



PASAI BULLETIN

Pacific Auditors working together

Inside this issue:

Observations from 2014 audit seminar in China; an update on the Cooperative Performance Audit on climate change adaptation and disaster risk reduction; TeamMate users gather in Melbourne; the Australian Auditor-General visits PNG; WEGA was in Manila; an MOU with AFROSAI-E; the CNMI Public Auditor has been reappointed; and more.

China: thought-provoking questions about the role of an auditor

Rachael Fogarty, Communications Officer, OAG, New Zealand

In October, 19 delegates from the Pacific went to China to attend an audit seminar for SAIs. I was lucky enough to be chosen by the New Zealand Auditor-General to represent New Zealand. I've brought back a load of knowledge about how China organises and carries out audits — some aspects were very familiar, and others quite different. It was all valuable — the Chinese have been auditing for thousands of years, so they have much to offer.

During the opening of the 2014 audit seminar for SAIs in the Pacific, the Premier of China, Mr Li Keqiang, was quoted. He has described the role of an auditor in very strong and powerful terms. In his view, an auditor is a: protector of national interests, guardian of public funds, sword of anti-corruption, straitjacket of power operation, and catalyst of deepening reform.

I found this quote thought-provoking, and I have shared it with my colleagues. One of the pillars of the New Zealand Auditor-General's strategy is positioning for the future — addressing fundamental questions and issues, and exploring options for auditing and accountability in the public sector. What's more fundamental than the role of an auditor?

Protector of national interests

In China, auditors check that projects and programs are in keeping with policy. But they also speak up if the policy does not make sense. What if we always spoke up when a policy was, in our view, not in the national interests? Do we want to be seen as the protector of national interests? What would we be doing differently if our focus was wider than the entity, and we were also actively working to protect our countries' interests?

'Auditors are expected to play an active part in reforming China.'

China: thought-provoking questions about the role of an auditor (cont)

Guardian of public funds

Chinese auditors carry out 'real time' audits, and give the entity three days' notice. When we do real time audits in New Zealand, it's because an entity has asked our assurance team to do some work, which the entity pays for. It's not us deciding that a project is important and risky and worth some 'as it goes' assurance.

On balance, are we entirely sure that the models we use do more for the public sector than other models might?

Sword of anti-corruption

People in China were almost shocked when I told them that our auditors in New Zealand are not expected to look for fraud. They nodded when I talked about controls and the responsibility of management, but I could tell that people were less than convinced.

Given that so many people don't understand the role of an auditor and what an audit delivers, are we helping the reputation and relevance of auditing by taking such a strong 'that's not our job' stance on detecting fraud?

Straitjacket of power operation

We learned about a form of audit in China called an 'accountability audit'. It's like an audit on steroids, because it's comprehensive and its role is to examine how well a leader is doing in every aspect of management.

Do we want to speak up more if we think someone is leading their organisation in a potentially damaging manner, or overstepping their authority, or stifling innovation, or sitting back and waiting for retirement? Would that be a step too far, or in keeping with protecting our countries' interests and guarding public funds?

Catalyst of deepening reform

Auditors are expected to play an active part in reforming China. They can, and do, suggest changes and possible improvements.

What would it be like if we, too, considered auditors to be change agents? What would that mean for how we recruit and train auditors?

This article provides you with some things to ponder over the Christmas break.



Distinguished company: Maamaloa Fotofili, Doris Flores Brooks, Jean-Yves Marquet, Rachael Fogarty, Camillo Afele, Tavita Bolanavanua

One size does not fit all — auditing climate change in the Pacific

Jonathan Keate, Sector Manager Local Government & Environment, OAG NZ;
Claire Kelly, Cooperative Performance Audit Advisor; Justine Gannon,
Communication Advisor, PASAI Secretariat.

The countries of the Pacific are among the most vulnerable to the effects of climate change. Rising sea-levels, cyclones, tsunamis, food security, and coastal erosion are real threats. Pacific governments also face challenges in recovering from natural disasters and extreme weather events. In response to these threats and challenges, PASAI Auditors-General undertook a recent Cooperative Performance Audit on climate change adaptation and disaster risk reduction strategies. This audit was the fourth in a program of cooperative audits on environmental topics undertaken by PASAI Auditors-General, which have had ongoing support from the Asian Development Bank, the IDI, and the Australian and New Zealand Governments.

While all countries in the Pacific are exposed to the threats of climate change, their vulnerabilities are not uniform— one size does not fit all. The approach adopted under the Cooperative Performance Audit enabled the ten individual SAs involved in the program to develop country-specific audit objectives and lines of enquiry.

Prepare, plan, and manage

As a result of this approach, three main themes emerged during the planning phase of the Cooperative Performance Audit:

1. preparedness for climate change, which was the focus for the SAs of Fiji, Palau, and Samoa

2. planning for and managing climate change effects, such as coastal erosion, which was the focus for the SAs of the Cook Islands, Kosrae, and Tuvalu
3. managing climate change effects on food security, which is the focus for the SAs of the Federated States of Micronesia National Office, Solomon Islands, Tonga, and Pohnpei.

Regional overview

Eight of the ten SAs have published their individual country audits. The regional overview report, currently being compiled and due for release in February 2015, found that, overall, the audited Pacific Island governments are not sufficiently prepared for current or future impacts of climate change and do not have adequately funded or planned responses in place to adapt to the short-term and long-term negative effects of climate change.

For example, legal and policy frameworks are fragmented and insufficient to guide adaptation measures, with climate change yet to be mainstreamed into national and sectoral plans.

'The approach adopted under the Cooperative Performance Audit enabled individual SAs involved in the program to develop country-specific audit objectives & lines of enquiry.'



One size does not fit all — auditing climate change in the Pacific (cont)

Progress of vulnerability and risk assessments to identify climate change risks is slow, and strategies to respond to these assessments are yet to be developed. Coordination across the many government agencies responsible for climate change adaptation policies and actions, including funding coordination through national financial management systems, is fragmented and on-the-ground project management skills need improving.

Finally, identifying and using lessons learnt from demonstration projects is uneven across the Pacific and the capacity to monitor outcomes against national climate change policies or strategies is limited.

Same challenges, same issues

During the course of the Cooperative Performance Audit, the 8th ACAG/PASAI RWGEA meeting was held in Canberra, Australia in May 2014. This allowed the Pacific audit offices to share their Cooperative Performance Audit experiences with colleagues from Australia, New Zealand, and Indonesia. The information-sharing confirmed that Pacific audit offices face the same issues and challenges as their Australian and New Zealand counterparts when conducting environment-related audits: getting to grips with complex subjects, understanding and obtaining relevant environmental data, multi-agency involvement in environmental matters, and making the best use of experts. A possible focus for the next RWGEA meeting is

to consider the role of regulatory agencies in

the environment sector, including compliance and enforcement.

Country-specific responses emerge

Positive impacts from the Cooperative Performance Audit are already emerging at the country level to address the findings of the audits. For example, the Federated States of Micronesia–Kosrae has finalised a disaster and preparedness plan. The Federated States of Micronesia–Pohnpei has draft legislation on climate change prepared by their Environmental Protection Agency and they have rolled out public education and awareness programs throughout the state.

A continued focus

Environmental auditing has gone from strength to strength in the Pacific region under PASAI's Cooperative Performance Audit program, with notable gains in performance audit capacity and improved environmental outcomes.

The outcomes of the draft reports have gained the attention of the US Government Accountability Office, which is spearheading the WGEA project on the impact of climate change on the marine environment.

For further information, please contact the PASAI RWGEA Coordinator jonathan.keate@oag.govt.nz



Annual TeamMate Oceania User Forum

Melbourne 9-11 November 2014

Beulah Daunakamakama (Technical Advisor to Vanuatu)

The TeamMate Oceania User Forum is an annual event for TeamMate users to get together and learn more about TeamMate and audit best practice, while networking with our peers. The newest users to sign on with TeamMate were the Solomon Islands Audit Office, the while the 'oldest' users were Audit New Zealand. SAIs from the Pacific region were well represented: Vanuatu (4), Cook Islands (2), Papua New Guinea (2), Solomon Islands (2), and Fiji (1).

Highlights from the forum included working through the new features in Version 11 of TeamMate, best practice sharing with other SAIs, the new generation TeamMate and TeamMate analytics.

TeamMate R11.0 coming in January 2015

TeamMate R11.0, which will be released in January 2015, has new features including:

- text editor features that will be consistent with Word
- redesigned TeamTalk workflow with sign-offs to be more interactive when raising coaching notes and responding to them
- enhanced TeamMate TEC or timesheets allowing more than one person to sign off on your timesheet
- partitioning data to be segregated in the same database, a great added security layer, keeping confidential files separate or if you just want to separate out your financial audits from your performance audit files.

Best practice sharing with other SAIs

During the forum, we had the opportunity for SAIs to share some best practices, including how SAIs are using TeamMate to meet ISSAI requirements for independence at an entity and engagement level; how SAIs set up their audit files and templates; and how SAIs use TeamRisk, particularly for risk-based audit approaches required by ISSAI.

New generation TeamMate

The developers have redesigned TeamMate to work on a web-based platform, allowing for more flexibility, more features, and to be more responsive for users. Apart from the easier user interface, one of the new features is the ability to track documents requested from clients — this will be a great advantage for those audits where it seems you are always requesting information and getting no responses.

TeamMate analytics

This a collection of more than 150 tools, which range from day-to-day Excel productivity to powerful analytical tools such as gap and duplication detection, Benfords testing, monetary unit sampling and stratification. There are also unique modules that can perform tests in payables, receivables, inventory, journals and non-current assets. A couple of useful tests are matching suppliers names with employee listings and also analysing journals entered on weekends and outside normal working hours. Basically, if you know how to work Excel then it will be easy for you to navigate TeamMate Analytics. There is a free trial tool available on www.teammatesolutions.com/analytics.aspx.

Australian Auditor-General visits Papua New Guinea

The Australian Auditor-General, Mr Ian McPhee, recently visited Papua New Guinea (PNG), including meeting with the PNG Auditor-General's Office (PNG-AGO). The visit to the PNG-AGO was the first for an Australian Auditor-General since PNG Independence. Mr McPhee was warmly welcomed by the PNG Auditor-General Mr Philip Nauga.

Mr McPhee was accompanied by Ms Tamie Plant from the Australian National Audit Office's (ANAO) Governance and External Relations area. The ANAO's Deputy Auditor-General, Mr Steve Chapman, also visited the PNG-AGO in September 2014.

The relationship between PNG-AGO and the ANAO is long-standing and of paramount importance. The purpose of this visit was to allow Mr McPhee to gain a first-hand understanding of the PNG-AGO and broadly discuss the next phase of its support program. Currently, the ANAO has two long-term advisors (Mr Wayne Jones and Ms Nicky Rowe) based in the PNG-AGO providing strategic and technical assistance. Each year, the PNG-AGO also sends a number of graduate staff (four in 2014) and middle management staff (two in 2014) for secondment activities in Australia. These secondments while sponsored through the ANAO, are delivered with the assistance of the NSW Audit Office and the Queensland Audit Office.

The two Auditors-General, and a number of senior PNG-AGO staff, discussed the priorities of the PNG-AGO and key strategies for strengthening the relationship between the two offices. Mr McPhee's visit provided the perfect opportunity for the Australian High Commissioner, Ms Deborah Stokes, to discuss broader Australian Government support to PNG with Mr Nauga.

The outcomes of the visit include a better understanding by both PNG-AGO and ANAO of the challenges each face in the delivery of government audit services. The visit was regarded as a great success by all parties.



Mr Philip Nauga, Auditor-General of Papua New Guinea and Mr Ian McPhee, Auditor-General of Australia

Mr McPhee meeting with the AGO National Government Audit Division, headed by Acting Deputy Auditor-General, Mr Andy Vui





Delegates are welcomed to Marikina City, a suburb of Manila, where the city's approach to waste management was demonstrated

16th meeting of the INTOSAI Working Group on Environmental Auditing, Manila, Philippines

Jonathan Keate, Sector Manager Local Government & Environment, OAG NZ

The Working Group on Environmental Auditing (WGEA) held its 16th meeting on 29 September–2 October 2014 in Manila, Philippines, hosted by the Commission of Audit, Philippines.

The meeting was well attended with 103 delegates from 46 SAIs at the meeting including three from PASAI: Jonathan Keate (New Zealand); Mark Simpson (ANAO); and Mere Waqanicagica (Fiji).

Plenary sessions

After an excursion to Marikina City, a suburb of Manila, to showcase the city's approach to waste management; its strict anti-littering laws with financial penalties (or community service or a blood donation); and its aim for a 'zero waste' management approach; it was down to business with the plenary sessions. Some highlights were:

- Citizen engagement in environmental auditing:* a speaker from an NGO in the Philippines discussed their experience of working with the Commission of Audit on a solid waste audit. Members of the NGO joined audit teams in fieldwork (conducting surveys about waste management in communities), learning audit techniques, and helping to resource the audit. The Commission won an international prize for citizen participation in the audit.
- Environmental performance audits — making recommendations with a domino effect:* an interesting presentation from Canada on how to make considered and lasting recommendations in performance audits. This presentation built on a useful session from the last WGEA meeting by the same presenters about how to increase the impact of environmental audits and how to use tools such as policy mapping, stakeholder mapping, and root-cause analysis and come up with lasting and meaningful strategic recommendations that have a domino effect — that is lead to change.
- Cooperative audits:* presentations from Brazil on a cooperative audit of the Amazon basin by nine regional courts of audit; Cameroon on a cooperative audit of Lake Chad, which has lost 90% of its water volume over the last 50 years; and Egypt on a planned cooperative audit of the Nile River. The presentation from Brazil highlighted the importance of audit teams developing standard templates to enable comparative findings for overview reports. They provided useful examples for PASAI to consider.

INTOSAI Working Group on Environmental Auditing (cont)

- *Market-based instruments for environmental protection — rationale, applications and opportunities:* Dr Stefan Speck, from the European Environment Agency introduced the variety of market-based instruments (MBIs), including those that create new markets through emissions trading schemes and more traditional approaches like taxes and subsidies. Dr Speck spoke about possible audit approaches to consider whether MBIs are effective compared to regulation.
- *Protecting the marine environment in the Philippines:* a compelling speaker from a Philippines fisheries agency talked about fisheries management in the Philippines and made the link between ecosystems and economic production very clear — the more you protect the more you produce.

WGEA projects for the 2014–16 work period

The meeting included discussion sessions on the WGEA projects for the 2014–16 work period. The projects and lead countries are:

- MBIs (Estonia)
- environmental impact assessments (Canada/India)
- renewable energy (Morocco and Indonesia)
- energy efficiency (Czech republic)
- greening the SAI (India)
- marine environment — effects of climate change on ocean acidification (US)
- increasing quality and impact of environmental audits (Lesotho/Cameroon)
- review of four ISSAIs with an environmental focus (Indonesia, Brazil, ECA, Canada, Philippines).

The SAI of New Zealand is on the sub-committee for the project on MBIs.

Regional updates

Regional co-ordinators from six INTOSAI regions updated the meeting. Jonathan Keate (RWGEA coordinator, ACAG PASAI region) updated the meeting on activities in the PASAI region, focusing on the cooperative audits on environmental topics carried out under the Pacific Regional Audit Initiative, particularly the most recent audit on Climate Change Adaptation. PASAI's cooperative audits are regarded as a great example of the benefits of cooperation between PASAI and support organisations such as the INTOSAI Development Initiative, the New Zealand and Australian Governments, and the Asian Development Bank.

There was some interest in the idea of a PASAI cooperative audit on access to international funding for climate change adaptation, and a suggestion that other regions, such as AFROSAI and ASOSAI could also do cooperative audits on this topic for added impact.

The leaders of the project on the effects of climate change on the marine environment are interested in the PASAI cooperative audit on climate change adaptation and have been reviewing the individual country reports. This should increase the impact of PASAI's cooperative audit program and climate change issues in the Pacific.

Further information

If you want to know more about WGEA activities please contact Jonathan Keate, OAG, New Zealand by email at jonathan.keate@oag.govt.nz or phone +64 4 917 1544.

Memorandum of Understanding signed between AFROSAI-E and PASAI

PASAI has strengthened our relationship with AFROSAI-E by signing an extended Memorandum of Understanding (MOU). The MOU was signed during the 9th AFROSAI-E Technical Update held in South Africa on 12–14 November 2014. PASAI's Technical Support Advisor, Agnes Aruwafu, who was in South Africa to attend the technical update, represented PASAI for the official signing of the extended MOU. The MOU formalises the ongoing relationship between AFROSAI-E and PASAI. Sharing resource materials and expertise between the regions are just two of the many benefits that will be gained from the MOU.



Mr Wessel Pretorius, Executive Officer AFROSAI-E and Mrs Agnes Aruwafu PASAI Technical Support Advisor and representative of the PASAI Secretariat during the signing of the MOU

Sub-regional Audit Support Program

The Sub-regional Audit Support (SAS) program is progressing well in its fourth round with the continued support of the Asian Development Bank. Round 4 started in Solomon Islands on 2 June 2014 and was completed on 11 July 2014 and the remaining timelines for the program are as follows:

Phase 2: Kiribati 1 September – 10 October 2014

Phase 3: Tuvalu 10 November – 19 December 2014

A report summarising the objectives achieved and lessons learned will be published and be available on the PASAI website in early 2015.

CNMI Public Auditor is reappointed

CNMI Public Auditor, Michael Pai, has been reappointed and confirmed by the legislature to serve another six-year term for the Commonwealth of the Northern Mariana Islands. The House of Representatives confirmed Mr Pai's re-appointment in a unanimous vote of 17-0, with three absences.

House Speaker Joseph P. Deleon Guerrero (Ind-Saipan) said the governor's appointments normally go through the lower chamber's Judiciary and Governmental Operations Committee. However, in Mr Pai's case, House members just went ahead with the confirmation because of the nominee's excellent track record.

Mr Pai said he is humbled by the House's trust and confidence in him. 'Serving as the CNMI public auditor is the biggest honour and highlight of my career and I want to thank the Governor, the Legislature, and the community of the CNMI for their confidence and support.'

PASAI Tier 1 Workshop hosted by PNG Audit office

The Auditor General's Office of Papua New Guinea (PNGAGO) in partnership with PASAI hosted a Tier 1 workshop on the Fundamentals of Government Auditing in Port Moresby from 3 November to 7 November 2014.

This is the first workshop to be hosted by the PNGAGO since 1975 and 19 participants attended from six member SAs — Samoa, Vanuatu, Nauru, Solomon Islands, Federated States of Micronesia and PNG. The facilitators were from PNGAGO who were mentored by the PASAI Technical Support Advisor as the lead facilitator.

The workshop covered topics from the International Standards of Supreme Audit Institutions Framework (ISSAI) to audit evidence and documentation.

The workshop was a success and the Auditor-General Mr Philip Nauga is keen to host another PASAI workshop.



PNG Auditor-General Mr Philip Nauga and Tier 1 workshop participants and facilitators at the PNG Parliament State Function Room at the opening welcome dinner

Short cuts

PASAI in the press

For those of you who missed it, Amy Condra wrote a terrific piece about the Congress in the *International Journal of Government Auditing*. Amy, whom some of you met at the Congress, is a Communications Analyst with the Strategic Planning and External Liaison for the US Government Accountability Office. She is always open to receiving journal articles from PASAI members. Her office will even assist you with drafting and editing your articles to suit the journal's style. Justine Gannon, PASAI's Communication Advisor, can also help you with writing articles for the journal. Contact Justine at communications@pasai.org.

You can find the article here: <http://www.intosaijournal.org/insideintosai/insideoct14.html>.

INTOSAI Journal tweets @INTOSAIJournal



The INTOSAI Journal is now on Twitter. They tweet about updated articles, news items and information relevant to public auditors worldwide. They have even recently retweeted our own Secretary-General, whom I hope you follow @auditor_general.

INTOSAI Journal retweeted

Auditor-General NZ @auditor_general · Nov 18

New discussion paper published: Making the most of audit committees in the public sector oag.govt.nz/2014/audit-com...

4 3

INTOSAI Journal retweeted

U.S. GAO @usgao · Nov 18

Our recs to @USAID improved int'l food aid to vulnerable groups such as children, pregnant women: gao.gov/products/GAO-1... #accountability

3

INTOSAI Journal @INTOSAIJournal · Nov 18

#OLACEFS Corruption Control Toolkit offers best practices for public auditors to #fightcorruption bit.ly/1yDucAn

2

INTOSAI Journal @INTOSAIJournal · Nov 18

#PASAI's Pacific Regional audits on solid waste management, safe drinking water and sustainable fisheries are online bit.ly/1EHLG2y

INTOSAI Journal retweeted

Auditor-General SA @AuditorGen_SA · Nov 18

Word of the day: Accountability. Through our audits of the public sector we aim to build public confidence. ow.ly/i/7CDzy

4

[View photo](#)

INTOSAI Journal @INTOSAIJournal · Nov 17

The DPSIR framework can increase the impact of #environmental audits. bit.ly/1u6PWUI

THE NEXT SIX MONTHS

22 December 2014 – 2 January 2015: PASAI Secretariat closed for Christmas and New Year

17–18 February 2015: 12th Governing Board meeting, Auckland, New Zealand

9–13 March 2015 (to be confirmed): Tier 3 in-country workshop, Pohnpei, Federated States of Micronesia.

11–15 May 2015: Tier 2 in-country workshop, Tarawa, Kiribati.

FURTHER INFORMATION

Contact the PASAI Secretariat:
Email: enquiry@pasai.org
Telephone: +64 9 304 1275
Fax: +64 9 307 9324
Website: www.pasai.org