable basis.*

*12. SAIs should hold fraud training and workshops for their staff and civil servants in order to understand the different aspects of fraud, how to detect fraud, how to prevent fraud and the*



#### **vi) Public Availability of Information**

Access to public information or public documents was found to be fairly limited across the region. Of the six jurisdictions visited for the in-depth studies, only Guam had an equivalent of freedom of information legislation (known as the Sunshine Act) in place, although Tonga is currently progressing a major freedom of information initiative. Freedom of information legislation exists in only one other Pacific Island country (the Cook Islands), but is a feature of Australia and New Zealand. Legislation is under development in Vanuatu.

Institutions such as an ombudsman's office can also serve a function of increasing the availability of information about government activities. Of the six jurisdictions visited for the in-depth studies, only three had an independent ombudsman's office and the common themes across these three offices were that they were under-resourced; the media regarded them as ineffective and low profile; and the level of reporting from the office was said to be very poor. In most of the jurisdictions visited, public documents are often regarded by public officials to be restricted from access by the general public, and if they are made available it is at a cost and often delayed.

This type of approach is well known to reduce over time following the introduction of freedom of information legislation or targeted initiatives to promote accessibility of information in particular areas of government activity. Citizens and the media spoken to during the in-depth studies confirmed this, commenting that access to public information would enhance transparency and that public entities should understand that part of their role is to communicate and inform the public of their achievements and activities.

Overall, this is one area where much work is required in the Pacific. The development of freedom of information legislation (as in the Cook Islands) and other initiatives (such as the Citizen-Centric Reporting initiative in Guam and other US jurisdictions, where all public entities are required by law to publish a four page financial report on their activities) could encourage more transparent practices in a number of jurisdictions.

The study also examined SAIs' approach to making their reports and other information publicly available. Of the 20 SAIs surveyed by the questionnaire, three-quarters are required by law to publish an annual report and submit it to the legislature. Only 15% publish audit reports in a language other than English.

One half of SAIs have their own website on which they publish their audit reports. 45% have a direct relationship with media organisations and readily provide the media with copies of their audit reports.

**Good Practice Indicators:**

*5. Adoption of freedom of information legislation is one means by which a jurisdiction can encourage more accountability and transparency in the public sector. Such legislation can promote a high level of transparency surrounding the use of public funds through access to public documents and financial reporting information.*

*6. An ombudsman's office can also fulfil a function of promoting access to information to members of the public. However, to be effective, such offices need adequate resourcing, legislative backing and administrative support.*

**Recommendations:**

*13. SAIs should promote the interests of access to information, and enhance transparency and accountability, by adopting initiatives to improve the accessibility of their audit reports, for example by providing a simplified narrative of government accounts and activities the public, (as in the Citizen-Centric Reporting initiative in Guam and other US jurisdictions).*

*14. SAIs should establish and/or maintain their own website, on which their audit reports are made available, as well as promoting the use of languages other than English and French to communicate key messages on accountability and transparency within their jurisdictions.*

*15. SAIs should have a working relationship with media organisations, to report and inform the public of the status of accountability and transparency within their jurisdiction, including through opinion pieces or the publication of their audit reports.*

**vii) Corporate Governance – Principles and Practices**

All SAIs surveyed identified the principles and practices of corporate governance to be of great importance to their work. More than half were able to provide comment on the corporate governance structure, processes and systems of public entities. However, of the standards used to assess public entities' compliance with the principles and practices of corporate governance, only one-quarter of SAIs have developed their own standards, guidelines and indicators. These results indicate that good corporate governance, while recognised as an essential element of public sector governance, is still in the developmental stage in many Pacific jurisdictions.

A close working relationship between the private and public sector has been identified as crucial to the economic well-being of Pacific countries, as well as promoting better accountability and transparency. Corporations play a critical role in the national economy, and thus a transparent and reasonable governance structure can have a positive impact on a corporation. In the in-depth studies, representatives from the private and voluntary sectors advocated for such principles and practices to be implemented in the public sector

as well as the private sector. There was evidence of steps being taken to bring this about, with chambers of commerce in various jurisdictions inviting civil servants to attend their workshops and seminars on corporate governance.

The ability of SAIs to comment and to promote good governance principles and practices can add great value to the work of public entities, as well as provide assurance to the legislature and citizens that these entities are governed and managed effectively.

**Good Practice Indicators:**

*7. It is an emerging good practice for legislatures and governments to encourage the adoption of principles and practices of corporate governance in the public sector, as much as it is expected of private enterprises.*

*8. In doing so, legislatures and governments should consider the valuable input the chambers of commerce and related private enterprises can provide, and the positive impact of a close working relationship between the public and private sector.*

**Recommendation:**

*16. SAIs should continue to develop their understanding of corporate governance principles and practices, and seek to apply them in their auditing work.*

**Civil society and its interface with government and the SAI**

***viii) Community Participation in Civil Society***

The study identified that the inclusion of civil society and NGOs in government decision making and public management is still an area under development in many jurisdictions. Some good practices were identified, including the establishment of umbrella NGOs such as the Samoa Umbrella Non-Government Organisation and the Civil Society Forum in Tonga, which strongly advocated for a better working relationship between government and NGOs. The umbrella NGOs also advocated for civil society to have input not only in the budget process but also in joint partnerships with government in the delivery of services to communities and the villages.

The Solomon Islands and New Caledonia also provided good examples of where government has contracted NGOs to deliver services to the provinces and villages in the areas of health and education. However, such partnerships and arrangements can only be effective if the internal governance of the NGOs and their accountability mechanisms are acceptable and also compliant with financial reporting and governance requirements.

The study also identified the important role that NGOs such as Transparency International can play in raising awareness and educating the public about the principles of accountability

and transparency surrounding the use of public funds, and assisting civil society to play its part in the combat of corruption. Transparency International ([www.transparency.org](http://www.transparency.org)) is a worldwide anti-corruption NGO, and has a Pacific chapter based in New Zealand, but there are active country chapters in a small number of Pacific jurisdictions.<sup>6</sup> For example, Transparency Solomon Islands (TSI) is the chapter of Transparency International in the Solomon Islands. TSI was found to be working very well in raising awareness and informing the public about corruption and what they can do about it. It is also working well with government entities and the private sector to promote accountability and transparency in the Solomon Islands.

**Good Practice Indicators:**

*9. It is an emerging good practice to consider the input the private sector and the non-government sector can provide when formulating the budget, delivering services to the community, and developing policies in areas that have a direct impact on the economic and social status of the country.*

*10. There is a need to have standards of practice and requirements for NGOs and private sector organisations to comply with when entering into partnership with public entities, so that potential areas of conflict and ethical dilemma are addressed in a transparent manner.*

*11. NGOs such as Transparency International can play an important role in raising awareness and educating the public about the principles of accountability and transparency surrounding the use of public funds, and assisting civil society to play its part in the combat of corruption.*

**Recommendation:**

*17. PASAI and individual SAIs should encourage the establishment of more Transparency International chapters in Pacific jurisdictions, along with umbrella organisations of NGOs which can advocate for closer ties with their respective governments as well as providing training and support to their members to help meet accountability requirements and standards. Development organisations should be encouraged to provide funding for these activities.*

***ix) Media freedom and independence***

The media play a very active role in the Pacific, including in the promotion of accountability and transparency relating to the use of public funds.

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<sup>6</sup> There are recognized, affiliated chapters of Transparency International in four Pacific Island countries, namely Fiji, Papua New Guinea, the Solomon Islands, and Vanuatu.

Most PICs' constitutions (or other legislation) guarantee freedom of expression or freedom of the media and the independence of media organisations. Citizens of Pacific jurisdictions read the newspaper and listen to the news regularly as their way of keeping informed about government actions, priorities and activities, in the absence of direct reporting from government entities themselves.

However, the in-depth studies found that the media tended to be more active in those jurisdictions where access to public information or public documents is restricted or limited, where corruption is evident and thriving in the public sector, and where civil society and NGOs are not well informed or engaged as part of government consultation processes.

The study found that the majority of SAIs have some relationship with the media; 65% have a direct working relationship with media organisations through press releases, media conferences, and circulation of audit reports. However, this relationship could be further strengthened in some jurisdictions, in particular in those that operate under the parliamentary and civil law models of government. It was evident that SAIs in the congressional model jurisdictions tended to have a more direct relationship with the media; more frequently provide copies of their audit reports to the media; and provide media training to their staff.

None of the Pacific Islands SAIs surveyed (i.e., excluding the SAIs of Australia, the Australian states, and New Zealand) employ a communications or media person. The study has highlighted the need for SAIs to consider using effective communication strategies, which should include the development and/or use of websites, media publications, and the use of communications specialists.

**Recommendation:**

*18. PASAI should encourage SAIs to develop communications strategies and relationships with media organisations and, where resources exist, provide media training for the Head of SAI and other staff who interact with the media.*

### 3. INTRODUCTION

#### Background

The Pacific Plan, adopted by the Pacific Islands Forum in 2005, has as its goal to “enhance and stimulate economic growth, sustainable development, good governance and security for Pacific countries through regionalism”<sup>7</sup>. The strategic objective for governance is “improved transparency, accountability, equity and efficiency in the management and use of resources in the Pacific”. PIFS’s work programme identifies governance challenges in the Pacific to include enhancing the transparency of political and economic processes, effective management of the region’s natural resources, strengthening accountability and managing increasing demands on limited human and fiscal resources in public institutions, and the protection of human rights. Such challenges present an opportunity for assistance at the regional level to support national institutions in both the law and justice sector and through broader governance and accountability mechanisms.

The Pacific Regional Audit Initiative (PRAI) is an initiative under the Pacific Plan, which forms the basis of PASAI’s activities. The goal of the PRAI, which is also reflected in PASAI’s Charter, is to promote transparent, accountable, effective, and efficient use of public sector resources in the Pacific. SAIs in the Pacific play an important role in providing the public and citizens of their jurisdictions with independent assurance over the use of public funds and preserving integrity in the use of the public purse.

PASAI’s studies of accountability and transparency in the Pacific region come under the fourth PRAI output: strengthening communication and advocating transparency and accountability. PASAI completed its first study in 2009. The report (available at [www.pasai.org](http://www.pasai.org)) provided an independent view of public accountability and transparency in the Pacific region through a survey of PASAI’s member SAIs. However, the study methodology of gathering information only from the SAIs had its limitations. The second study, which is the subject of this report, took a wider approach and was based on a wider range of good practice principles and legislative practices. It included an updated questionnaire completed by the heads of PASAI’s member SAIs, combined with in-depth studies of six SAIs and their jurisdictions. As well as focusing in-depth on the SAI and its operations and context, the in-depth studies included interviews with members and officials of legislatures, officials of key government agencies, and representatives of international organisations, private sector organisations, the NGO sector, and civil society and media organisations.

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<sup>7</sup> *The Pacific Plan for Strengthening Regional Cooperation and Integration*, endorsed by Leaders at the Pacific Forum meeting in 2005, page 2.

## Objectives

The overall goal of the project was to produce an updated report showing the state of accountability and transparency across the Pacific, which can be used as a basis for:

- communication with regional governments; and
- broader advocacy about the role of SAIs and associated governance mechanisms in achieving the accountable and transparent use of public resources.

The study:

- was based on a range of international and regional benchmarks and good practice principles (including those of the Pacific Islands Forum, the International Monetary Fund and the World Bank), and measures such as the Transparency International Global Corruption Index and the Public Expenditure and Financial Accountability (PEFA) Indicators. It took into account the full range of institutional practices across PASAI's members (i.e. in the parliamentary, congressional, and civil law models);
- examined accountability from both an internal SAI perspective and externally (by using a number of external benchmarks including budget formulation, execution and reporting, corruption control, legislative oversight of public expenditure, the practice of corporate governance, and community/NGO participation);
- took a wider approach to gathering information in the jurisdictions selected for the in-depth studies (for example, by verifying a sample of the SAI's observations and interviewing members and officials of legislatures and government officials to provide an objective view of public accountability);
- considered ways in which SAIs and other institutions of accountability can make a positive contribution, for example through broadened scope of audit (including performance based auditing), better quality reporting and communication (including use of language, websites, etc), and encouragement of improved ethical and governance practices and information disclosure across the public sector.

## 4. METHODOLOGY AND OVERALL APPROACH

The focus of the study was the state of accountability and transparency in PICs and their states, and Pacific Island territories. The membership of PASAI covers a wide geographical base, and includes SAIs in each of the primary groupings of the region (Melanesia, Micronesia, and Polynesia), as well as the SAIs of New Zealand and Australia and the state government audit institutions in the eastern states of Australia (New South Wales, Queensland, and Victoria).

The methodology adopted for the study was in four parts. A literature review was undertaken to identify a range of regionally and internationally recognized benchmarks for the study. The benchmarks were then used to develop a number of areas of focus for the study. A detailed questionnaire was developed, based on the 2009 questionnaire but expanded to include the identified benchmarks and areas of focus. In-depth study visits were then undertaken in six Pacific jurisdictions using a detailed series of questions based on the benchmarks and the areas of focus.

The questionnaire was sent to all of PASAI's member SAIs, including those of the Australian jurisdictions and New Zealand. The objective of including all members was to gain a full picture across the region, including from those jurisdictions which have, or are supported by, well resourced and mature systems of government and accountability. This provided useful points of comparison and a basis to measure progress across the region.

The questionnaire was completed by 20 members, which are listed in Appendix 1. A copy of the questionnaire can be found at PASAI's website [www.pasai.org](http://www.pasai.org). That Appendix also identifies the SAIs against the three models of government found across the region.

In contrast to the wide-ranging questionnaire, only Pacific Islands jurisdictions (i.e., not New Zealand or the Australian jurisdictions) were selected for the in-depth part of the study. They included two from the Polynesia group (Samoa and Tonga), two from the Micronesia group (the Federated States of Micronesia and Guam), and two from the Melanesia group (Solomon Islands and New Caledonia). The jurisdictions selected also covered each of the three systems of government found in the region (which are discussed at the end of this chapter), and a mix of sovereign nations and self-governing or overseas territories.

The methodology for the in-depth studies involved the gathering of data from the SAI in each jurisdiction, and consultation with a wide audience of key stakeholders who were identified as contributing to achieving and promoting accountability and transparency in the use of public funds. These stakeholders included members and officials of the legislature, heads of government departments, agencies such as public service commissions, ombudsman's offices, and anti-corruption commissioners; and representatives of private sector organisations, NGOs, civil society and community groups, and media organisations.



Fiji was not considered as a candidate for the in-depth studies, because it has been without a parliament since 2006 and a constitution since 2009. However, Fiji still has a functioning SAI, which is a member of PASAI. Its SAI responded to the questionnaire.

The study methodology and overall approach, including the selection of the jurisdictions for the in-depth studies, was approved by PASAI's Governing Board in February 2011.

### **Benchmarks for Accountability and Transparency**

The literature review identified ten benchmarks from regional and international sources. Each of the benchmarks, and its relevance to accountability and transparency in the Pacific, was discussed in a benchmarking paper which the Governing Board considered in August 2011. Table 4a presents the benchmarks and their sources.

**Table 4a: Identified Benchmarks for Transparency and Accountability in the Pacific**

<b>Benchmark</b>	<b>Source or Authority</b>
1. Pacific Islands Forum Eight Principles of Accountability	Pacific Islands Forum Secretariat (PIFS)
2. Mexico Declaration on Independence (MD)	International Organisation of Supreme Audit Institutions (INTOSAI)
3. ISSAI 21 – Principles of Transparency and Accountability	International Organisation of Supreme Audit Institutions (INTOSAI)
4. The IMF Fiscal Transparency Code (FTC)	International Monetary Fund (IMF)
5. Global Corruption Barometer	Transparency International (TI)
6. Principles of Good Governance	The Independent Commission on Good Governance in Public Services (ICGG)
7. The PEFA Indicators	PEFA Secretariat, The World Bank
8. Worldwide Governance Indicators (WGI)	The World Bank
9. Composite Governance Index	Pacific Institute of Advanced Studies in Development and Governance, University of the South Pacific
10. Civil Society Accountability: Principles and Practices, Pacific Toolkit	Commonwealth Foundation

The project consultant used the benchmarks to develop nine areas of focus for the study, which are listed in Table 4b.

**Table 4b: Areas of focus for the study**

<b>Area of Focus for the Study</b>	<b>Benchmark</b>
<b>1. The SAI and its work</b>	
Independence of SAIs	<p>MD Principle 1: The existence of an appropriate and effective constitution/statutory/legal framework and of de facto application provisions of this framework.</p> <p>MD Principle 2: The independence of SAI heads and members of collegial SAI institutions, including security of tenure and legal immunity in the normal discharge of their duties.</p> <p>PIFS Principle 7: Auditor-General and Ombudsman to be provided with adequate fiscal resources and independent reporting rights to parliament/congress.</p>
Open budget preparation, execution and reporting	<p>IMF FTC3: Budget documentation should specify fiscal policy objectives and the macroeconomic framework.</p> <p>IMF FTC3: Budget data should be presented in a way that promotes accountability.</p> <p>IMF FTC3: Procedures for the execution and monitoring of approved expenditures should be clearly specified.</p> <p>IMF FTC3: Fiscal reporting should be timely, comprehensive and reliable.</p> <p>PEFA D2: Comprehensiveness and transparency; the budget and the fiscal risk oversight are comprehensive and fiscal and budget information is accessible to the public.</p> <p>PIFS Principle 1: Budget process, including multi-year frameworks, to ensure parliament/congress is sufficiently informed to understand the longer term implications of appropriate decisions.</p>
Parliamentary scrutiny – role of the legislature and its committees	<p>MD Principle 7: The existence of effective follow-up mechanisms on SAI recommendations.</p> <p>PIFS Principle 6: Public Accounts/Expenditure Committees of parliament/congress to be empowered to require disclosure.</p> <p>PEFA PI-28: External scrutiny and audit; arrangements for</p>

	<p>scrutiny of public finances and follow up by executive are operating.</p> <p>IMF FTC4: Independent assurances of integrity; the integrity of fiscal information should be subject to public and independent scrutiny.</p> <p>IMF FTC 4: A national audit body should be appointed by the legislature with the responsibility to provide timely reports to the legislature and public on the financial integrity of government accounts.</p>
<b>2. Public sector transparency and accountability</b>	
Legal and ethical framework of public management	ICGG Principle 3: Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour.
Control of corruption	WGI 6: Control of corruption; capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.
Public availability of information	<p>PIFS Principle 7: Auditor-General and Ombudsman to be provided with adequate fiscal resources and independent reporting rights to parliament/congress.</p> <p>PEFA PI-10: Public access to key fiscal information; the budget and the fiscal risk oversight are comprehensive and fiscal and budget information is accessible to the public.</p> <p>IMF FTC2: Public availability of information; the public should be provided with full information on the past, current, and projected fiscal activities of government.</p> <p>IMF FTC2: Governments should make a public commitment to the timely publication of fiscal information.</p>
Corporate governance, principles and practices	<p>ICGG Principle 1: Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users.</p> <p>ICGG Principle 2: Good governance means performing effectively in clearly defined functions and roles.</p> <p>ICGG Principle 4: Good governance means taking informed, transparent decisions and managing risk.</p> <p>ICGG Principle 5: Good governance means developing capacity</p>

	<p>and capability of the governing body to be effective.</p> <p>ICGG Principle 6: Good governance means engaging stakeholders and making accountability real.</p>
<p><b>3. Civil society and its interface with government and the SAI</b></p>	
<p>Community participation in civil society</p>	<p>WGI 3: Government effectiveness: capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.</p> <p>WGI 4: Regulatory quality: capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.</p>
<p>Media independence</p>	<p>ISSAI 21 Principle 7: SAIs report publicly on the results of their audits and on their conclusions regarding overall government activities.</p> <p>MD Principle 8: SAIs communicate timely and widely on their activities and audit results through the media, websites and by other means.</p> <p>WGI 1 Voice and accountability: capturing perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.</p>

The questionnaire for the heads of SAIs was in three parts:

- Part A examined the SAI, its mandate, operations (including ethics, capability, outsourcing, use of experts), and accountability;
- Part B examined the public financial management framework in the SAI's jurisdiction, in terms of structure of accounts (all of government or individual entity), budget, financial management, SAI reporting, role of legislature in accountability;
- Part C examined ethics, governance, and corruption control.

A total of 20 SAIs responded to the questionnaire, a response rate of 80% of PASAI's members. The in-depth study visits concentrated on the nine areas of focus, and identified

valuable learning about the accountability of institutions and the mechanisms in place across the Pacific under differing governance arrangements or systems of government. A summary of findings was produced at the end of each visit. This was provided to the head of the SAI for comment, and the findings also form part of this report.

### **The approach to Understanding Different Legal and Political Systems**

To date the 21<sup>st</sup> century has seen an increasing number of states shift from autocratic forms of government to more democratic forms. All forms of modern democratic government centre on an elected legislature, but there are a range of models for determining how the executive government is formed and what relationship it holds with the legislature. Three models, including variants of each, are found in the Pacific region:

The **parliamentary system**, known as the Westminster model because of its origins in the Parliament of the United Kingdom, is a system of government in which the ministers of the executive branch get their democratic legitimacy from the legislature and are accountable to that body, such that the executive and legislative branches are intertwined. Under such a system the legislature is known as the parliament; and the head of state is either a monarch or an appointed or elected president who exercises ceremonial powers, including the calling of parliamentary elections and the giving of final consent to laws enacted by the parliament. Executive powers are exercised by ministers (including a prime minister) who are members of, and command a majority of the votes in, the parliament. The Prime Minister serves as the head of the executive government and leads the day to day activities of government. The Prime Minister and other ministers are responsible to other members of parliament and through them, the voters. In parliamentary governments, the head of state and the chief executive are therefore two separate offices. Pacific jurisdictions that use the parliamentary model include the Cook Islands, Fiji (up to 2006), Kiribati, Nauru, Papua New Guinea, the Republic of the Marshall Islands, Samoa, the Solomon Islands, Tonga<sup>8</sup>, and Tuvalu (as well as Australia and New Zealand).

The **congressional system**, known as such because of its origins in the constitution of the United States, is a system of government where an executive branch exists and presides (hence the name) separately from the legislature, to which it is not responsible and which cannot, in normal circumstances, dismiss it. The office of President characterizes the presidential system. The President is both the chief executive and the ceremonial head of state, and is elected either directly by the people or by the legislature on behalf of the people. Pacific jurisdictions that use the presidential system include American Samoa and Guam (which are unincorporated territories of the United States), the Federated States of Micronesia, the Republic of Palau, and the Commonwealth of Northern Mariana Islands (a

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<sup>8</sup> Tonga's constitutional monarchy is a variant on the parliamentary model, because of the greater vesting of executive power in the monarch as Head of State. Recent constitutional reforms in Tonga have brought it into closer alignment with the conventional parliamentary model deriving from the Westminster tradition.

commonwealth of the United States). In the Federated States of Micronesia and Palau, the presidential system is replicated at state level.

The **civil law system** has its origins in the constitution of France, and is used in French Polynesia and New Caledonia, as French territories of which the President of France is the head of state. Many of the institutional features of the civil law system are similar to those of the congressional model, although legislative power is vested in both the government and the elected legislature; and the SAI exists as an instrument of the judicial rather than the legislative branch of government.

## **5. FOCUS AREA 1 – INDEPENDENCE OF SUPREME AUDIT INSTITUTIONS**

### **Introduction**

The independence of the SAI is fundamental to its effectiveness and its ability to fulfil its mandate and functions free of any political interference or influence. SAI independence is a key ingredient in promoting accountability and transparency, with SAIs playing an instrumental role in providing assurance as to whether public funds have been spent in accordance with government priorities and within the law.

INTOSAI's Mexico Declaration on SAI Independence (MD) encourages SAIs to protect the value of their work by adding the proper safeguards and removing real and perceived barriers to their independence. The Declaration outlines eight principles on independence and provides the standard for all SAIs to strive towards in maintaining and upholding independence for the SAI as an office, for the head of the SAI, and for its staff. The principles are also the foundation for INTOSAI's standard on SAI independence (ISSAI 20).

The Mexico Declaration principles are also reflected in aspects of the Forum Principles of Accountability and UN Resolution A/66/209.

The principles were examined for this area of focus in the study were:

- MD Principle 1 - the existence of an appropriate and effective constitution/statutory/legal framework and of de facto application provisions of this framework
- MD Principle 2 - the independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties
- PIFS Principle 7 - auditor-general and ombudsman to be provided with adequate fiscal resources and independent reporting rights to parliament/congress

Particular areas of focus included the process for appointing the SAI head and its staff members; how the SAI is funded and whether it is resourced in a manner that provides a level of functional independence; and how staff members ensure their independence is maintained throughout their work.

### **SAI Legislation – Independence**

The in-depth studies examined how the six jurisdictions addressed the issue of independence and the perception of the public in regards to the independence of the SAI.

Table 5a shows how the independence of the six SAIs is guaranteed under their respective constitutional and legislative frameworks.

**Table 5a: SAI Independence under different Legislative Frameworks**

<b>Jurisdiction</b>	<b>Legislation</b>	<b>Independence</b>
Federated States of Micronesia	Article XII of the Constitution  Public Auditor Act 1982	Constitutional office. Public auditor appointed by the President with the advice and consent of the Congress. Public Auditor serves a four year term. Public auditor can be removed by Congress by a two-thirds vote. SAI staff appointed as classified employees.
Guam	Title 1 Chapter 19 Guam Annotated Code	Independent office under the Guam Annotated Code. Public Auditor is an elected position, and is non-partisan. Public Auditor serves a four year term. Removal from office is by the Governor. SAI staff appointed as classified employees.
New Caledonia	Chamber of Accounts	Independent of the legislature, part of the Court of Accounts. President of the Territorial Chamber of Accounts appointed by the Court of Accounts. President has the same protection against removal from office as members of the judiciary. SAI staff appointed through Court of Accounts.
Samoa	Article 97 of Constitution	Constitutional office. Auditor-General appointed by the Head of State on the advice of the Prime Minister. Auditor-General appointed for a three year term. Appointment and removal only done through a warrant of appointment and a cabinet directive. SAI staff appointed by Public Service Commission.
Solomon Islands	Constitution Public Finance and Audit Act	Constitutional office. Auditor-General appointed by the Governor-General on the advice of the Public Service Commission. SAI staff appointed by Public Service Commission and Regional Assistance Mission to Solomon Islands.
Tonga	Public Audit Act 2007 Public Audit Amendment Bill	Statutory Office. Auditor-General appointed by the Prime Minister in consultation with the speaker.



		Auditor-General appointed for a 5 year term. Auditor-General can be removed by a two-thirds majority vote. SAI staff appointed by Public Service Commission.
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The parliamentary, congressional and civil models of government provide useful contrasts on how the independence of a SAI is achieved against the international and regional benchmarks.

The benchmarks suggest that those methods of appointment which operate free from influence by the executive branch of government provide the highest level of confidence and assurance to citizens about the independence of the SAI. The processes for appointment of the SAI head in the six jurisdictions visited in the in-depth studies ranged from the judicial appointment process for the President of the Territorial Chamber of Accounts (i.e. by the Court of Accounts) in New Caledonia to the involvement of the parliament or congress to varying degrees under the parliamentary and congressional models, to direct election of the Public Auditor in Guam. In the parliamentary and congressional models of government, it is good practice for the head of the SAI to be appointed either by the legislature or by the head of state on the recommendation of the legislature. In the congressional system, direct election of the SAI head is another form of good practice which ensures the SAI's independence from the executive.

Several of the Pacific jurisdictions that use the parliamentary model have not yet achieved the good practice standard, and retain involvement by the executive in the appointment process (often through the Prime Minister). This is the case, for example, in Samoa, Tonga, and the Solomon Islands. During the in-depth studies, the appointment process in these jurisdictions was questioned by the public, and was not seen as independent of the executive branch particularly because the Prime Minister was involved in the appointment process. All three SAIs have recognized this negative perception, and have proposed bills to strengthen the independence of the process and to meet other aspects of the Mexico Declaration principles.

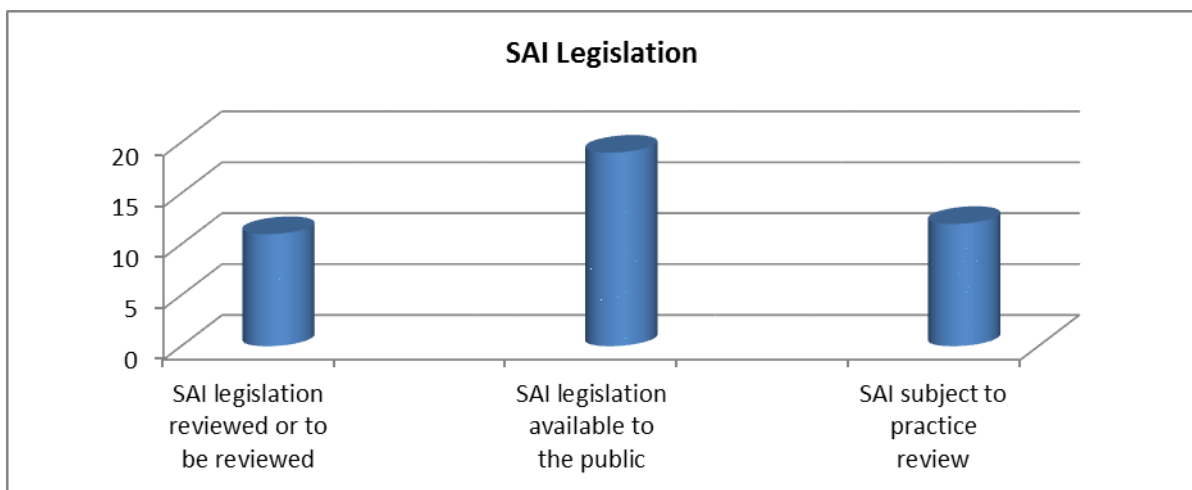
The questionnaire given to all SAIs also looked to identify whether the SAI's governing legislation has been, or is likely to be, reviewed in relation to the independence of the SAI. The age of the constitutional provision or other legislation establishing the SAI is often a major determinant of the extent to which it meets international and regional benchmarks (including in respect of the appointment process for the SAI head). This is not surprising, as the principles of SAI independence have emerged only in recent decades and some Pacific constitutions and audit legislation date back a long way.

Figure 5.1 reveals that only 11 SAIs (55%) have reviewed or plan to review their legislation. This shows a need for organisations such as PASAI to provide support to SAIs in helping governments and legislatures to understand the importance of SAI independence, for the SAIs to be effective in carrying out their mandate and to be instrumental and effective in upholding and promoting accountability and transparency in the Pacific region.

Almost all SAIs have their legislation available online or copies accessible to members of the public.

Only 12 SAIs have it as a good practice to have a peer review or practice review completed. The majority of SAIs that are subject to practice reviews are those US affiliated SAIs, this being a requirement under US government auditing standards.

**Figure 5.1: Review of SAI Legislation**



## 6. FOCUS AREA 2 –OPEN BUDGET PREPARATION, EXECUTION AND REPORTING

### Introduction

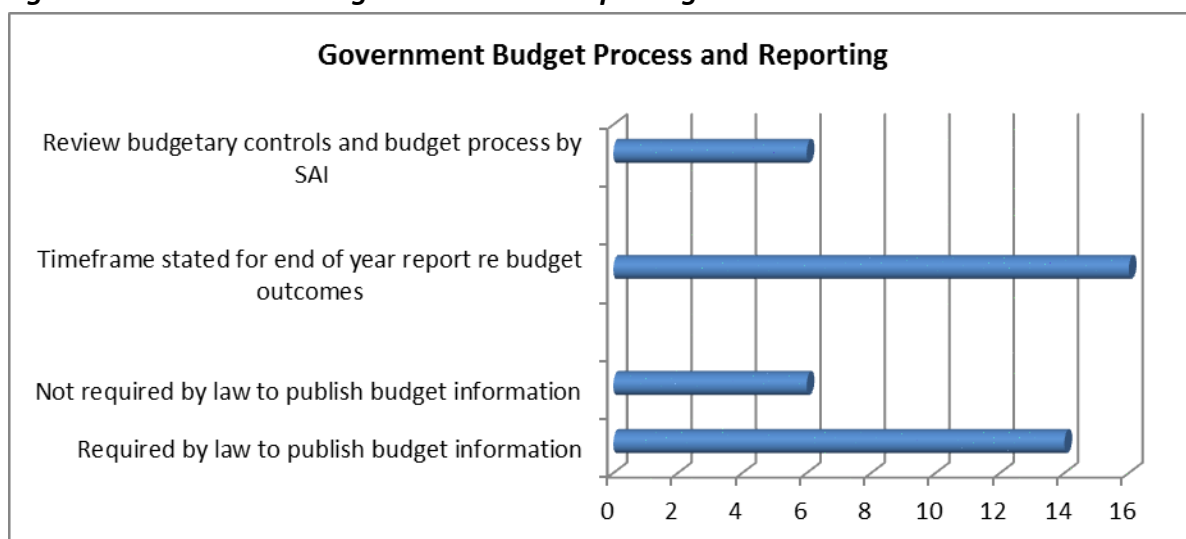
Governments raise and spend public funds to meet public needs. To do this, they must make good policy choices, execute them effectively, and be accountable for their decisions and actions. This is more likely to happen where there is a budget system that is transparent, i.e. where the government provides the public with comprehensive, timely, accurate and useful information about the budget. As a growing evidence base shows, open budget systems can enhance the credibility of policy choices, increase the effectiveness of policy interventions, limit corrupt and wasteful spending and facilitate access to international financial markets<sup>9</sup>.

The study recognised the importance of the government budget process in promoting accountability and transparency, and how the SAI can add value to this process.

### Government Budget Documents

The Open Government Transparency Accountability Initiative (refer [www.opengovpartnership.org](http://www.opengovpartnership.org)) identifies as internationally accepted good practice that governments should publish budget reports at various points in the budget year. These include a pre-budget statement; the executive’s budget proposal; the enacted budget; the audit report (if there is one); mid-year budget reports; and the year-end report and audit report. The study explored Pacific jurisdictions’ commitment to the timely, accessible and regular publication of these documents. Figure 6.1 shows that a total of 16 SAIs met this standard. Only six were not required by law to publish any budget information.

**Figure 6: Government Budget Process and Reporting**



<sup>9</sup> Opening Government, Transparency Accountability Initiative, 2001. A guide to best practice in transparency, accountability and civic engagement across public sector.

The majority of the SAIs surveyed identified a requirement to publish only a pre-budget statement, the executive's budget proposal, the enacted budget, the year-end report and audit report, as well as to advise on the availability of these documents. Four of the SAIs visited for the in-depth studies published these documents on the Ministry of Finance website. One published on the legislature's website, and the other in hard copy. The accessibility of the budget documents was also raised as an area of concern for some members of the public and the media in the in-depth studies, especially where the Ministry of Finance was reluctant to provide this information. Media organisations recognised the importance of publishing budget information; however, the format in which some national budgets are presented was reported to make it difficult for citizens to understand.

Practices vary internationally as to whether the SAI is required by law to carry out audit activity for the budget (as opposed to the end of year accounts). Figure 6.1 shows that only six SAIs had a mandate to review budgetary controls and comment on the budget process. They included French Polynesia and New Caledonia, where the key role of the Chamber of Accounts is to review budgetary controls of governments and public institutions (including an investigation and reporting role where an area of over-expenditure has occurred). The other four SAIs were American Samoa, the Federated States of Micronesia, and Papua New Guinea. The state of Victoria in Australia also has a budget audit role.

### **Budget Participation**

Recent research has shown that greater access to public information, together with effective public engagement, can help reduce corruption and enhance socio-economic development. Public engagement in the budget process, specifically on budget priorities and execution, creates opportunities for the public to contribute their knowledge and expertise, thereby improving the quality and effectiveness of government spending<sup>10</sup>. Civil society organisations and citizens are among the best sources of information about a country's needs and priorities. They can provide inputs that are critical to good budget decisions and support to ensure effective implementation. In addition, they often have the networks and expertise to detect potential cases of corruption or mismanagement. Thus, engaging them in the process can enhance the overall accountability of the budget system.

The in-depth studies explored how individual jurisdictions were engaging the private sector and civil society with the budget process. Table 6a shows that the level of engagement from the private sector and civil society was very low for four of the six jurisdictions visited, an area that could usefully be the subject of strengthening activity.

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<sup>10</sup> Opening Government, Transparency Accountability Initiative, 2001. A guide to best practice in transparency, accountability and civic engagement across public sector.

**Table 6a: Budget Engagement of Private and Voluntary Sectors**

<b>Jurisdiction</b>	<b>Engagement</b>	<b>Jurisdiction</b>	<b>Engagement</b>
<b>Federated States of Micronesia</b>	Very little engagement project specific	<b>Samoa</b>	Samoa Development Strategy
<b>Guam</b>	Chamber of Commerce	<b>Solomon Islands</b>	Project specific and line ministries
<b>New Caledonia</b>	Trade unions, economic summit	<b>Tonga</b>	Very little engagement later on in the process

## 7. FOCUS AREA 3 – SCRUTINY ROLE OF THE LEGISLATURE AND ITS COMMITTEES

### Introduction

Members of legislatures are responsible for holding governments accountable for their actions. The role of SAIs is to provide the legislature with independent, fact-based, and reliable information, and assurance to help members fulfil this responsibility. With audit reports and testimonies, SAIs assist legislatures in their work related to the authorisation and oversight of government spending and operations<sup>11</sup>. A former Deputy Speaker of the Victorian Parliament said during his address to the Pacific Islands Presiding Officers and Clerks Forum on Parliament and Accountability, held in Samoa in 2005, “First, the principles of accountability do not change according to the type of political system, and second, commitment to accountability is two faceted - structural and attitudinal”<sup>12</sup>. Accountability is now one of the most common topics in any discussion about government and its relationship with its citizens. Leaders of developed nations advise that “good governance” is what all countries must aim at, and in many cases are using their aid programs to promote this view. The legislature and its committees play an important role in the review and scrutiny of public accounts and audit reports tabled by SAIs.

### The Legislature and its Committees

Control and oversight of public expenditure, including the review and scrutiny of the budget and the public accounts, is a common feature of legislatures in both the parliamentary and congressional models of government. The different relationships between the legislature and the executive under the two models mean, however, that the type and extent of control and oversight varies, as do the methods and institutional forms through which they are exercised. Table 7a shows the role of the legislature and its committees under each model, as exemplified in the six jurisdictions studied in-depth.

**Table 7a: Types of Government and the Role of the Legislature and Its Committees in the Pacific**

Jurisdiction	System of government, role of legislature & its committees	Scrutiny of public accounts
Federated States of Micronesia	Congressional  President is head of Executive Branch, and is elected by Congress from among its members	The Ways and Means committee reviews and approves the budget. No specific committee responsible for the review of audit reports. Any standing committee can raise a question about an audit report.

<sup>11</sup> Foreword by the Chair of the INTOSAI Subcommittee on the Independence of Supreme Audit Institutions, Sheila Fraser, Auditor-General of Canada, October 2009.

<sup>12</sup> Presentation to Pacific Islands Presiding Officers and Clerks Forum, Samoa, April 28 2005, By Peter Loney, Deputy Speaker, Parliament of Victoria.

	Congress – 14 members, six standing committees	The Office of the Public Auditor reports directly to Congress. The Public Auditor is appointed by the President with the consent of the Congress.
Guam	Congressional – Territory of USA  Governor is head of executive branch  Congress – 15 members and nine standing committees	The Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement & Land bodies review and approve the budget. No specific committee is responsible for the review of audit reports. Any standing committee can raise a question about an audit report. The Office of the Public Auditor reports directly to Congress. The Public Auditor is elected through a general election.
New Caledonia	Congressional - Territory of France  High Commissioner is head of Executive Branch  Legislature – 54 members, 11 standing committees	The Budget Committee reviews and approves the budget. No specific committee is responsible for the review of audit reports. Any standing committee or member of the legislature can raise a question about an audit report. The Court of Accounts is independent of the legislature and is responsible for scrutinising and reviewing the work of the Chamber of Accounts. The Chamber of Accounts reports directly to the Court of Accounts and to the public. The President of the Chamber of Accounts is appointed by the Court of Accounts.
Samoa	Parliamentary  Prime Minister is head of the executive branch  Parliament – 49 members, 15 standing committees	The Finance and Expenditure Committee is responsible for the review of the budget and audit reports. This committee performs the role of a public accounts committee. The Officers of Parliament Committee is responsible for reviewing the report of the Office of the Auditor-General. The Office of the Auditor-General reports to the legislature through the Officers of Parliament Committee. The Auditor-General is appointed by the head of state on the recommendation of the Prime Minister.
Solomon Islands	Parliamentary  Prime Minister is head of the	The Public Accounts Committee is responsible for the reviews and approves the budget and deliberates on audit

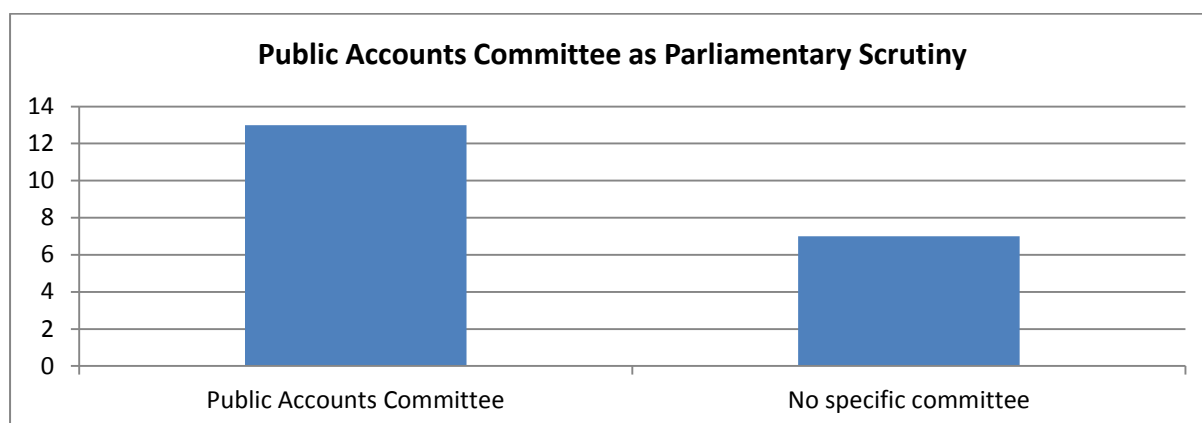
	<p>executive branch</p> <p>Parliament – 50 members, 8 standing committees</p>	<p>reports.</p> <p>The Office of the Auditor-General reports to the legislature through the Public Accounts Committee.</p> <p>The secretariat for parliamentary select committees provides support to the Committee.</p> <p>Auditor-General is the secretary of the Committee.</p> <p>The Auditor-General is appointed by the Governor-General on the advice of the Public Service Commission.</p>
Tonga	<p>Constitutional Monarchy/Parliamentary</p> <p>King has Executive Power</p> <p>Prime Minister is appointed by the King</p> <p>Parliament – 26 members (including nobles and commoners), 7 standing committees</p>	<p>The Finance and Public Accounts Committee reviews and approves the budget and deliberates on the public accounts.</p> <p>The Auditor-General reports to the legislature through the Public Accounts Committee.</p> <p>The Auditor-General is a non-voting member of the Finance and Public Accounts Committee.</p> <p>The Auditor-General is appointed by Prime Minister in consultation with the speaker.</p>

Table 7a shows that only those jurisdictions that operate under a parliamentary form of government (such as Samoa, Tonga and the Solomon Islands) have a PAC or a similar committee of parliament that is responsible for the review and scrutiny of public accounts. The common roles of a PAC are to consider any bill, petition or other matter referred by the legislature under the standing orders; review any estimates of expenditure; examine and report on the public accounts; and review ministerial and departmental financial performance. A PAC may also have power to allocate the examination of particular estimates and reviews to other committees, while retaining overall oversight of the scrutiny and accountability role. A PAC usually comprises members of both the opposition and government parties. The members of the committee are either elected by the legislature or appointed by the Speaker, and the size of the committee in Pacific jurisdictions typically ranges in number from three to eight members.

Figure 7.1 shows that, of the 20 jurisdictions surveyed by the questionnaire, 13 have a PAC or equivalent committee.



**Figure 7.1: Public Accounts Committee Representation in the Pacific**



A frequent criticism of PACs in the parliamentary jurisdictions is that the committee members may not have the experience and technical expertise, nor the supporting personnel, to be able to review and scrutinise financial information effectively. Audit reports may be of interest to only a few of the members of the committee, and thus the committee may choose to defer the matter or put it on hold. This in turn contributes to delays in the publication of the public accounts. Infrequency of sittings of the legislature was also identified as one of the key factors contributing to delays in presenting public accounts. Other factors included political instability and capacity issues with the preparation and audit of the accounts.

Some PAC members interviewed during the in-depth studies said that they had benefited greatly from briefings or seminars provided by the SAI on matters concerning public accountability, good governance and promoting transparency. Others identified the need for training and support for members of the legislature for them to understand their scrutiny roles. Two of the jurisdictions visited had recently completed a two day orientation seminar provided by the UNDP's Business Centre (based in Fiji) for all members of the legislature on the areas of public accountability, transparency and good governance principles. The PAC members interviewed identified more training required on financial management, the value of an audit, types of audits, corporate governance, internal controls, and fraud.

The approach to scrutiny of public accounts is different in the congressional and civil law systems of government. Including all three systems in the in-depth studies gave an opportunity to compare practices.

Jurisdictions such as Guam, the Federated States of Micronesia and New Caledonia do not have a PAC or a similar committee of the legislature responsible for the review and scrutiny of public accounts. The traditional role of a Ways and Means Committee in the congressional model is limited to scrutiny of the budget. This is also the case with the Budget Committee under the civil law model. Once the public accounts have been

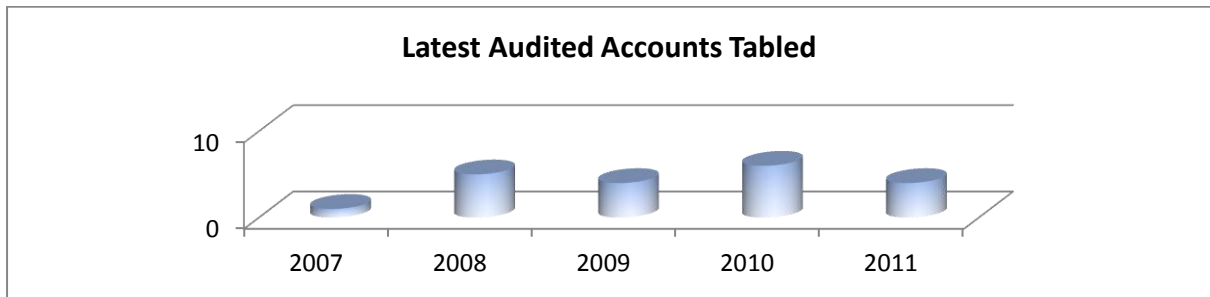
completed and audited, they are presented directly to the legislature and then debated if there are any areas of concern, without scrutiny by a PAC as in the parliamentary model.

The legislature in these jurisdictions places reliance and confidence on the SAI to highlight and report any matters of concern with the public accounts as part of its function. This was evident in Guam and the Federated States of Micronesia, where the presence of the SAI was quite evident and the SAI was held in high regard by both members of the public and the legislature. The Office of the Public Auditor in these two jurisdictions also had a strong presence in the media. This may be seen to compensate for the absence of scrutiny of audit reports, and follow-up of audit recommendations, by a committee of the legislature.

In New Caledonia, the court of accounts framework presents another form of good practice for ensuring accountability for public expenditure. The missions carried out by the Court of Accounts fall currently into three categories: verification of the compliance of accounts; verification of management; and provision of assistance to the legislature and the government. This use of a professional institution, whose independence is guaranteed, is said to provide members of the public with confidence and assurance that members of the legislature, together with the executive, government entities, and civil servants are being held accountable and that public funds have been expended according to law.

The effectiveness of a legislature's scrutiny of public accounts is also dependent on the timeliness and quality of the audit reports presented with the accounts. This seems especially to be a problem in the parliamentary jurisdictions. A criticism made by some members of PACs interviewed during the in-depth studies was that, when public accounts are two to three years behind it makes it difficult for the committee to perform its role effectively. Figure 7.2 shows the latest public accounts tabled for all 20 jurisdictions surveyed by the questionnaire. It indicates that only half of the jurisdictions that responded to the questionnaire were up to date with their public accounts, a good indicator of the timeliness of public accounts being completed and presented. Figure 7.2 also demonstrates the timeliness of audit reports, showing the year of the most recent audited accounts presented to the legislature. At the date of survey, the only two SAIs that had their completed their audits for the financial year ending 2011 were New Zealand and the Commonwealth of Australia. Timing differences (including the end of the financial year) would have influenced this result, as would the greater resources available to those SAIs. Of more importance is that only six Pacific Islands jurisdictions had completed their latest audits for the financial year ending 2010, and four for 2009. Five SAIs were as far back as 2008, and one for 2007.

**Figure 7.2: Latest Public Accounts Tabled by SAI**



## 8. FOCUS AREA 4 – LEGAL AND ETHICAL FRAMEWORK OF PUBLIC MANAGEMENT

### Introduction

The legal and ethical framework of public management was identified as one of the key areas of focus for the study. Public financial management comprises a wide-ranging array of legal and ethical principles. The practice of sound financial management, the respect for the democratic principles and the realisation of citizen rights are constitutional imperatives of the modern state. In this context it is important to comprehend how public management is shaped by those principles, particularly in what concerns the accountability of public administrators. Democracy now demands more from civil servants than just technical competence.<sup>13</sup> Public management reforms involving greater devolution of responsibility and discretion for civil servants, budgetary pressures and new forms of delivery of public services have challenged traditional values in the civil service. Thus, high standards of conduct in the civil service have become a critical issue for governments<sup>14</sup>.

### Legal and Ethical Framework

The in-depth studies explored the legal and ethical frameworks of the six jurisdictions visited. Table 8a outlines the frameworks that are in place and the institutions responsible for enforcing legal and ethical principles under their different systems of government.

**Table 8a: Legal and Ethical Framework in Public Management**

Jurisdiction	Legislation and Processes	Institution
Federated States of Micronesia	Public service regulations administered by the Personnel Office of the President's Office. The government of FSM does not have a code of conduct for public servants and government officials. There is no public service commission in FSM. This shows a lack in robust processes and practices around public management, ethics and disciplinary procedures. The Department of Justice has a memorandum of understanding with the Office of National Public Auditor Compliance Investigations Unit.	Personnel Office Department of Justice Office of Public Auditor
Guam	Guam Annotated Code provides principles for public management in Guam. The Organic Act provided for a Guam Ethics Commission to be established, which has yet to occur. The Office of Public Accountability provides training for all newly elected directors and senior management which includes training on ethics. There is a standard of conduct for elected officers, appointed officers and public employees of the Government of Guam.	Guam Ethics Commission Guam Election Commission Civil Service Commission

<sup>13</sup> VIII Eurosa Congress, Lisboa, 2011. Challenges, demands and responsibilities of public managers today and the role of the SAIs.

<sup>14</sup> OECD, Symposium on Public Management Committee, 4-5 November 1997, Paris.

	<p>The law requires any person who is an elected official of the government of Guam to attend an ethics in government program within 90 days of taking office. Elected officials are also required by law to undergo a refresher “ethics in government” programme at least once every four years.</p> <p>Guam appointed officials, heads of departments and deputies are also required by law to file an annual financial disclosure statement with the Guam Election Commission. Board members are also required to disclose any perceived or potential conflicts of interest at the start and for the duration of their term.</p>	Office of Public Accountability
New Caledonia	<p>The responsibility for ensuring civil servants adhere to a code of ethics and comply with the law is the role of the Court of Accounts and the Court of Administration.</p> <p>The code of financial jurisdictions issued by the Court of Administration provides for budgetary and financial discipline allowing the court to sanction elected representatives and state employees who have, or have caused, the misuse of public funds.</p> <p>The administrative jurisdiction was created to judge the disputes from a private person against the state.</p> <p>The Council of State and the other administrative jurisdictions watch to ensure balance between the privileges of public authorities and the rights of the citizens.</p>	<p>Court of Accounts</p> <p>Court of Administration</p> <p>Territorial Chamber of Accounts</p>
Samoa	<p>The legal and ethical framework of public management of Samoa is provided for under its Constitution, the Public Finance Management Act, the Public Service Act, the Public Bodies (Performance and Accountability) Act and the Public Service Code of Conduct.</p> <p>The principles of accountability and transparency underpin the Public Service Code of Conduct, the Samoa Public Finance Management Reform Plan, the Law and Justice Sector Plan.</p> <p>The Public Service Commission (PSC) is responsible for ensuring that the Public Administration Sector Plan is implemented appropriately through effective monitoring and evaluation, providing support and advice to the Steering Committee and ensure that a performance management system for the public service is in place.</p> <p>The Public Service Code of Conduct is enforced by the PSC and sets out the expectations of all public servants and includes provisions for where public servants are in breach of the code. There is no current Code of Conduct for Members of Parliament, and the Office of the Clerk is currently drafting a Code of Conduct for the Legislative Assembly.</p>	<p>Public Service Commission</p> <p>Office of the Attorney-General</p> <p>Office of the Auditor-General</p> <p>Ministry of Finance</p>
Solomon Islands	<p>The Public Service Commission (PSC) appoints all public servants and provides human resource support to all government entities and public bodies.</p> <p>The PSC also has a code of conduct to assist the Solomon Islands to create and uphold a professional image and an ethical culture in the public service.</p> <p>The code provides minimum standard of conduct and work</p>	<p>Public Service Commission</p> <p>Leadership Code Commission</p> <p>Prosecutor’s Office</p>

	<p>performance for public officers and may be complemented by other professional codes.</p> <p>The code applies to all public officers who hold a public office whether permanent, temporary, full-time, part-time or casual. Adherence to the code of conduct by public servants is the responsibility of the Permanent Secretary within its respective ministry to ensure public servants are aware, understand and comply with the Code.</p> <p>The Leadership Code Commission (LCC) also promotes an ethical culture within the public service through its mandate. The LCC has three core functions: to investigate allegations of misconduct in office by government leaders; manage and maintain a register of leaders' interests; and assist leaders to comply with the leadership code and promote good governance, accountability and transparency.</p> <p>All leaders must comply with the Leadership Code and a breach of the Leadership Code is called misconduct in office.</p>	Office of the Auditor-General
Tonga	<p>Tonga has several Acts that underpin the legal and ethical framework for the public service. These are the Public Service Act 2002 (including amendments made in 2010), the Public Finance Management Act 2002, the Public Service Disciplinary Regulations 2010, the Public Procurement Regulations 2010, and the Code of Conduct for the Public Service 2004.</p> <p>The purpose of the Code of Conduct is to provide guidance to employees on the standards of behaviour required of them, and a basis for more detailed codes that may be required to meet particular circumstances of individual departments.</p> <p>The Code is administered by the Public Service Commission (PSC), which has a Disciplinary Committee to address cases of misconduct.</p> <p>The PSC is also responsible for the recruitment and appointment of all public servants including staff of the Office of the Auditor-General.</p>	Public Service Commission  Office of the Auditor-General  Ministry of Finance  Office of the Attorney-General

Table 8a highlights that the jurisdictions studied take the matters of ethics and conduct seriously, but that there are a range of different responses which may vary depending on the system of government used. Those countries using the parliamentary model of government usually have a specific government entity to provide standards of conduct for public servants. The Public Service Commission fulfils this role for Samoa, Tonga and the Solomon Islands. Similar but not identical arrangements exist in jurisdictions using the congressional model. For example, legal and ethical standards in Guam are provided for under the Guam Annotated Code and administered through various government entities including the Civil Service Commission, Guam Ethics Commission and Guam Elections Commission.

It is also important to have a code setting out fundamental responsibilities, and to make the code applicable not only to civil servants but to politicians and other public officials. For

example, in the Federated States of Micronesia it appeared that the government lacked prescribed standards of practice and a code of conduct for civil servants. This was reflected in the Personnel Unit being relocated in the President’s Office under a current review of the role of the unit. The government of the Federated States of Micronesia had nevertheless identified the value of having a public service commission as commonly used under the parliamentary model.

A similar picture emerges from the survey of 20 SAIs. The questionnaire explored whether there was a standard of ethical practice or guideline for the civil service as a whole. As well, it looked at whether the SAI issues any standards of practice or guidelines on ethical approaches for conflicts of interest in the civil service.

**Figure 8.1: Ethical Practices and Guideline**



Figure 8.1 demonstrates the responses of the SAIs to these two questions posed in the questionnaire. A total of 15 SAIs identified that there was a standard of ethical practice or guideline for the civil service as a whole, and only five SAIs identified that there was no guideline. A total of five SAIs themselves provide guidelines on ethics and standards to the public. The other 15 SAIs do not provide standards or ethics but said that, when undertaking audits, the SAI would highlight any areas of concern or where civil servants or public entities did not comply with these standards.

Guam is a good example of a SAI where standards of good practice on ethical conduct are published on the SAI’s website as a guide for government entities. The Australian and New Zealand SAIs also provide best practice guides in the areas of ethical conduct, conflicts of interest, etc.

The French affiliated SAIs (French Polynesia and New Caledonia) have strict, independent processes where the Court of Accounts and the Court of Administration prescribe ethical standards for civil servants and holds civil servants accountable through the role of the Financial Prosecutor. The Financial Prosecutor can fine, sanction, or prosecute any civil servant or government official who is in breach of such standards.

The leadership code commission is another useful form of institution for enforcing legal and ethical standards. Commissions are found in several Pacific jurisdictions, including the Solomon Islands. However, the in-depth study in the Solomons showed that the Commission has failed to successfully investigate and prosecute government officials over allegations of corruption and misconduct.

The legislature of the Republic of Marshall Islands is currently considering an Ethics in Government Bill, which seeks to define conflicts of interest and strengthen financial disclosure by politicians and senior civil servants. The SAI will have primary responsibility for managing the disclosure system, investigating breaches, and referring cases to the Attorney-General for prosecution. Legislation of this kind, once enacted, could be a useful model for other Pacific jurisdictions.



## 9. FOCUS AREA 5 – CONTROL OF CORRUPTION

### Introduction

The control of corruption is an important area of focus for the study. There are varying practices across the Pacific on how corruption is controlled, as well as increasing concerns about the level of corruption in the region. A study on public accountability by Khan & Chowdhury (2008) identified that governance enablers in different regions of the world produced differing results<sup>15</sup>. The study found that the enhancement of the internal capacity of audit institutions, either through the enhancement of their budget or through other facilities, without the corresponding strengthening of the political and civic environments, will have limited or no impact on either corruption control or service delivery, as two key goals of all public accountability measures. Another useful observation was that jurisdictions that combined political and civic freedoms with a high degree of decentralisation achieve greater corruption control, and ensure more efficient and equitable delivery of public service. This brings public institutions closer to the citizenry and creates a condition for greater civic engagement in public accountability.

### Governments' Commitment to Control of Corruption

This study explored the commitment of, and the arrangements implemented by, Pacific jurisdictions to address the issue of corruption in their respective jurisdictions. It also examined how the media reports corruption; the public's perception of corruption and anti-corruption institutions; and the role of the SAI in addressing corruption. The findings across the six jurisdictions varied, but in general supported the findings in the Khan & Chowdhury study.

Table 9a outlines how the six Pacific jurisdictions visited for the in-depth studies addressed the issue of corruption and how it was controlled.

**Table 9a: Control of Corruption – Country Initiatives**

Jurisdiction	Institutions Responsible	Role of the SAI
Federated States of Micronesia	FSM has yet to ratify UNCAC at the time of the study, but has now done so. No anti-corruption unit dedicated to the control of corruption. The control of corruption is performed by the Office of the Public Auditor, Compliance Investigations Division (CID), and the Department of Justice (DOJ). The Micronesian Transnational Crime Unit is part of the Pacific Transnational Crimes	The SAI through its CID division investigates allegations of corruption or complaints about suspected fraud. The CID submits a report to the DOJ for criminal investigation and prosecution. CID also runs a fraud awareness programme and provides fraud workshops covering topics such as public corruption, ethics, internal

<sup>15</sup> Khan, M & Chowdhury, June, 2008, The Asia-Pacific Journal of Public Administration, Public Accountability in Differing Governance Situations: Challenges and Options, v30 no. 1.

	Network.	controls, single audit review and types of procurement fraud.
Guam	Guam is part of the United States, which has acceded to UNCAC. No anti-corruption unit solely dedicated to the control of corruption. The control of corruption is performed by the Office of the Attorney-General and the Police Department. The Office of the Attorney-General has a Property Crimes and White Collar/Public Integrity Crimes Unit.	The SAI from time to time assists in corruption investigations, and may, during its audit, highlight areas of corrupt practice. However any allegations of corruption are referred to the Office of the Attorney-General that then investigates and prosecutes as required.
New Caledonia	New Caledonia is part of France, which has acceded to UNCAC. No anti-corruption unit solely dedicated to the control of corruption. The control of corruption is performed by the Chamber of Accounts, the Prosecutor's Office and the National Police Intelligence Unit.	The SAI may refer a suspected case of corruption to the Prosecutor's Office or to the National Police Financial Unit to investigate. The National Police Financial Unit works closely with both offices to prosecute and control any suspected cases of corruption.
Samoa	Samoa has not acceded to UNCAC. No anti-corruption unit solely dedicated to the control of corruption. The control of corruption is performed by the Office of the Auditor-General, the Office of the Attorney-General, National Police, and the Financial Intelligence Unit of the Reserve Bank.	The SAI may refer any allegation or suspected case of corruption to the Police Department and the Office of the Attorney-General. The Police would then investigate and the Attorney-General's office would prosecute.
Solomon Islands	Solomon Islands had not acceded to UNCAC at the time of the study but has now done so. No anti-corruption unit solely dedicated to the control of corruption. The control of corruption is performed by the Office of the Auditor-General, the Prosecutor's Office, the Leadership Code Commission, and the Police. An informal group known as the "Integrity Forum" comprising the Auditor-General, Attorney-General, Ombudsman, Leadership Code Commissioner, Governor of the Reserve Bank, Police and Transparency International Solomon Islands has been formed to look at ways of addressing corruption in the Solomon Islands.	The SAI refers any allegation or suspected case of corruption to the Police and the Leadership Code Commission. The SAI would assist these two offices with investigations where if required.
Tonga	Tonga has not acceded to UNCAC. The Anti-Corruption Commissioner Act 2007 established the office of the commissioner. Despite this, the office has not yet commenced operations and a Commissioner has yet to be appointed.	The SAI refers any allegation or suspected case of corruption to the Public Accounts Committee and to the Police. The SAI would assist with these investigations.

	The control of corruption is performed by the Office of the Auditor-General, the Attorney-General, the Public Accounts Committee and the Police.	
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Table 9a demonstrates the differing arrangements that Pacific jurisdictions adopt around the control of corruption. Two of the four jurisdictions visited that are sovereign states (i.e., excluding Guam and New Caledonia) have recently ratified UNCAC, as have the United States and France. UNCAC is the first legally binding international anti-corruption instrument. In its 8 chapters and 71 articles, it obliges state parties to implement a wide and detailed range of anti-corruption measures affecting their laws, institutions and practices. These measures aim to promote the prevention, criminalisation and law enforcement, international cooperation, asset recovery, technical assistance and information exchange and mechanisms for implementation. Some of these measures are of direct relevance to the work of SAIs, such as commitments to open budgeting and open procurement.

One attraction of UNCAC is that it introduces a comprehensive set of standards, measures and rules that all countries can apply in order to strengthen their legal and regulatory regimes to fight corruption. It calls for preventive measures and the criminalisation of the most prevalent forms of corruption in both the public and private sectors. It makes a major breakthrough by requiring member states to return assets obtained through corruption to the jurisdiction from which they were stolen<sup>16</sup>.

Accession to UNCAC by Pacific countries would send a clear message about individual governments' commitment to fight against corruption. UNCAC is gaining increasing recognition by other Pacific Islands governments. In addition to the Federated States of Micronesia and the Solomon Islands, six other PICs (Cook Islands, Fiji, Palau, Papua New Guinea, the Republic of Marshall Islands, and Vanuatu) have acceded to UNCAC, and accession is under active consideration by three others (Kiribati, Nauru and Tuvalu).

Promoting accession to UNCAC is a useful point of advocacy for transparency and accountability. As well as promoting direct anti-corruption measures (such as law enforcement and asset recovery), it encourages other good practices which are of direct interest to SAIs (such as transparency and accountability in the public finance management and procurement).

Even where a country has not acceded to UNCAC, the commitment to fighting corruption can be demonstrated through actions taken domestically to enact laws and establish institutions to address corruption. For example, the step taken by Tonga to enact anti-corruption legislation shows its commitment. But legislation alone is ineffective without the

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<sup>16</sup> General Assembly resolution 58/4, of 31 October 2003 United Nations Convention against Corruption.

commitment of the political leaders to provide adequate funding for the institutions it establishes. In Tonga there has been no resourcing of the anti-corruption office and no Commissioner has been appointed.

The Compliance Investigations Division of the Office of the Public Auditor in the Federated States of Micronesia has highlighted several cases of corruption concerning civil servants and other government officials. However, these cases have not progressed any further, as the Prosecutor's Office (a division of the Department of Justice) does not have the resources to finalise them due to a high case load.

In the Solomon Islands, the informal "Integrity Forum" group comprising the Auditor-General, Attorney-General, Governor of the Reserve Bank, Police Commissioner, Leadership Code Commissioner, and Ombudsman have met to discuss how corruption can be better controlled in the Islands. The Leadership Code Commission was established to investigate allegations of misconduct in office by government leaders, manage and maintain a register of leaders' interests, and assist leaders to comply with the leadership code and promote good governance, accountability and transparency. However, the Commission has not successfully investigated and prosecuted any cases since it has been established. A criticism of the legislation establishing the office is that the Commissioner is appointed by the Prime Minister which makes it a political rather than an independent appointment.

In Guam the level of corruption has been identified by the public and civil servants to have decreased over the years with the enactment of the Sunshine Act and the Citizen-Centric Reporting initiative. The direct election of the Attorney-General and the Public Auditor has also given the citizens of Guam more say and greater confidence in who they put in key roles to promote accountability and transparency. The independence of these two officials from the legislature provides public confidence in their integrity and effectiveness.

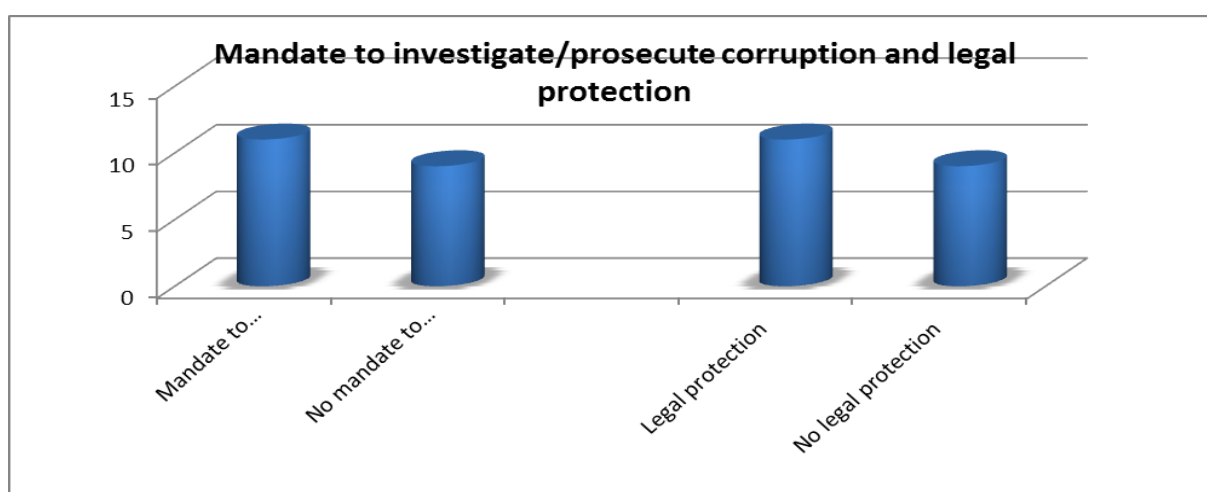
A similar advantage was identified in New Caledonia where the Chamber of Accounts is completely independent of the legislature, in that the Chamber reports to the Court of Accounts, not the legislature. The Prosecutor's Office in New Caledonia is also independent of the legislature and thus free from any political influence or interference. As such, allegations about corruption concerning political leaders and public servants have been successfully investigated and prosecuted by the New Caledonia Prosecutor and also by the National Police Intelligence Unit.

Samoa on the other hand identified during the in-depth study visit the need for an informal taskforce to be established comprising the Office of the Auditor-General, the Office of the Attorney-General, the Reserve Bank Financial Intelligence Unit, and the Police to look at how corruption was to be addressed. Corruption was not a topic openly discussed in Samoa during the in-depth study, and some cultural norms may have prevented this.

In addition to the six jurisdictions visited, the questionnaire completed by all SAIs explored whether there is an institution in each jurisdiction mandated to prevent, investigate, and/or prosecute corrupt activity by government organisations. Figure 9.1 shows that, from the responses, 11 SAIs in the region have an institution mandated to prevent, investigate and/or prosecute corruption. A total of 11 SAIs also identified that legal protection is provided for whistle-blowers, anti-corruption activists, investigators, and journalists when reporting allegations of corrupt activity. However, of the institutions named, only two are described as independent commissions against corruption, the Independent Commission against Corruption in Fiji and the Public Relations Office in Tonga.<sup>17</sup> The others are a joint effort between the SAIs, the Office of the Attorney-General, the National Police, and the Ombudsman’s Office.

The establishment of an anti-corruption body is a specific requirement of UNCAC. But any institutional response to this requirement must be sustainable in terms of both finance and human resources. Existing institutions, including the SAI, can have an important role.

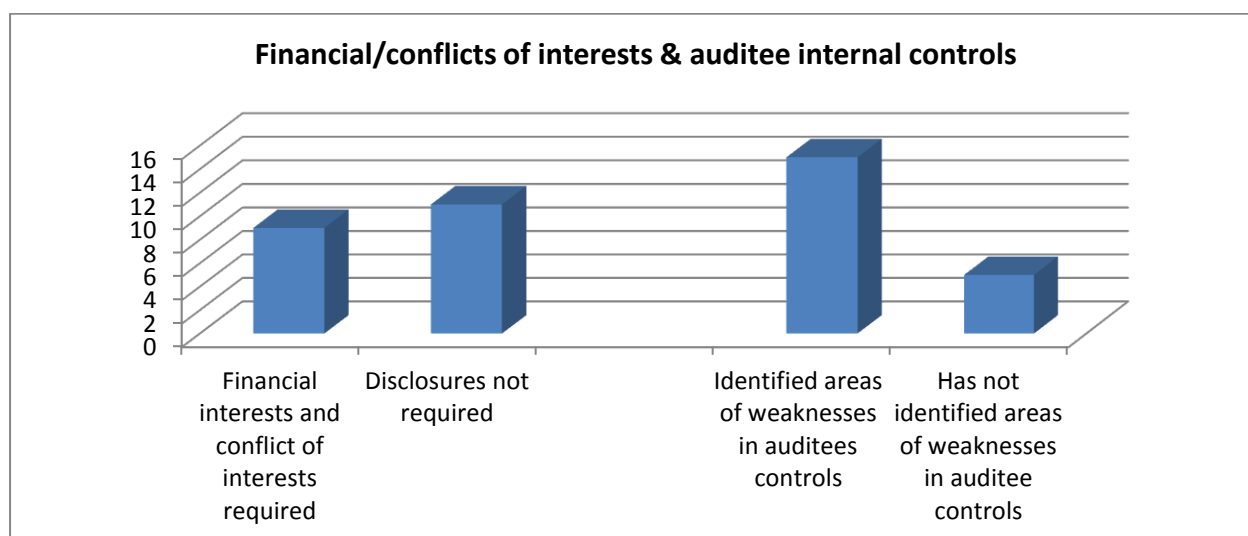
**Figure 9.1: Mandate to investigate/prosecute corruption and legal protection provided**



The questionnaire also examined whether there were adequate laws requiring disclosure of financial and other conflicts of interest in government transactions. Figure 9.2 shows the number of SAIs that identified that adequate laws were in place to require such disclosure.

<sup>17</sup> There is also an Independent Commission Against Corruption in the Australian state of New South Wales.

**Figure 9.2: Disclosures of Financial and Other Conflicts of Interests**



A total of nine SAIs said that it was a legal requirement for civil servants and government officials to disclose financial and other conflicts of interest in government transactions. Such requirements were particularly emphasised in Guam, where the in-depth study showed that all elected and appointed government officials are required to comply with financial and ethical requirements with the Guam Election Commission; and in the Solomon Islands, where all leaders must register their financial interests annually and disclose any other conflicts of interest with the Leadership Code Commission.

The SAIs were also asked to say whether they had identified any areas of weakness in the public entities' control systems within the last three years that could, in the SAI's assessment, be a cause of corruption. 15 SAIs answered yes to this question. Only five SAIs had no concerns about auditees' control systems, which shows a real weakness in internal controls of government entities in the Pacific.

A study of causes and conditions for corruption in South African society identified the lack of control, supervision and auditing as the second highest cause of corruption.<sup>18</sup> The highest cause was norms and values of individual politicians and civil servants, the third highest was strong relationships between business, politics and state, and the fourth highest was the lack of commitment by leadership (i.e., providing a bad example).

<sup>18</sup> Monograph No 65, Hubert, September 2001, Corruption in South Africa, Results of an Expert Panel Survey, Chapter 4 Causes of and Conditions for Corruption.

## **10. FOCUS AREA 6 – PUBLIC AVAILABILITY OF INFORMATION**

### **Introduction**

The availability of public documents was identified as one of the key ingredients in promoting accountability and transparency in the Pacific and one of the key areas of focus for this study. The IMF’s Fiscal Transparency Code lists the public availability of information as one its five main principles of fiscal transparency. This means that the public should be provided with full information on the past, current, and projected fiscal activities of government, and that governments should make a public commitment to the timely publication of fiscal information.

This study examined the application of this benchmark in the Pacific region, and went further to identify the format, languages used and the timeliness of when public documents and information are made available.

### **Governments’ Public Commitment**

Only one of the six jurisdictions visited in the in-depth study had legislation in place that provided specifically for the disclosure of fiscal information as contemplated by the IMF benchmark. Guam has adopted the initiative known as Citizen-Centric Reporting which was developed by the Association of Government Accountants in the United States to foster innovative means of communication between governments and their citizenry<sup>19</sup>. The initiative was designed to encourage government to provide meaningful and understandable information about the financial condition and performance of the government to its citizens. It has culminated in a four page citizen-centric report. Such a report would ultimately answer the question: “Are we better off today than we were last years?”

Appendix 2 shows a sample of the citizen-centric reporting (CCR) guideline. The four pages are a colourful, meaningful and simple method of reporting both non-financial and financial data, in language that citizens can relate to. All government entities are required to publish their CCR reports on their own websites, and to submit a copy to the speaker of the Congress and the Office of Public Accountability. The Office of Public Accountability also publishes the reports on its website. The initiative is considered to be an excellent way to promote accountability and transparency in the Pacific, especially where the public availability of information is limited. Guam has made the CCR a matter of legal requirement for all government entities.

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<sup>19</sup> Information about the CCR is available at [www.agacgm.org/citizen/](http://www.agacgm.org/citizen/).

The in-depth studies also examined the existence of generic freedom of information legislation and other mechanisms that promote the availability of financial information as a form of accountability and transparency. The Sunshine Act 1999 of Guam was the only freedom of information legislation in existence in the six jurisdictions, although Tonga is currently progressing a major freedom of information initiative. The Sunshine Act provides the citizens of Guam with “a right of inspection of public documents”. Government entities have up to four working days to respond to a request, and are required by law to inform the head of the government department or agency about it. The only exception is where information may be regarded as confidential or restricted by law. The Act appears to have promoted a culture of openness, where members of the public are well informed about government activities and priorities, and information about the use of public funds is readily available.

Access to public information is provided for under various pieces of legislation and administrative means in the other jurisdictions visited. For example, in the Federated States of Micronesia, any member of the public can request information from the Public Information Office (PIO) of the President’s Office. The PIO is responsible for maintaining records of official documents, disseminating information about government events and affairs, issuing press releases, and developing and hosting the official website for government. However, the PIO is not bound by any law to consider a request for information in line with freedom of information principles.

Freedom of information legislation exists in only one other PIC, the Cook Islands, and is currently being developed in Vanuatu. In comparison to Guam and the Cook Islands, the absence of freedom of information legislation may demonstrate a less transparent culture in the civil service. With the exception of Guam and New Caledonia, members of the public who were interviewed in each jurisdiction in the in-depth studies raised concerns about the public availability of information. The concerns were that public documents are not easily accessible online, hard copies are too expensive to purchase, information requests are not attended to promptly, and government entities have the idea that the public do not have access to such information.

### **Ombudsman’s Offices**

An ombudsman is a public official who acts as a trusted intermediary between either the state or an organisation, and some internal or external constituency, while representing the broad scope of constituent interests. The role of an ombudsman is to investigate complaints about the administrative conduct of government agencies. Under the parliamentary system of government, an ombudsman is usually an independent officer of parliament. Through their complaint investigation function and their ability to report independently on their functions, an ombudsman can serve a purpose similar to freedom of



information legislation, which can assist in promoting a culture of transparency and accountability in a system of government.

The in-depth studies explored the existence and role of ombudsman offices in the six jurisdictions visited. The findings are shown in Table 10a.

**Table 10a: Existence and the Role of Ombudsman’s Office**

<b>Jurisdiction</b>	<b>Office</b>	<b>Legislation</b>
Federated States of Micronesia	No independent government ombudsman’s office. The five ombudsman offices that exist relate to court matters such as probation and parole services.	No specific legislation
Guam	No independent ombudsman’s office. The Civil Service Commission is an independent office within the Executive Branch led by a Board of Commissioners who investigate and follow up on complaints from classified employees who may have been treated unfairly or dismissed unjustly by a government entity.	Civil Service Commission Act
New Caledonia	No independent ombudsman’s office. The Chamber of Accounts or the SAI will investigate any public complaint or concern that is related to public funds or public resources.	No specific legislation
Samoa	The Ombudsman in Samoa is a statutory officer appointed by Parliament to investigate complaints against government departments and other official agencies. He is entirely independent of the government of the day.	Constitution of Samoa
Solomon Islands	The Ombudsman in the Solomon Islands is a statutory office appointed by the Governor-General on recommendation of the speaker. The office investigates complaints from public servants or citizens about any administrative concern about a public entity.	Constitution of the Solomon Islands
Tonga	The ombudsman’s office in Tonga is known as the Public Relations Commission. The Commission has not had a Commissioner since 2007 and is under-resourced and therefore unable to perform its function.	Commissioner for Public Relations Act 2001.

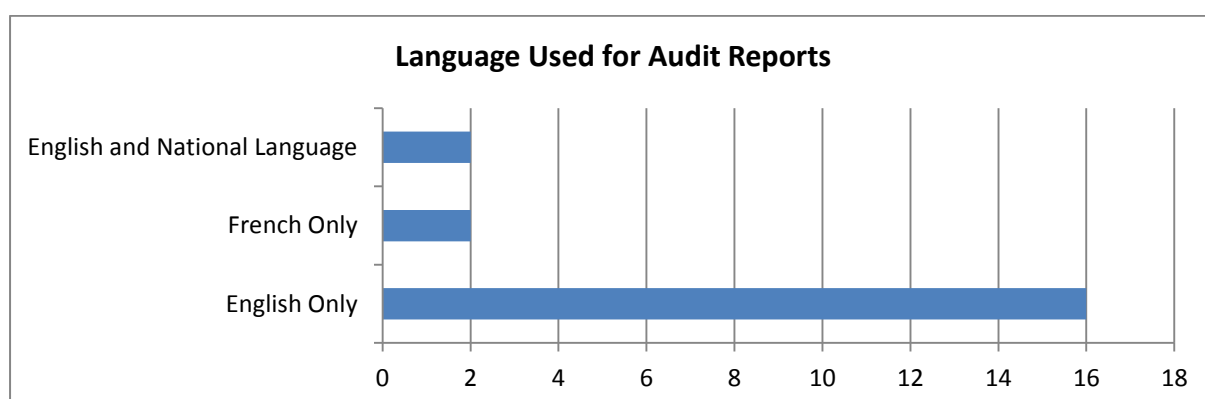
Of the six jurisdictions visited, only Samoa, Tonga and the Solomon Islands had an independent ombudsman’s office. However, a common theme across these three offices was that they were under-resourced, and in each jurisdiction the media regards them as ineffective and low profile. The level of reporting from the offices has been very poor. The Tonga ombudsman’s office, known as the Public Relations Commission, has been established since 2001 but no Commissioner has been appointed since the first Commissioner passed away in 2007. The office also has not received many complaints from the general public due to having a very low profile in Tonga. If it did receive complaints, it would not be able to investigate them as it is under-resourced.

The Solomon Islands Ombudsman’s Office also identified resourcing issues and its reports to Parliament not being deliberated upon or followed up. The Office said it would like to see freedom of information legislation adopted in the Solomon Islands, so as to allow citizens to have access to public documents and information without interference from government officials and political leaders.

### Availability of Audit Reports

The availability of audit reports, and the format in which they were presented, was one of the questions asked in the survey completed by the 20 SAIs. Figure 10.1 shows the number of SAIs that publish their reports in English or French only, make their reports available online on an official website, and circulate copies of their audit reports to a recipient list. A total of 18 SAIs use English or French only, and only two use both English and a local language (Samoan and Tongan). However, this is particularly easy for Tonga and Samoa to do, as there is only one national language in those jurisdictions, compared to jurisdictions like the Solomon Islands which has over 70 different languages. English or French is an official language in most Pacific countries.

**Figure 10.1: Language Used for Audit Reports**



The format in which audit reports were presented varied significantly across the SAIs, with most using hard copies distributed to various sources for distribution such as the legislature, public libraries, and in-house display. Of the 20 SAIs surveyed, only ten have official websites where copies of audit reports are also made available online.

### Availability of Budget Documents

The in-depth studies also explored the availability and accessibility of budget documents to the general public. Of the six jurisdictions visited, four had copies of the approved budget documents available on the Ministry of Finance website; one was available on the legislature website; and in the Federated States of Micronesia, documents were made available through the PIO. In all six of the jurisdictions, a statement on the approved budget is published in the form of a media release. This is normally prepared by either the government’s press secretariat, the Governor’s office or (in the Federated States of

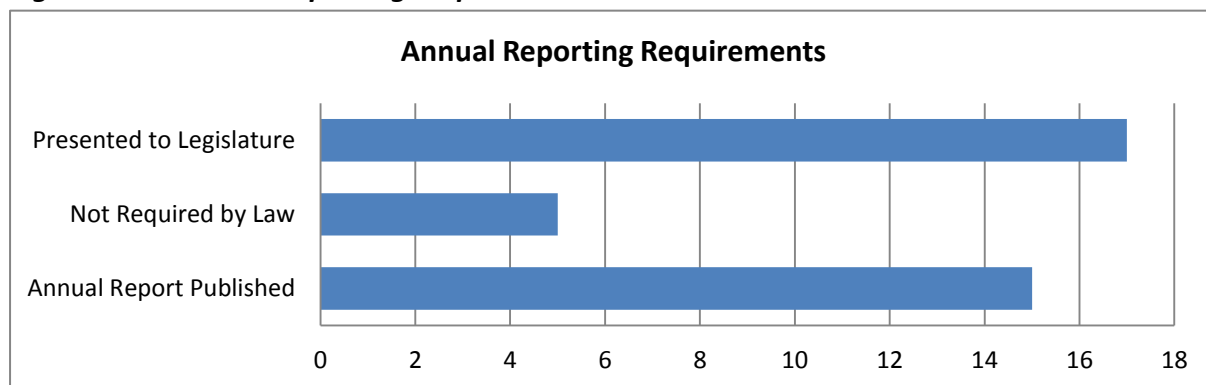
Micronesia) the PIO. The budget documents are also discussed on radio extensively in all six jurisdictions. Television coverage does not occur in all cases. The types of budget documents available online include the budget address, budget estimates, fiscal strategy statement and a state of play on the forward estimates. Generally, budget documents were found to be readily available to the public in the six jurisdictions, either online or by hard copies that can be obtained from the Ministry of Finance on request.

### Availability of Annual Reports of SAIs

An annual report is a comprehensive report on an entity's activities throughout the preceding year. Annual reports of public entities are intended to give the legislature and other interested stakeholders information about the entity's activities and financial performance. The annual report provides useful information to the public about how the entity has expended the public funds it received and what it has achieved with those funds.

The questionnaire examined how many SAIs were required to submit an annual report to the legislature, and whether such reports were made available to the public. Figure 10.2 shows how many SAIs publish annual reports as a requirement under the law. A total of 15 SAIs are required by law to publish an annual report. Only five were not required by law; however, two of those SAIs publish an annual report to the legislature voluntarily. Of the 15 SAIs that publish an annual report, 13 were up to date with their annual reporting.

**Figure 10.2: Annual Reporting Requirements**



## 11. FOCUS AREA 7 – CORPORATE GOVERNANCE, PRINCIPLES AND PRACTICES

### Introduction

Corporations play a critical role in the national economy. A nation's competitiveness and wealth, for that reason, depend on the competitive nature of its corporations. No doubt a transparent and reasonable governance structure has positive impacts on a corporation. Moreover, the issue of corporate governance now commands attention on the global stage.<sup>20</sup>

### Principles and Practices

Corporate governance can be described as the processes, customs, policies, laws, and institutions which have impact on the way an organisation is controlled. An important theme of corporate governance is the nature and extent of accountability of people in the business, and mechanisms that try to decrease the principal-agent problem. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed.

The Good Governance Standard for Public Services<sup>21</sup> was developed by the Independent Commission on Good Governance in Public Services (ICGG) established by the Office for Public Management and the Chartered Institute of Public Finance and Accountancy in the United Kingdom. The role of the ICGG was to develop a common code and set of principles for good governance across public services, which would help everyone concerned with the governance of public services not only to understand and apply common principles of good governance but also to assess the strengths and weaknesses of current governance practice and improve it.

The code provides six principles and practices concerning the organisation's purpose and outcomes for citizens and service users, having clearly defined functions and roles, promoting values of good governance through behaviour, managing risks, promoting accountability, and an effective board. These principles and practices are fundamental to public auditing when reviewing internal controls in the course of a financial audit, or when carrying out performance audits or other reviews of public bodies. Increasing the practice of auditors commenting on such principles and practices would add value to how public entities can be governed and managed more effectively.

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<sup>20</sup> Jae-Chul, Kim, September 1999, Chairman of the Committee, Code of Best Practice for Corporate Governance, Committee on Corporate Governance

<sup>21</sup> The Independent Commission on Good Governance in Public Services, *Good Governance Standard for Public Services*, OPM and CIPFA, Hackney Press, Limited, London, 2004. The code was developed in partnership with the Joseph Rowntree Foundation, by a committee composed of members from different fields of business, finance, accounting, law and academia, and various government organisations.

Such principles and practices are also identified in the OECD Principles of Corporate Governance 2004 and include:

- ensuring the basis for an effective corporate governance framework;
- the rights of shareholders and key ownership functions;
- the equitable treatment of shareholders;
- the role of shareholders in corporate governance;
- disclosure and transparency;
- the responsibilities of the board.

### The Focus of the Study

Corporate governance practice was identified as one of the key areas of focus for the study for two main reasons. The first was because of the influence of corporate governance principles in developing a culture of good practice and integrity across both the private and public sectors (including in the interactions between the two sectors). The second reason was their importance in public sector auditing, in providing benchmarks for a SAI to examine institutional structures, processes, and governance culture when carrying out audits of government entities.

The questionnaire explored how SAIs address the standard of an entity’s corporate governance when carrying out audits, and how they promote good practice in corporate governance through their work. Figure 11a shows how SAIs promote the principles and practice of corporate governance in their own jurisdictions. All 20 SAIs identified that these were important to the work of the SAI and its operations. However, only 11 SAIs indicated that they comment on the corporate governance structure, processes and systems of the auditee as part of their audit work.

**Figure 11a: How SAIs promote corporate governance**



Of the standards used to assess public entities' compliance with corporate governance principles, five of the 11 SAIs said that they have developed their own standards, guidelines and indicators. Sixteen SAIs actively promote the principles of corporate governance, and only four said they do not provide any information, guidance, training or comment on such principles in their audit reports.

The practice of providing workshops or training to public entities on the topic of corporate governance is less widespread. Only four SAIs reported that they cover the principles of corporate governance in their good governance workshops. These may include politicians, civil servants, and community leaders.

The in-depth studies confirmed that jurisdictions with strong corporate governance practices in the public sector can contribute directly to a strong and thriving private sector. In Guam, where the Chamber of Commerce has a very close working relationship with the Governor's Office, and was very proactive in voicing the concerns and needs of local businesses, the private sector appeared to be working in accordance with good corporate governance principles. Likewise in New Caledonia, the private sector through the trade unions were part of a working group known as a Select Committee of Congress, proactively voicing the concerns of local businesses and employers concerning the rise in the cost of living.

On the other hand, in the Solomon Islands, where the media were reporting allegations about the Prime Minister's misuse of public funds (which eventually led to the Prime Minister stepping down), the Chamber of Commerce voiced its concern that poor corporate practice in the public sector had had a direct impact on the private sector and investor confidence. Investors were reluctant to invest in a country where poor governance was evidence of political instability and a lack of transparency and accountability.

There is much to be said for SAIs, through their audit activity and their other work with public sector entities and officials, providing the public and government with some assurance as to how government entities are complying with these principles and best practice.

## 12. FOCUS AREA 8 – COMMUNITY PARTICIPATION IN CIVIL SOCIETY

### Introduction

The rise of third sector organisations and NGOs and the decline of nation states are changing not only the way societal players interact, but also the ways in which societies make important decisions<sup>22</sup>. In many developing nations, as well as some developed nations, this pattern of governing challenges the developed state model, which relies on a strong and centralised government. In other words, unitary centralised governments are giving way to a network form of structure that consists of public and private partners<sup>23</sup>. This implies that the transformation of governance towards a more participatory and democratic model depends on how the traditional bureaucratic state is being reshaped by non-state actors including civil society<sup>24</sup>.

The in-depth studies examined the role of NGOs in the six jurisdictions visited, how government engages with NGOs, and the processes in place (if any) to encourage NGO participation in government decision making and public management. As well, they considered the role NGOs play in providing services to communities, advocating for better accountability and transparency in the use of public funds, and assisting communities and civil society with development.

### NGO Participation

Table 12a outlines the role of NGOs in the six jurisdictions visited. Only two of the six jurisdictions studied, Samoa and Tonga, have umbrella NGO organisations.

**Table 12a: Non-Government Organisations**

Jurisdiction	Non-Government Organisations Interviewed	Function
Federated States of Micronesia	Micronesian Conservation Trust (MCT) Micronesian Red Cross Society (MRCS)	There is no umbrella NGO organisation in FSM. Both NGOs named are funded by international donors and with a small amount of funding from government. They both provide support to the four states of FSM. NGOs have specific legal requirements to comply with in order to operate. The two organisations have a good working relationship with government and work closely with the President's Office. Both are subject to international financial reporting requirements by the donors and adhere to high standards of practice and accountability. NGOs are governed by an independent board elected from

<sup>22</sup> Keohane, Robert, 2002. "Global Governance and Democratic Accountability," Paper, Political Science Department, Duke University.

<sup>23</sup> Kim, Junki, 2003. A Transformation of Bureaucratic Governance to Network Governance in Korea, Paper presented at the American Society for Public Administration, Washington, DC.

<sup>24</sup> Kim, Junki, 2003. Accountability, Governance and Non-Government Organisations: A Comparative Study of Twelve Asia-Pacific Nations.

		independent members.
Guam	Guam Chamber of Commerce  Guam Board of Accountancy	There is no umbrella NGO organisation in Guam. The Chamber of Commerce and Guam Board of Accountancy are NGOs that play a very active role in advocating for the business and commercial sector. The Chamber is often invited by the Governor's Office to provide input on matters that impact on the private sector. The Chamber is managed by an Executive Director who reports to a Board.
New Caledonia	Congressional Committee	There is no umbrella NGO organisation in New Caledonia. However, an example of involving private sector/civil society organisations in public affairs is the formation of a special committee of Congress to discuss proposals made by trade unions in respect of the rise in the cost of living. The committee included representatives of trade unions as well as political and government representatives.
Samoa	Samoa Umbrella Non-Government Organisation (SUNGO)	SUNGO is the umbrella organisation for all NGOs in Samoa. SUNGO was established in 1997 to provide alternative development options and assistance to vulnerable groups in Samoa. SUNGO also provides input to government policy from NGOs, community based organisations and civil society organisations on issues which concern them. SUNGO has been very active in promoting and representing the interests of NGOs and civil society, as such SUNGO is a member of the Law & Justice Sector Group.
Solomon Islands	Malaita Ma'asina Forum World Vision Save the Children Chamber of Commerce	There is no umbrella organisation for all NGOs in the Solomon Islands. However, several NGOs are very active in the Solomon Islands representing the interests of community and civil society. Malaita Ma'asina Forum has been instrumental in advocating for greater accountability and transparency in government. World Vision and Save the Children provide education and health programmes to the provinces and communities in partnership with the Ministry of Education and the Ministry of Health. This is under a contractual agreement with the respective ministries, a model that is working very well.
Tonga	Civil Society Forum in Tonga (CSFT)	CSFT is the umbrella organisation that oversees the work of non-government organisations in Tonga. The forum was established in 2006 to provide support and training to other NGOs in the areas of leadership, governance, financial management and community planning. CSFT has been instrumental in assisting NGOs to develop their community plan and to put in place systems of accountability for the use of public funds. CSFT believes that accountability starts at the ground level and communities can promote accountability and transparency by electing the right



		people to represent their communities.
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NGOs can play an important role in delivering services to communities on behalf of government. In the Solomon Islands, NGOs such as World Vision and Save the Children have contractual arrangements with the Ministry of Education and the Ministry of Health to deliver educational programmes and health programmes. This model appears to work well, in that the two NGOs have robust systems of financial reporting and accountability as well as the manpower and human resources to deliver the programmes to a high standard. This approach demonstrates that partnerships between government and NGOs can work well, and at the same time maintain a high level of accountability and transparency in the use of public funds. The two NGOs are subject to international audit requirements as well as local requirements. The same was found for the two NGOs active in the Federated States of Micronesia, the Micronesian Conservation Trust and the Micronesian Red Cross Society. The NGOs in Tonga and Samoa were subject to local audit requirements only.

The involvement of chambers of commerce and trade unions in government policy development is also fundamental to governments implementing policies that will work and address the needs of citizens. This type of involvement was found in Guam and New Caledonia. In particular, a strong and thriving private and voluntary sector was said to contribute to the economy and address social issues. How government engages the two sectors is important to these countries' success, socially and economically. The studies identified significant steps that have been made by various governments to work with NGOs, and to engage NGOs in government planning processes.

However, these steps could be further strengthened by government commitments to engage NGOs at the policy level and to put in place robust systems of reporting and requirements for NGOs to comply with. SAls in those jurisdictions which have not yet taken that step should encourage their governments to do so, drawing on examples in other jurisdictions which have developed umbrella NGOs such as SUNGO in Samoa and CSFT in Tonga. Those organisations have been instrumental in advocating for this from their respective governments, as well as providing training and support to their members to help meet accountability requirements and standards.

### **Civil Society Participation**

Civil society is composed of the totality of many voluntary social relationships, civic and social organisations, and institutions that form the basis of a functioning society. Together, state, market, and civil society constitute the entirety of a society, and the relations between these components determine the character of a society and its structure. Kim (2003) stated that an important contributor to the growth of Asia-Pacific civil society is the emergence of a favourable political and social environment for the operation of NGOs. The challenge faced by many civil society bodies in many Asia-Pacific countries is the lack of

internal and external accountability and weak internal organisational governance structure<sup>25</sup>.

The in-depth studies identified that, while significant steps have been taken by NGOs to strengthen internal and external accountability and organisational governance structures, there is still a lot of work to achieve this for all civil society organisations. The commitment by umbrella organisations, such as CSFT in Tonga, and SUNGO in Samoa, to provide training and support are good initiatives to improve standards of accountability and transparency within the civil society sector. However, the studies also showed that it is important to understand the social structure of each jurisdiction when prescribing standards of practice that are practically achievable. The role of the media is also essential to informing citizens of what is happening with government activities and the use of public funds.

For example, in Guam, community participation is encouraged through the individual villages and through the municipalities. The mayor of each municipality is responsible for attending to projects and issues pertaining to the individual village. In the Federated States of Micronesia, the national government is separate from the state governments (of which there are four), and each state is responsible for attending to projects and issues pertaining to that state. Each state also has its own state auditor, separate from the national SAI. It was also evident that, where there is only one newspaper that is published once a fortnight, the “Sakau gathering” (kava market) is the place where citizens obtain information about what is happening on the island and, in turn, with government.

In Tonga, the Solomon Islands and Samoa, where the media is very active in reporting news about government, politics and economics, the citizens read the newspaper and listen to the radio regularly. Thus, the media has a lot of influence in how citizens’ perceptions are formed about public accountability and transparency of government.

### **The Role of SAIs and Transparency International**

Government auditing has a long standing tradition. It is rooted in the idea that citizens experience a need for control, wherever public funds are being spent regardless of the type of government. The authority for government audit derives from the citizens themselves. How government promotes community participation and engages civil society in political debate and public management is therefore an area explored in this study. As Dr Josef Moser, Secretary General of INTOSAI, said in his Opening Address to the 21st UN/INTOSAI symposium, “as a cornerstone of every democracy, SAIs play a fundamental role in upholding the principles of good governance, transparency and accountability, in particular promoting public sector efficiency ... To achieve this, SAIs must heed citizens’ concerns in their work and communicate this accordingly. Moreover, audits and audit findings must be

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<sup>25</sup> Kim, J (2003). *Accountability, Governance and Non-governmental organisations: A comparative study of twelve Asia-Pacific nations*, Seoul National University.

communicated to the public so that ultimately the citizens are empowered to demand the implementation of audit findings. To be able to do so, citizens must actively participate in the political debate and contribute to the implementation of audit findings.”

In the Pacific, family and community association has been identified as influencing individuals when it comes to matters of accountability and transparency. For example, in the Solomon Islands, the “Wantok system” has plagued the public sector in that civil servants have the tendency to look after their own rather than doing what is right. This type of belief has prevented political leaders, civil servants and members of the public in Pacific countries from adhering to strict principles and systems of accountability and transparency because their sense of loyalty to family or community far outweighs their sense of loyalty to the state.

The role of SAIs in Pacific jurisdictions in upholding the principles of good governance, transparency and accountability is important, as the SAI is independent of both state and the community, and is therefore in the best position to report and to disclose areas of non-compliance with legal and ethical standards. The independence of the SAI from the state is seen by civil society as crucial for it to be effective in its role, and for the public to place reliance and trust in the work that it does.

It was also highlighted during the in-depth studies that organisations such as Transparency International (TI) can play an important role in educating the public about the principles of accountability and transparency and assisting civil society to play its part in the combat of corruption. TI ([www.transparency.org](http://www.transparency.org)) is a worldwide NGO, and has a Pacific chapter based in New Zealand, but there are active country chapters in only a small number of Pacific jurisdictions.<sup>26</sup> Comment from the Fiji chapter, which was consulted during the benchmarking stage of the study, underlined the need for a critical mass of individuals, organisations and communities at different levels of society, who can identify unacceptable behaviour and speak out against it.

Table 12b provides a summary of feedback received from private sector and civil society organisations about the effectiveness of the SAI; the role of the local TI chapter where one exists; and, where it does not, whether there is a need for a local chapter to be established.

**Table 12b: Views of Private Sector and Civil Society Organisations about the SAI and TI**

Jurisdiction	Comments
Federated States of Micronesia	The SAI has a strong presence and visibility in FSM. Audit reports are published in the fortnightly newspaper and are available online. There are a fraud awareness programme and a fraud hotline. There are presentations to schools on the role of the Compliance

<sup>26</sup> There are recognized, affiliated chapters of Transparency International in four Pacific Island countries, namely Fiji, Papua New Guinea, the Solomon Islands, and Vanuatu.

	<p>Investigations Unit of the Public Auditor. The public have a high confidence in the SAI. TI does not have a chapter in FSM, and there is a need for one.</p>
Guam	<p>The SAI is an elected and non-partisan office elected by the people of Guam. SAI has a strong presence and visibility in Guam. Audit reports are published by the media and readily available online. Procurement appeals are administered by the SAI. The public have high confidence in the SAI. TI does not have a chapter in Guam.</p>
New Caledonia	<p>The SAI is independent of the legislature and reports to the Court of Accounts. The SAI's role is held in high regard by the legislature, civil servants and the public. The public have high confidence in the SAI. SAI does not have a strong presence or visibility in New Caledonia but it is regarded as effective. Audit reports are published by the media at times, but not routinely. Audit reports are made available online. TI does not have a chapter in New Caledonia, and there is a need for one.</p>
Samoa	<p>The involvement of the Prime Minister in the appointment of the Auditor-General (i.e. the Auditor-General is appointed by the head of state on the advice of the Prime Minister) is seen as detrimental to the SAI's independence. The SAI has a low profile and its role is not well understood by the public. Audit reports are not published in the media and not readily available online. The SAI has recently completed an institutional strengthening programme to address these areas, but the public would like to learn more and hear more from the SAI. The SAI has a website but has yet to upload reports. TI does not have a chapter in Samoa, and there is a need for one.</p>
Solomon Islands	<p>Audit reports are seldom published in the media and are available online. The SAI undertakes community outreach work about its role with the provinces, schools, churches and communities. The public would like to see more audit reports in the media and for the SAI to be more proactive and visible in the public arena. The SAI has recently completed an institutional strengthening programme to address these areas. TI has a chapter in the Solomon Islands, known as Transparency Solomon Islands (TSI). It is governed by a 12 member board from public practitioners in the fields of law, accounting and commerce. TSI is very effective in the Solomon Islands in educating the public and raising awareness about corruption and the rights of civil society.</p>
Tonga	<p>The Auditor-General is appointed by the speaker on the advice of the Prime Minister. The involvement of the Prime Minister is seen as detrimental to the SAI's independence. Audit reports are seldom published in the media, are not available online and not readily available to the public. The SAI has a low profile and members of the public do not fully understand its role.</p>

	<p>The SAI has plans to develop a website in the near future.</p> <p>TI does not have a chapter in Tonga. One group is looking to establish one.</p> <p>There is a need for TI in Tonga. An attempt was made to establish a chapter in 2006, but this was not successful. The challenge has been to find people who are willing to head a Chapter and for government to support the initiative.</p>
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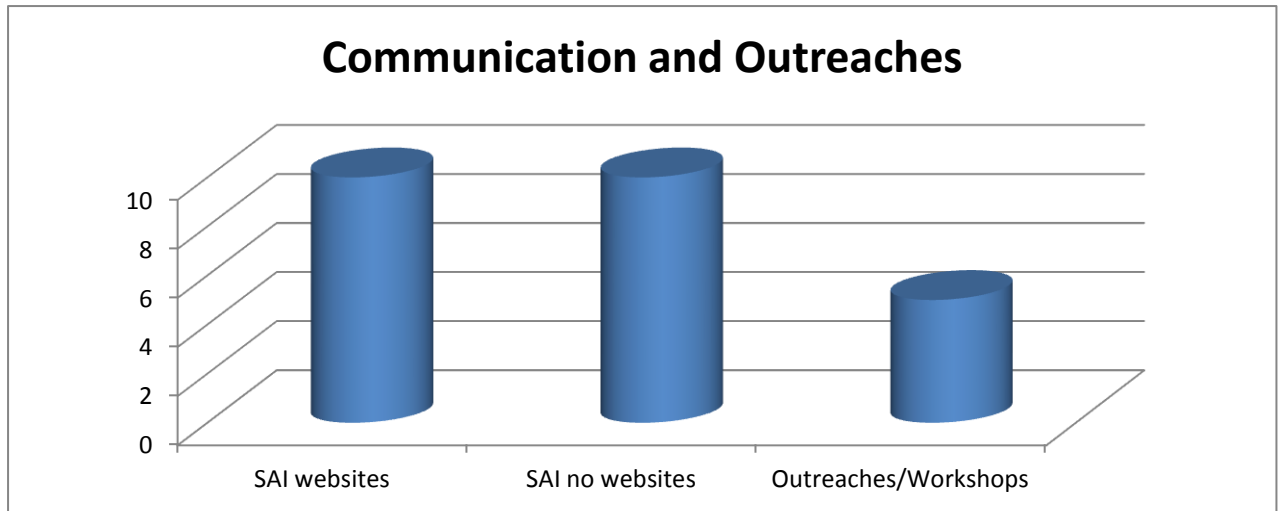
Table 12b identifies that, of the six jurisdictions visited in the in-depth studies, only the Solomon Islands has a chapter of TI. Tonga, Samoa, FSM and New Caledonia all identified the need for such a chapter in their jurisdictions. The support was expressed mainly from the private sector and the voluntary sector, in the hope that citizens can know their rights and how the principles of accountability and transparency will improve their countries and their lives when put into practice.

Table 12b also highlighted that the presence and visibility of the SAIs across the six jurisdictions was not the same. In the Federated States of Micronesia and Guam, the SAIs appeared to be more proactive and visible in the public through the media, the use of websites, the availability and circulation of audit reports, and the community outreaches to inform the public of the role and the SAI’s work. In New Caledonia, although the Chamber of Accounts was not highly visible in the media or in the public arena, there seemed to be a sense of understanding from members of the public about its role and function; however, it may be that there is room for improvement in this respect.

In Samoa, Tonga and the Solomon Islands, a common criticism was the very low visibility and presence of the SAI in the public arena. There was not much media coverage of the work of the SAI and its audit reports. Members of the public did not appear to fully understand or have an appreciation about the SAI’s role and work. In Tonga, the absence of an official website made it harder for members of the public to learn about the role of the SAI or access its reports.

Figure 12.1 shows that of the 20 SAIs surveyed by the questionnaire, only ten have an official website, and only five provide community outreach including workshops about their role and function. There is a need for this area to be strengthened by SAIs working to improve their engagement with civil society and the public’s appreciation of the value of public sector auditing.

**Figure 12.1: SAI Communication and Outreach**



## 13. FOCUS AREA 9 – MEDIA FREEDOM AND INDEPENDENCE

### Introduction

The address by Dr Josef Moser, Secretary General of INTOSAI, at the 21<sup>st</sup> UN/INTOSAI Symposium stated the need for SAIs to heed citizens’ concerns when carrying out their work and communicate this accordingly. Most importantly, audits and audit findings must be communicated to the public so that ultimately the citizens are empowered to demand the implementation of audit findings. To be able to do so, citizens must actively participate in the political debate and contribute to the implementation of audit findings. When citizens understand they are not powerless, but can play an active role and defend their interests, they will be willing to fully commit themselves.

Using this benchmark, media freedom and the role of the media in promoting accountability and transparency in the Pacific was identified as a key area of focus for this study. The study also explored the extent to which, and how, SAIs interact with media organisations, particularly in terms of reporting audit findings and audit recommendations.

### Media Independence and Legislation

The in-depth studies explored the role of the media in reporting on the use of public funds and promoting accountability and transparency within each jurisdiction. It also examined the relationship between the media and SAIs, and how the SAI utilises the media to publicise its audit reports and to inform the public of audit findings.

**Table 13a: Freedom of Expression**

Jurisdiction	Legislation	Media Organisations
Federated States of Micronesia	FSM Constitution provides for the freedom of press.	Kaselehlie Press is the only newspaper in FSM and is published fortnightly. The paper is circulated to all four states fortnightly. The media receives a copy of all audit reports by email. The media is very active in publishing audit findings and audit recommendations. Citizens read the paper faithfully and rely on the information provided by the press. The only other effective media in FSM is the local radio stations.
Guam	Organic Act of Guam provides for freedom of expression for media organisations.	Pacific Daily News and the Marianas Variety are two daily newspapers that report on audit reports by the Office of Public Accountability. Two local television stations, KUAM and Pacific News Centre also report on audit reports. The media in Guam are proactive in reporting stories about the use of public funds. Citizens of Guam rely on the press to report what is true and what is correct.

		<p>Copies of audit reports are circulated to media organisations as they become available.</p> <p>The Office of Public Accountability holds press conferences with media organisations as required.</p>
New Caledonia	Freedom of expression is provided for under various French laws.	<p>Media organisations such as the press, radio stations and television publish news on politics, the economy and the use of public funds.</p> <p>Copies of audit reports are circulated to the media as they become available.</p> <p>The Chamber of Accounts does not hold media conferences unless requested by the media.</p> <p>The media in New Caledonia are proactive in reporting stories about the use of public funds.</p>
Samoa	Freedom of expression provided for under the Samoa Constitution.	<p>Media organisations in Samoa comprise two television companies (one government owned), one privately owned government newspaper, and two private newspapers.</p> <p>The Samoa Observer proactively reports on news concerning the use of public funds.</p> <p>The media do not receive copies of audit reports and find it difficult to obtain copies of these reports or annual reports.</p> <p>The Newspapers and Printers Act 1992/1993 places restrictions on the media by ensuring every newspaper in Samoa is registered with the Supreme Court of Samoa in order to print or publish a newspaper.</p> <p>The Broadcasting Act 2010 also provides terms and conditions for broadcasting services to abide by.</p>
Solomon Islands	Freedom of expression provided for under the Solomon Islands Constitution.	<p>The media are active in the Solomon Islands in reporting issues of corruption and government's use of public funds.</p> <p>The Solomon Star is the main paper that publishes news about the government's use of public funds and allegations about corruption concerning political leaders.</p> <p>The media sees its role as to inform the public about government's performance and its use of public funds.</p> <p>The citizens of the Solomon Islands read the paper daily and listen to the radio to learn about government activities and what is happening in the Solomons generally.</p>
Tonga	Freedom of expression provided for under the Tonga Constitution.	<p>Tonga has also passed two pieces of legislation that give government more control over the critical media outlets: the Newspaper Act 2003 and the Media Operators Act 2003.</p> <p>There are two main newspapers in Tonga that report on government's use of public funds as well as allegations about corruption.</p> <p>There are two television stations in Tonga that are owned and operated by government.</p> <p>The media in Tonga is proactive but the limitations</p>



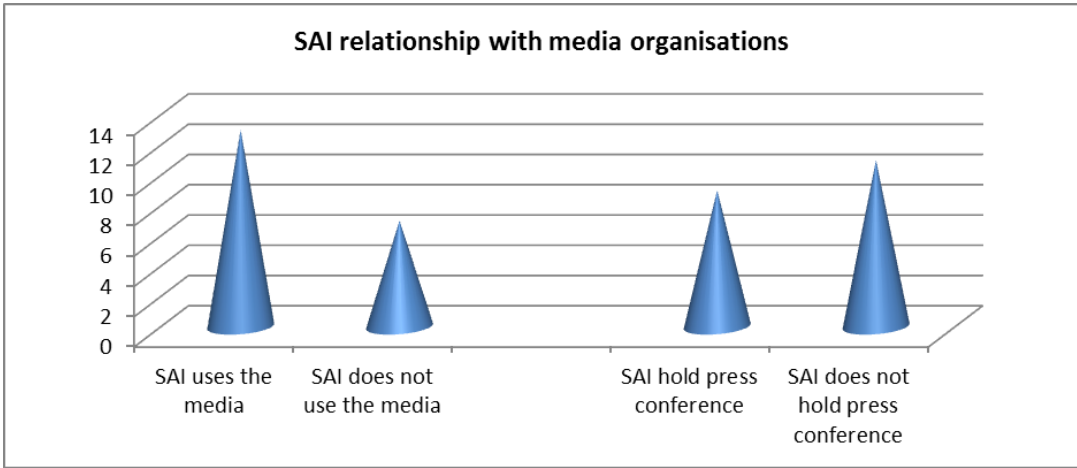
		placed on the media through legislation have meant that the media is more careful about what it reports.
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The studies identified that media organisations have freedom of expression under the country’s constitution in all six jurisdictions. This freedom has been actively used by media organisations to inform the public about their government’s performance and the use of public funds, and to influence the public perception of accountability and transparency.

The questionnaire addressed to all SAIs also examined the relationship between SAIs and media organisations. Use of the media to communicate audit findings and audit recommendations to the public is an important means for the SAI to keep citizens informed about its work and to promote accountability and transparency. The questionnaire looked at how SAIs work with the media to promote accountability and transparency within their jurisdictions. This included whether SAIs hold media conferences or issue media releases on audit findings and reports; and whether the SAI regularly meets with journalists and/or provides briefings or background materials about the SAI’s mandate and activities.

The survey results shown in Figure 13.1 show that 13 SAIs reported a working relationship with the media in their jurisdictions. Nine said that they hold media conferences or issue media releases for every audit report published. Of the seven SAIs that do not have a working relationship with the media, some said that they would only respond if the media requested an interview or a comment, and that it is for the SAI head to decide whether to comment or not.

**Figure 13.1: SAI relationships with media organisations**



As a cornerstone of every democracy, the SAI plays a fundamental role in upholding the principles of good governance, transparency and accountability, in particular in the use of public funds and promoting public sector efficiency. However, SAIs will only be recognised for their work if they manage to clearly communicate to citizens what they do and the value

they add for the state and society, so that they are perceived as indispensable, strategic institutions serving the interests of the citizens<sup>27</sup>.

The results of the survey highlight the need for SAIs to work with media organisations more effectively to communicate and to inform the public about their work, including their audit findings and recommendations. Interestingly, the SAIs identified in Table 7 to be highly visible, proactive and with a strong presence in their jurisdiction were those that utilise the media effectively to inform the public about its audit reports and its achievements. SAIs with a low profile and presence in their jurisdiction tended to be those that have no formal working relationship with media organisations, and whose audit reports are not made readily available to the media.

The in-depth studies confirmed that the availability of audit reports has enabled the media to report audit findings in a timely manner and to keep the people informed of what has taken place. In the Federated States of Micronesia, for example, a copy of each audit report is circulated to the media, and it is common for a summary of the report to be published in the fortnightly newspaper. However, there were instances where the media had identified that the timeliness of releasing audit reports was crucial to informing the public and raising public awareness about government's responsibilities.

Media relations are always a challenge, especially in small jurisdictions where the SAI is under-resourced and the media lacks the sophistication of developed countries. Small SAIs in the Pacific do not have the luxury of being able to employ communications or media personnel, which as the survey indicated is limited to the SAIs of New South Wales, New Zealand, and Victoria. However, this is an important area of development for SAIs. Media training needs to be available for the head of the SAI, who in most cases is the only person authorised to speak to the media. In Guam, where there is a sophisticated media and a practice of holding media conferences for all audit reports on publication, all senior audit staff of the SAI attend media relations and communications training as part of their roles. This enables the staff who were involved with a particular audit to appear at the media conference.

This may be an area for further development by PASAI, using the communications resources it is able to make available for its member SAIs.

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<sup>27</sup> Dr Josef Moser, Secretary General of INTOSAI, Opening Address, 21st UN/INTOSAI Symposium, 13-15 July 2011.

## **14. SUMMARY OF RECOMMENDATIONS AND GOOD PRACTICE INDICATORS**

### **RECOMMENDATIONS**

#### **The SAI and its work**

##### ***Independence of Supreme Audit Institutions***

1. SAIs should encourage governments to review their governing legislation to ensure it addresses the Mexico Declaration principles and provides for the independence necessary for the SAI Head and the office to fulfil its mandate.
2. PASAI should make resources and expert assistance available for this purpose, under Strategic Goal 4 of the PRAI.
3. Those SAIs that do not make their legislation publicly available should take steps to do so, or encourage their respective governments to do so, to bring them into line with practice elsewhere.

##### ***Scrutiny Role of the Legislature and its Committees***

4. SAIs should encourage their legislature and (where relevant) its committees to review existing audit legislation to make provision for the timely publication of audit reports, irrespective of whether there is a prior requirement to present to the legislature.
5. PASAI should work with the United Nations Development Programme and related multi-lateral donors to offer professional training programmes to legislatures and their committees, to enable committee members to effectively scrutinize and review public accounts and follow up on audit reports.
6. SAIs should consider whether outsourcing of audit work, where possible and practicable, offers a means of improving the timeliness of audit reporting.

#### **Public sector accountability and transparency**

##### ***Legal and Ethical Framework of Public Management***

7. SAIs should encourage their governments to ensure there are clearly understood standards of ethical practice applicable to civil servants, government officials, and elected representatives, supported by institutions such as a public service commission or a leadership code commission. Such institutions need to be given adequate resourcing and sufficient powers to effectively carry out their mandate, including the freedom to report their findings to the public.
8. SAIs should encourage civil servants, government officials, and elected members to undergo ethics training, in order to understand the importance of ethical conduct and meeting public expectations.
9. Where no such standards or training exist, SAIs should themselves consider issuing good practice guidelines on ethics and standards, and take steps to encourage compliance and highlight areas of concern.

### ***Control of Corruption***

10. SAIs should use UNCAC as an advocacy entry-point when promoting the adoption of new laws and practices on matters of direct significance to their functions, such as open budgeting and open procurement.
11. SAIs should encourage co-operation with other key integrity agencies such as the police, office of the Attorney-General, and the ombudsman's office and/or the leadership code commission (if they exist), and professional bodies such as the Association of Certified Fraud Examiners, to develop measures against corruption, especially in countries that may have difficulty in operating a specialist anti-corruption agency on a sustainable basis.
12. SAIs should hold fraud training and workshops for their staff and civil servants in order to understand the different aspects of fraud, how to detect fraud, how to prevent fraud and the implications of fraud.

### ***Public Availability of Information***

13. SAIs should promote the interests of access to information, and enhance transparency and accountability, by adopting initiatives to improve the accessibility of their audit reports, for example by providing a simplified narrative of government accounts and activities the public, (as in the Citizen-Centric Reporting initiative in Guam and other US jurisdictions).
14. SAIs should establish and/or maintain their own website, on which their audit reports are made available, as well as promoting the use of languages other than English and French to communicate key messages on accountability and transparency within their jurisdictions.
15. SAIs should have a working relationship with media organisations, to report and inform the public of the status of accountability and transparency within their jurisdiction, including through opinion pieces or the publication of their audit reports.

### ***Corporate Governance – Principles and Practices***

16. SAIs should continue to develop their understanding of corporate governance principles and practices, and seek to apply them in their auditing work.

### **Civil society and its interface with government and the SAI**

#### ***Community Participation in Civil Society***

17. PASAI and individual SAIs should encourage the establishment of more Transparency International chapters in Pacific jurisdictions, along with umbrella organisations of NGOs which can advocate for closer ties with their respective governments as well as providing training and support to their members to help meet accountability requirements and standards. Development organisations should be encouraged to provide funding for these activities.

#### ***Media freedom and independence***

18. PASAI should encourage SAIs to develop communications strategies and relationships with media organisations and, where resources exist, provide media training for the Head of SAI and other staff who interact with the media.

## **GOOD PRACTICE INDICATORS**

### **The SAI and its work**

#### ***Open Budget Preparation, Execution and Reporting***

1. International benchmarks highlight that it is good practice for legislatures and governments to engage NGOs, private sector enterprises, chambers of commerce, and civil society at an early stage when formulating the budget so as to identify key areas of priority, areas where cost savings can be made, and where the delivery of service can be more effective in partnership with these sectors.
2. It is good practice for budget documents to be made accessible and readily available at no cost or at a minimal cost to all members of the public, and to be published online, in the press, or discussed on radio to reach a wider audience. This practice is especially relevant for Pacific jurisdictions where the population is widely spread.
3. Budget documents and budget data should be presented in a way that citizens can easily understand and interpret and therefore promotes accountability.

### **Public sector accountability and transparency**

#### ***Control of Corruption***

4. Accession to UNCAC is one means by which Pacific governments could make a commitment to combating against corruption in their respective jurisdictions. The development of a well-resourced, independent anti-corruption body is another good practice response.

#### ***Public Availability of Information***

5. Adoption of freedom of information legislation is one means by which a jurisdiction can encourage more accountability and transparency in the public sector. Such legislation can promote a high level of transparency surrounding the use of public funds through access to public documents and financial reporting information.
6. An ombudsman's office can also fulfil a function of promoting access to information to members of the public. However, to be effective, such offices need adequate resourcing, legislative backing and administrative support.

#### ***Corporate Governance – Principles and Practices***

7. It is an emerging good practice for legislatures and governments to encourage the adoption of principles and practices of corporate governance in the public sector, as much as it is expected of private enterprises.
8. In doing so, legislatures and governments should consider the valuable input the chambers of commerce and related private enterprises can provide, and the positive impact of a close working relationship between the public and private sector.

## **Civil society and its interface with government and the SAI**

### ***Community Participation in Civil Society***

9. It is an emerging good practice to consider the input the private sector and the non-government sector can provide when formulating the budget, delivering services to the community, and developing policies in areas that have a direct impact on the economic and social status of the country.
  
10. There is a need to have standards of practice and requirements for NGOs and private sector organisations to comply with when entering into partnership with public entities, so that potential areas of conflict and ethical dilemma are addressed in a transparent manner.
  
11. NGOs such as Transparency International can play an important role in raising awareness and educating the public about the principles of accountability and transparency surrounding the use of public funds, and assisting civil society to play its part in the combat of corruption.

## Glossary of Terms

FTC:	Fiscal Transparency Code (IMF)
ICGG:	Independent Commission on Good Governance in Public Services (UK)
IMF:	International Monetary Fund
INTOSAI:	International Organisation of Supreme Audit Institutions
MD:	Mexico Declaration on SAI Independence (INTOSAI, 2007)
NGO:	Non-government organisation
PAC:	Public Accounts Committee (of a Westminster model legislature)
PASAI:	Pacific Association of Supreme Audit Institutions
PEFA Indicators:	Public Expenditure and Financial Accountability Indicators (The World Bank)
PIC:	Pacific Islands country
PRAI:	Pacific Regional Audit Initiative
SAI:	Supreme Audit Institution <sup>28</sup>
TI:	Transparency International
TSI:	Transparency International Solomon Islands
UNCAC:	United Nations Convention Against Corruption
UNDP:	United Nations Development Programme
WGI:	Worldwide Governance Indicators (The World Bank)

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<sup>28</sup> This report uses the term “SAI” to include state and provincial audit institutions (for example, audit institutions of the states of the Federated States of Micronesia), and those of self-governing territories such as Guam (U.S.) and New Caledonia (France), even though the correct definition of a Supreme Audit Institution is confined to a national audit body.

## Appendix 1 – Respondents to Survey

<b>PASAI Member Jurisdiction</b>	<b>Person Completed Questionnaire</b>	<b>Position</b>
American Samoa	Robert Dantini	Territorial Auditor
Australia National Audit Office	Ben Sladic	Senior Director
Cook Islands	Allen Parker	Director of Audit
Federated States of Micronesia	Haser Hainrick	Public Auditor
Fiji Islands	Tevita Bolanavanua	Auditor-General
French Polynesia	Jacques Basset	President
Guam	Lourdes Perez	Audit Supervisor
Kiribati	Raimon Taake	Auditor-General
Marshall Islands	Junior Patrick	Auditor-General
New Caledonia	Thierry Moutard	Premier Counsellor
New South Wales	Barry Underwood	Executive Officer
New Zealand	Margaret Graham	Corporate Planning and International Activities Co-ordinator
Palau	Satrunino Tewid	Public Auditor
Papua New Guinea	George Sullimann	Auditor-General
Samoa	Fuimaono Camillo Afele	Controller & Chief Auditor
Solomon Islands	Edward Ronia	Auditor-General
Tonga	Pohiva Tuionetoa	Auditor-General
Tuvalu	Isaako Kine	Auditor-General
Victoria Audit Office	Jacque Stepanoff	Manager Policy and Co-ordination
Yap	Ronald Yow	Acting Public Auditor



## Appendix 2 – Citizen-Centric Reporting Guideline

# Content Guidelines for the Citizen-Centric Report

### Page 1: Strategic Objectives

What are we chartered (required) to do Demographics  
Include information about the community

- Per capita income
- Number of government workers
- Unemployment
- People—coming & going
- Firms—coming & going

#### Idea

Include a brief Table of Contents on Page 1 so that the reader can see what is included on subsequent pages.

#### Note

All information presented should be done on a per capita basis. This will be more meaningful to each individual citizen.

### Page 2: How Are We Doing—A Performance Report on Key Missions and Service

Governments are encouraged to obtain input from citizens on what measures they would like to see included in advance of producing this report. Report on nonfinancial outcomes (not inputs or outputs) for three or four of the government's key missions or services of most relevance to citizens. This should include comparisons to past years' outcomes, to articulated targets, where applicable, and to similar jurisdictions where possible. Missions and services and their associated outcome measures might include some of the following:

Mission or Service	Possible Outcome Measures
<b>Public safety</b>	<ul style="list-style-type: none"> <li>• Crimes committed per 100,000</li> <li>• Percentage of crimes cleared, fire-related deaths, fire related property loss</li> </ul>
<b>Schools</b>	<ul style="list-style-type: none"> <li>• Fraction of students performing at grade level on standardized test, high school graduation rate</li> </ul>
<b>Public health</b>	<ul style="list-style-type: none"> <li>• Mortality rate</li> <li>• Morbidity rate</li> </ul>
<b>Roads</b>	<ul style="list-style-type: none"> <li>• Percentage of road miles rated acceptably smooth</li> <li>• Percentage of streets rated acceptably clean</li> </ul>
<b>Parks and recreation</b>	<ul style="list-style-type: none"> <li>• Usage rate</li> <li>• Customer satisfaction</li> </ul>
<b>Solid waste collection</b>	<ul style="list-style-type: none"> <li>• Percentage of scheduled collections missed</li> <li>• Customer satisfaction</li> </ul>

#### Include a statement similar to this:

The measures reported on this page were included based on the input we received from a group of citizens from the community. What would you like to see reported on in this page? Please let us know by contacting XXX (include name, phone number and e-mail).

### Page 3: What are the costs for servicing the citizens and how were those costs paid for?

Include revenue and cost data for major areas – marry this information with performance measures on second page (i.e., how many students were educated and how much it cost per capita)

- Use bar and pie charts to display cost and revenue data and compare to prior years whenever possible

#### Include a statement similar to this

An independent audit was conducted, resulting in a clean audit opinion. Complete financial information can be found on our website at [www.xyz.gov](http://www.xyz.gov).

### Page 4: Challenges Moving Forward—What's Next? Future Issues?

- Include items specific to community (i.e., tax cuts or increases, closing of a major manufacturing facility, major new employer moving to area, etc.)
- Infrastructure Items

#### Optional Items to Include:

- Calendar of Upcoming Events
- Ask the reader if they like this report and is there any other information that they would like to see included

### AGA—Advancing Government Accountability

AGA's initiative to encourage governments to provide meaningful and understandable information about the financial condition and performance of the government to its citizens has culminated in a four page citizen centric report. Such a report would ultimately answer the question, "Are we better off today than we were last year?"

This template lays out what should be included on each of the four pages. Governments are encouraged to produce such a report to show accountability to its citizens.

Please let us know what you think about this template. Contact Susan Fritzlen at [sfritzlen@agacgfm.org](mailto:sfritzlen@agacgfm.org) and/or 800.AGA.7211 with your comments.

Visit AGA on the web at [www.agacgfm.org](http://www.agacgfm.org).

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# Design Guidelines for the Citizen-Centric Report

## Visual Appeal & Readability

The physical design and the way in which the report is written is just as important as the information that it contains. If the report does not look visually appealing, then no one will read it. Be sure to include pictures from your community and charts and graphs wherever possible (**TIP:** don't include pictures of buildings, instead use landscapes and people). Include the organization's seal/logo on the front page.

Another important item is to make sure the report avoids accounting terms and other technical language. Refrain from using acronyms. Remember, this report needs to be understood by average citizens, most of whom do not have a degree in accounting! Also, don't try to cover every inch of each page with information. Instead, leave some areas empty (referred to as white space) as this helps to emphasize more critical information.

## Physical Layout

For ease in relaying information to the reader, a consistent column grid should be used. Aligning objects such as charts, text boxes, images and graphics to the edges of a column in the grid allows for clear page organization and easy-to-read data. Each page should have the same margin width, same number of columns and a header or footer that is consistent throughout the report to keep it cohesive. White space should not be "trapped" in between two or more elements, but, if used, should be kept to the outer edges of the main content.

## Colors

The report should use a limited color palette, ideally no more than two or three unique colors. Lighter shades of the same color can be used to add variation without distracting the reader from finding the core text and data provided. For similar reasons, overly bright or clashing colors should not be included in the color palette.

## Images and Graphics

Any images or photos included should take into consideration the distribution method of the report. For any reports distributed electronically (as a PDF via e-mail or Internet), the image resolution required should be at least 72 dots per inch (dpi) at actual size. If the report is to be submitted for printing in a newspaper or other printed publication, images will need to be at least 300 dpi at actual size. Any graphics such as tables, charts or graphs should be consistent throughout the report in general execution (size, colors used, type size/font of captions and labels).

## Type and Fonts

Fonts should be limited to two font families, generally a serif font (such as Times New Roman) and a sans serif font (such as Helvetica or Arial). Font size should be no smaller than 10-point size to accommodate for easy reading, lack of crowding, and to reduce temptation to add too much extraneous information to the page so that the audience can glean relevant and pertinent information quickly from the report. To convey an obvious hierarchy of information, headline, subhead and body text treatments should remain consistent throughout the report. This includes the text size, font and color.

## Publishing Software

If your organization has an in-house design staff, then they will have software they use to design brochures and reports. If you do not have access to a graphic designer, you can use Microsoft Publisher to layout your report.

## Distribution of Your Report

It is important to get your report into the hands of your citizens, right after you have completed it. First and foremost, load it onto your organization's website. If you can, include it in your local newspaper. Print copies and distribute them throughout your community at the library, at government buildings, at coffee shops. Mail copies to your citizens. Give the local chamber of commerce copies to distribute. Take copies to the next council meeting. Hold a press conference. The possibilities are endless. AGA has compiled a Media Package located on the AGA website that includes a sample press release, how to work with the media, how to write an op-ed piece, etc.

**Above all, do not reinvent the wheel! Go to the AGA website and click Completed Reports in the Citizen Centric Reporting section. See copies of actual completed reports along with a Q&A section with individuals who put the reports together.**

## AGA—Advancing Government Accountability

AGA's initiative to encourage governments to provide meaningful and understandable information about the financial condition and performance of the government to its citizens has culminated in a four page citizen centric report. Such a report would ultimately answer the question, "Are we better off today than we were last year?"

This template offers guidance on the physical design, readability and distribution of a report. Make use of the **Content Guideline** document to see what information should be included on each of the four pages.

Contact Susan Fritzen at [sfritzen@agacgfm.org](mailto:sfritzen@agacgfm.org) and/or 800. AGA.7211 with any questions.

Visit AGA on the web  
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