



Issue number 16
December 2010

PASAI Bulletin

This Bulletin provides Audit Offices in the PASAI region with:

- * updates on issues of interest
- * recent developments affecting SAIs
- * emerging matters
- * general “newsworthy” items.

SAIs and development partners are encouraged to contribute to this publication as it will be beneficial to all as a forum for information exchange and provide an understanding of the issues faced by SAIs in the region. Auditors-General who are members of the INTOSAI committees and working groups should also use this Bulletin to highlight the progress of the work that they are involved in.

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1.0 Australian National Audit Office

1.1 Visit by Samoan Auditor-General's office

The Australian National Audit Office (ANAO) hosted three officials from the Samoa Audit Office, from 14 – 19 November 2010. Senior Auditor, Roseanne Faai, Principal Auditor, Ivanhoe Vaaiva Vaa and Assistant Controller and Chief Auditor, Dennis Chan Tung participated in a four-day performance audit skills training program. Individual meetings with Claire Kelly (PASG), Marina Cvetanovska (AASG) and David Hall (IT Audit) provided the opportunity for parallel discussions to take place. The program was funded as part of the Samoa Audit Office Institutional Strengthening Project.



From left to right: Dennis Chan Tung, Christina Bagot, Rosanne Faai, Saane Touli and Ivanhoe Vaaiva Vaa

1.2 ANAO officer deployed to Papua New Guinea

In January 2011 Wayne Jones, Executive Director IT Audit, will become the ANAO's third officer to be deployed to the Papua New Guinea Audit Office (AGO) under the Australian Government's capacity building *Strongim Gavman Program*. Wayne is replacing John Hawley as Advisor to the Auditor-General.

This role is a multifaceted and challenging one. Wayne will assist the Auditor-General and the Executive Management team. He will mentor and advise the Deputy Auditors-General to develop and maintain a coherent strategy that meets the Office's business needs, encompassing corporate governance and operational responsibilities.

He will also provide high level technical advice and training in auditing methodology, specifically to build capacity in IT audit and performance audit.

While the position will be based in Port Moresby, Wayne will occasionally be required to accompany audit teams on field work and will surely have the chance to see some of the countries mountainous interior, incredible rivers and magnificent coral reefs.



Wayne will assist with the AGO's external relations and will also coordinate all forms of AusAID support to the AGO. By working closely with officers of the AGO and ANAO, Wayne will oversight the delivery of the ANAO's work plan under the Twinning Scheme.

Wayne Jones with PNG Secondees, Doa Murray and Loraine Valuka

1.3 INTOSAI Working Group on Environmental Auditing (WGEA)

The ANAO was one of 189 Supreme Audit Institutions (SAIs) to participate in the 20th International Congress of Supreme Audit Institutions, XX INCOSAI held in Johannesburg, South Africa in November 2010.

Environmental Auditing and Sustainable Development was in the spot light during the discussions and SAI's were encouraged to audit environmental and sustainability issues both nationally and across borders. SAIs were urged to build capacity in this area as well as to focus on monitoring the implementation of commitments resulting from multilateral environmental accords. The Working Group on Environmental Auditing made available its report of the first ever cooperative audit of governments' efforts to mitigate or adapt to climate change.

The 14 supreme audit institutions (SAIs) involved in this project were from Australia, Austria, Brazil, Canada, Estonia, Finland, Greece, Indonesia, Norway, Poland, Slovenia, South Africa, the United Kingdom, and the United States.

The project involved participating SAIs developing a framework audit approach, including potential audit objectives and criteria, and questions that could guide any audit work undertaken. Each SAI designed, carried out, and domestically reported national audits to respond to their country's climate change priorities and in accordance with their internal practices and standards. Abstracts of SAIs' audits are provided within the report, which is available through the INTOSAI Working Group's website, <http://www.environmental-auditing.org>

Alongside the cooperative audit, the INTOSAI Working Group developed guidance for undertaking audits on Climate Change topics. This is also available through the INTOSAI Working Group's website, <http://www.environmental-auditing.org>

If you would like further information please contact: webmaster@anao.gov.au or ag1@anao.gov.au by email

2.0 Cook Islands Audit Office

2.1 OFFICE OF PUBLIC EXPENDITURE REVIEW COMMITTEE & AUDIT – ANNUAL REPORT 30 JUNE 2010

On 17 September 2010 KPMG, Chartered Accountants, issued an unqualified opinion on the Financial Statements of the Office of Public Expenditure Review Committee & Audit for the year ended 30 June 2010.

2.1 JÖRG KANDUTSCH AWARD 2010:

The 22nd Governing Board meeting in May 1981 resolved to award a plaque in honour of the former President of the Austrian Court of Audit & Secretary General of INTOSAI, Dr Jörg Kandutsch as a tribute to the meritorious services rendered by him for the benefit of INTOSAI. This award recognises major accomplishments and contributions of SAIs in government auditing. The SAI Cook Islands (PASAI) was one of the 14 SAIs nominated for the Jörg Kandutsch Award for 2010 which was eventually presented to the SAI of South Africa.

2.2 FINANCIAL AUDITS:

During the period 1 July to 31 December 2010, a total of 25 financial audit reports and 10 stocktake reports have been completed to be tabled in Parliament.

2.3 SPECIAL REVIEWS & INVESTIGATIONS:

During the period 1 July to 31 December 2010, a total of 12 special reviews and investigations have been completed to be tabled in Parliament. These were results of the identification of a high-risk or genuine and valid complaint from a member of the public, or initiated by the Director of Audit.

2.4 CROWN AUDIT :

The first quarter of 2010/2011 saw the commencement of planning, and initial meetings with Ministry of Finance & Economic Management (MFEM)'s Crown accounts team, for the 2008 Crown Accounts audit. The Crown Accounts represent the consolidated financial results for the Government of the Cook Islands, and combine the annual statutory accounts of Ministries (24), Island Administrations (11), Offices of Parliament (2), Corporations (16) and Other Entities (8). Before the Cook Islands Government Financial Statements to 30 June 2008 can be prepared, the Audit Office must first complete the audits of the above mentioned entities. KPMG has to have issued their audit opinions for Cook Islands Investment Corporation and Cook Islands Government Property Corporation along with their respective subsidiaries beforehand.

The Crown consolidation has been delayed as three entities were extremely late in submitting their accounts for audit. These accounts have now been received and audit work completed. Planning and the collation of source documentation in respect of our 2008 Audit of the Crown Parent has continued while we have been waiting for the completion of the last of the 2008 audits. Fieldwork for the 2008 Crown Audit is due to commence in the week beginning 15 November 2010.

2.5 STAFF TRAINING & DEVELOPMENT :

2.5.1 Effective Report Writing: Trainer: Mr Victor Main

Purpose – to give readers what they need – concise, clear, easy-to-read documents.
The programme focused on the principles of clear writing using a 4 step process:

- I. SIFT your ideas before you write
- II. ARRANGE your ideas to match your readers' needs
- III. FORMAT your language and documents
- IV. EDIT your documents

2.5.2 Pacific Region Meeting on Ratification & Implementation of the United Nations Convention Against Corruption (UNCAC) - Apia, Samoa – 19-22 July 2010

On behalf of the Director of Audit, Senior Auditor, Ngatokorua Elikana attended the “Pacific Region Meeting on Ratification and Implementation of the United Nations Convention Against Corruption (UNCAC)”.

The purpose of the meeting was to provide a thorough overview of UNCAC pre-ratification requirements to a targeted group of senior government officials from around the region. The seminar targeted awareness-raising amongst those involved on the benefits of UNCAC as a guiding framework which can strengthen their national anti-corruption efforts as well as build support across key national agencies and amongst officials whose support is key to progress ratification with the final aim to result in a formal manifestation of political commitment to ratify UNCAC by the end of 2010 from all Pacific island State Parties.

The Seminar also served as an opportunity for Pacific States to familiarize themselves with the Mechanism to Review the Implementation of the Convention, adopted by the Conference of the States Parties (COSP) to UNCAC in November 2009. This would allow States to better understand obligations and benefits emanating from accession, with particular regard to preferential access to technical assistance. Fiji, Palau and Papua New Guinea, the only three Pacific States Parties to UNCAC, were invited to provide an account of some of their implementing experiences from a regional perspective.

If you would like further information please contact: anne.mcmahon@auditoffice.gov.ck by email.

3.0 Audit Office of New South Wales

3.1 Public Accounts Committee inquiries of relevance

3.1.1 ISSUES ARISING FROM THE PREMATURE RELEASE OF DRAFT AUDITOR-GENERAL’S REPORTS – 21 SEPTEMBER 2010

In May this year, excerpts from a draft performance audit report were published in The Sydney Morning Herald. This was of concern to the Public Accounts Committee as it is rare for a draft report to be leaked.

The PAC conducted an inquiry to examine the premature release of draft Auditor-General’s reports.

The PAC recommended that the Government require all public sector departments and agencies to review their current arrangements for the storage, management and transmission of confidential documents in their control. Additionally, all departments and agencies should make necessary improvements to their document control systems to ensure complete safeguarding and security of all such documents.

The PAC also recommended that the Public Finance and Audit Act 1983 be amended to make it an offence for recipients of draft audit reports to disclose or reproduce any part of the report prior to it being tabled in the Parliament of New South Wales.

3.1.2 QUALITY AND TIMELINESS OF FINANCIAL REPORTING – 8 OCTOBER 2010

In May this year, the PAC decided to examine the quality and timeliness of financial reporting by government departments and agencies.

The review, the PAC recommended that:

- the Treasurer require all agencies to conduct a hard close of their accounts at 31 March, from 2011;
- the Treasurer propose amendments to Public Finance and Audit Act 1983 requiring chief financial officers to certify their financial reporting systems;
- the Premier ensure that accountability for accurate and timely financial reporting is included in all Chief Executive Officers' performance agreements;
- the Treasurer develop and implement program to bring forward the deadline for tabling of annual reports in Parliament to three months after the end of the financial year by 2013; and
- the Treasurer considers proposing amendments to prescribe minimum qualifications of chief financial officers in the Public Finance and Audit Act 1983.

In the past couple of years the Audit Office of NSW has made similar recommendations.

3.2 Key Reports tabled since September 2010 meeting

Knowing the Collections – Tabled 1 September 2010

This audit looked at the information the Australian Museum holds on its collections, its inventory controls and how well it can locate the objects in its care.

Home Detention – Tabled 8 September 2010

This audit examined at how well Corrective Services NSW delivers home detention in New South Wales.

Protecting the Environment: Pollution Incidents – Tabled 15 September 2010

This audit looked at how well the Department of Environment, Climate Change and Water (DECCW) manages pollution incidents.

Helicopter Emergency Medical Service Contract – Tabled 22 September 2010

This audit examined the contract process and whether the new providers have met contract requirements

Electronic Information Security – Tabled 20 October 2010

The audit assessed whether the Government can provide credible assurance that it is safeguarding its holdings of sensitive personal information.

Total State Sector Accounts – Volume Three 2010 – Tabled 27 October 2010

The report included audit results for the Total State Sector Accounts,

Annual Report 2009-10 – Tabled on 29 October 2010

Activities of the Audit Office of NSW for the year 2008-09

Volume Four 2010 – Tabled 3 November 2010

This audit focused on financial audits of government agencies in the NSW electricity sector.

Volume Five 2010 – Tabled 10 November 2010

This audit focused on financial audits of Treasury and public financing enterprises

Volume Six 2010 – Tabled 17 November 2010

This audit focused on financial audits of human services and technology.

NSW Lotteries Sale Transaction

This performance review of the Government's sale of NSW Lotteries was designed to address concerns raised regarding the sale process.

Volume Eight 2010 –Tabled 30 November 2010

This audit focused on our financial audits of NSW Government agencies for law and order and emergency services.

Mining Royalties –Tabled 30 November 2010

This audit assessed how well the Department of Industry and Investment ensures coal mining lease holders pay the royalties they owe.

Volume Nine 2010 –Tabled 1 December 2010

This audit focused on financial audits of NSW Government agencies for transport, planning and industry.

Volume Ten 2010 –Tabled 7 December 2010

This report included comments on financial audits of NSW Government agencies for education and communities - including our audit on the Building Education Revolution.

Sick Leave – To be tabled 30 November 2010

The report looked at sick leave in the NSW public sector and the Government's efforts to reduce it.

3.3 Significant planned audits

Volume Eleven 2010 – To be tabled 15 December 2010

This report includes comments on financial audits of Health agencies.

Mental Health Workforce – To be tabled 16 December 2010

This audit will examine whether NSW Health initiatives to address mental health.

Volume One 2011 – To be tabled mid February 2011

This report will include a summary of key audit issues for 2010, the results of an eProcurement review and the few remaining agencies with 2010 audits that were not reported in 2010.

3.4 Appointment of Assistant Auditors-General

Mr Rob Mathie has been appointed as Assistant Auditor-General, Performance Audit, and Mr Scott Stanton has been promoted to Assistant Auditor-General, Financial Audit, both effective October 2010.

3.5 Other major issues

Peter Achterstraat attended the European Organisation of Regional Audit Institutions (EURORAI) Congress in London on 4 October 2010. The prevailing message was 'if we are to remain relevant as an effective audit office then we need to add value to our clients and continue to maintain our independence'. Many of the presenters discussed the current pressure to reduce fees, especially in light of the global financial crisis and the 'scissor effect'. The attendees described the scissor effect as the pressure felt by governments due to decreasing revenue and increasing expenses.

If you would like further information please contact: mail@audit.nsw.gov.au or fax +612 9275-7200.

4.0 Office of the Auditor-General Papua New Guinea

This year has been a relatively successful year with a large number of financial audits completed meaning that our audit program is substantially up-to-date so that in 2011 we will be able to focus on auditing transactions that occurred in 2010. Four completed reports were tabled in the Parliament on 25 November and the Public Accounts Committee inquiry into the Reports is scheduled to commence on December 14th. The reports will be accessible shortly on the AGO website at www.ago.gov.pg

With the help of PASAI (and in particular Claire Kelly on secondment to PASAI from the ANAO) we completed our first performance audit with nine other regional SAIs. The audit into waste management was successful in that it highlighted a number of areas where immediate improvements were required. The audit was well received by the audited bodies who welcomed the focus of the audit. Unfortunately the report was not tabled in the Parliament with the other reports; this causes a problem for the PASAI secretariat in the preparation of the overall consolidated report because the audit findings cannot be made public until the report is tabled.

The AGO's annual report was completed and presented to the Governor-General in the first half of 2010. Unfortunately once again the report was not tabled in November with the other reports.

We have been well supported by AusAID and the ANAO, the NSW AO and the QAO throughout the year with a number of staff availing themselves of both the formal training and on the job training in the Offices. Our staff are grateful for the professionalism and friendliness of the staff in the Australian Audit Offices in sharing their knowledge with us.

The Office conducted one workshop for Government Departments on findings from our audits during the year. The workshops were well attended and demonstrated that the AGO was not only providing assurance on financial management but also seeking to help improve performance. We will be conducting a few workshops in the Provinces with funding from the European Union.

Finally our financial processes this year have allowed us to report our month end performance with a few days of month end and to forecast our likely year end performance within a degree of accuracy. Our financial statements will be audited within two months of year end. The process has been assisted by our auditor who agreed to do an interim audit before the end of the year for the first time.

Our initiatives for early 2011 include the publication of the 2011-15 Corporate Plan and the 2011 Business Plan, the implementation of a time-recording system, the development of a remuneration model that rewards staff for good performance and the roll-out of improved ICT facilities in the Provinces.

If you would like further information please contact: JHawley@ago.gov.pg.

5.0 PASAI Secretariat

XX INCOSAI Johannesburg, South Africa

The XX INCOSAI was held in Johannesburg South Africa between 22 and 27 November 2010. It was attended by more than 500 participants from 152 countries, including 12 delegates from PASAI. The triennial congress chaired by the hosting SAI is the highest organ of INTOSAI and offers members an opportunity to share experiences, discuss issues and pass resolutions to improve government accountability worldwide.



PASAI delegates who attended the XX INCOSAI

Congress Themes

The INCOSAI deliberated two themes: the value and benefits of SAIs; and environmental auditing and sustainable development.

The Value and Benefits of Supreme Audit Institutions

The theme value and benefits of SAIs was selected because it was a prominent topic in the 19th UN/INTOSAI Symposium held in Vienna in February 2007. Country papers were sought, summarised and discussed further during the congress. Discussions centred on two objectives: to be recognised as an institution that makes a difference to the lives of citizens, and to be recognised as an independent model institution.

The congress heard that to be recognised as an institution that makes a difference to the lives of citizens SAIs must be responsive to changing environments and stakeholder expectations, without compromising independence; ensure that government is accountable for using resources; empower the public to hold the government accountable; enable those charged with governance to discharge their responsibilities effectively; and follow up on audit findings.

For a SAI to be recognised as an independent model institution, it must be independent; transparent and accountable; observes a code of ethics; implements service excellence and quality considerations; displays good governance; facilitates learning and knowledge sharing; and adopts effective communication.

Environmental Auditing and Sustainable Development

The second theme *Environmental Auditing and Sustainable Development* focused on SAIs' practical experiences and results in conducting environmental auditing as well as how to advance sustainable development and make recommendations on how to give better play of the SAIs' roles in the field of sustainable development.

The congress discussions centered on SAIs environmental audits and sustainable development issues that were prevalent from those audits and the importance of addressing threats to natural resources and citizens. The audits covered climate change, water, waste management, forestry, protected areas, etc. Paul Allsworth, Director of Audit of the Cook Islands shared the special challenges of the small island states in the Pacific region.

The breakout sessions discussed the regional efforts in environmental audits and sustainable development. PASAI provided a brief on the cooperative performance audits in the region especially the completion of the management of solid waste audit and the resultant reports, the participant SAIs' reports and the regional report. The current cooperative audit on water and the proposed sustainable fisheries were also highlighted.

The Congress made several accords under the theme including: promoting auditing; governance and relationships; standardization of reporting frameworks; improve impact; and improve capacity and methods. Results and findings from the country papers and accords may be obtained from the PASAI Secretariat on request.

Donors Steering Committee Meeting

The Chairman of PASAI, Mr Raimon Taake, Secretary General Mrs Lyn Provost and Executive Director Mr Eroni Vatuloka also attended a Donor Steering Committee meeting held prior to the INCOSAI. The committee comprises selected SAIs and donors which include the African Development Bank, Austria, Belgium, Canada, the European Commission, the Inter-American Development Bank, the International Monetary Fund, Ireland, Netherlands, Norway, Sweden, Switzerland, the United Kingdom, the United States of America and the World Bank.

IDI produced a SAI Stocktaking Report 2010 from a global SAI needs assessment survey conducted early in the year. The report which was approved by the Donor Steering Committee highlighted that despite the best of efforts to support the SAI community, there were still significant needs and funding gaps facing many SAIs, especially SAIs in developing countries. The report proposes the need for enhanced coordination of capacity development support, and identifies a number of good practices to support the SAI community.

An Action Plan was discussed and approved by the committee for support in the short-term, and development of a practical framework for effective support in the medium-to long-term. Several donors such as the African Development Bank, the UK Department for International Development, the European Commission, the Inter-American Development Bank and the Swiss State Secretariat for Economic Affairs had indicated willingness to fund some of the initiatives. The governments of Austria, Ireland and Norway had also agreed to fund the Secretariat until end of 2012.

The next step is for IDI to match the short term prioritized support activities with donors. In addition, the Steering Committee will establish a pooled fund to complement other funding modalities under the Cooperation.

A work programme has been adopted for the period to end of 2011, which includes amongst others the establishment of a databank of SAI support, voluntary review of SAI Strategic and Development Action Plans, research of SAI funding levels and establishment of the pooled fund.

If you would like further information please contact Eroni Vatuloka , by email, eroni.vatuloka@pasai.org.

For any clarification of any of the items in this Bulletin, please do not hesitate to contact the PASAI Secretariat by

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