



PASAI Bulletin

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Inside this issue

Australian National Audit Office	1
Fiji Audit Office	3
Nauru National Audit Office	3
Audit Office of New South Wales	4
Office of Auditor General New Zealand	6
Queensland Audit Office	7

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 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.

Australian National Audit Office

ANAO-PNGAO Twinning Scheme

The Australian National Audit Office (ANAO) and the Papua New Guinea Audit Office (AGO) have participated in a Twinning Scheme, under the auspices of AusAID, since 2006. The current agreement will expire in mid 2010 but the parties have begun negotiations for a three year agreement from 2010 to 2013. Graduate Auditors from the Papua New Guinea Audit Office, Tony Harakuwe and Tep Miti arrived in Canberra on 8th February and will spend most of 2010 with the ANAO.

Tony and Tep have been assigned to the Audit Assurance Service Group to gain experience and exposure to financial statement audits on Australian Government Entities. The audits are undertaken in a team-based environment, and Tep and Tony have been assigned across various audit teams to assist in performing audit

procedures during the different phases of the audit cycle. In addition to gaining audit experience, Tep and Tony are also participating in courses offered to ANAO graduates through the ANAO's Learning and Development Calendar and attending ANAO's internal technical updates on audit or accounting issues arising in the public sector.



Tep and Tony are experiencing the sights of Canberra and surrounds, visiting the War Memorial, National Zoo and Aquarium, The Royal Australian Mint, the Illawarra Fly and touring the National Carillion. They are enjoying these opportunities to broaden their life experiences whilst acclimatising to the Canberra winter.

Presentation of Honorary Award '*Bintang Jasa Utama*' (First Class Medal of Honour) to the Auditor-General for Australia, Mr Ian McPhee, by the Indonesian Ambassador, His Excellency, Primo Alui Joelianto, Embassy of the Republic of Indonesia, Friday 26 February 2010



The Award recognises contributions by the Auditor-General and the Australian National Audit Office to the Government of the Republic of Indonesia in promoting transparency and accountability of public finance, especially in the Audit of Natural Disaster Management, and also for contribution on best practice and capacity building in auditing.

The ANAO has been contributing to capacity building with Badan Pemeriksa Keuangan (BPK) – the Indonesian Board of Audit – over the last four years. The ANAO's activities have been focused toward both performance and financial auditing, and have included a series of long term secondees from BPK plus delivery of Jakarta-based training and pilot audit workshops.

Mr McPhee was honoured to receive the Award, recognising the level of importance the Award bestowed on his office by the Government of Indonesia.



Pacific Islands Visitors

On 23rd February the ANAO hosted a delegation of Finance Secretaries from Kiribati, Tonga, Samoa, Federated States of Micronesia and Tuvalu. The group of six heard presentations by ANAO staff on central and departmental budgeting and debt planning; the collection and disbursement of public monies and accounting for smaller organisations; as well as the role and processes of internal audit for transparency and accountability of public monies.

The Auditor General of the Solomon Islands, Mr Edward Ronia was in Australia in May and took the opportunity to visit the ANAO in Canberra. Mr Ronia had discussions with Deputy Auditor-General, Mr Steve

Chapman and Assurance Audit Services Group Executive Director, Mr Michael Watson on 21 May.

The ANAO hosted two officials from the Samoa Audit Office, from 24 May - 3 June 2010. Auditor, Ms Violet Roebeck-Fasavalu and Assistant Controller and Chief Auditor, Mr David Pereira participated in a four-day performance audit skills training program. They were also engaged in an interview skills development course for auditors and had individual meetings with a range of ANAO staff. The program was funded as part of the Samoa Audit Office Institutional Strengthening Project.

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

Fiji Audit Office

Audit Reports

The Office of the Auditor General transmitted 15 reports in 2009 to the Minister of Finance who, under Fiji's State Services Decree, is required to table the reports in Cabinet. The reports include the audited accounts of government, municipal councils, statutory authorities, government commercial companies and other off-budget state entities, special investigations and performance audits. Four other reports are being finalised to be transmitted by June 2010.

Training, Overseas Conferences/Workshops

17 officers benefited from various local/overseas training and conferences during 2010. In addition, training on IFRS standards and recent tax changes and development were conducted for all staff in April 2010.

A Director of Audit and an Audit Manager are pursuing post graduate qualifications in Australia whilst a Director has returned in January 2010 with a Masters in Financial Management. Other staff members are undertaking post graduate studies at the University of the South Pacific and one is completing her final units for a CPA qualification.

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Nauru National Audit Office



Bivash Ranjan Mondal, Director of Audit, Republic of Nauru

History - The Office of the Director of Audit of Nauru has a special and unique history. Before the independence of the Republic of Nauru in 1968, an Internal Auditor with the help of an Australian audit firm employed by the Governor General of Nauru were tasked to audit the accounts of the Nauru government. This continued until an Audit Act was passed in 1973.

Mandate – The Director of Audit (DOA), Nauru functions independently in accordance with the Constitution of Nauru, and reports to the Parliament through the Minister responsible for the public service of the Republic. Normally, the President holds the portfolio of Public Service of Nauru.

The Audit Act, 1973 allows the Director of Audit full access to all records, papers and documents of any department of the Government and State Owned Enterprises. The Chief Secretary appoints the Director of Audit with the approval of the Cabinet. There is no age limit for retirement of Director of Audit but he or she can only be removed by the Parliament with a two-thirds majority vote.

Reorganisation – The Audit Office is undergoing a reorganisation of its staff structure to modernise its operations. It is expected that the Constitutional Amendments in 2010 will give effect to these changes. Other changes that will be made include upgrading staff positions, professional development, and the acquisition of accounting and auditing software.

Audit Reports – There is no record of audit reports produced by the Audit Office for quite a period of time. Currently the only available audit report that has been tabled in Parliament is a Special Audit Report dated 5th February 2009.

Public Accounts Committee -The Committee has five Members of Parliament and it works in accordance with Public Accounts Committee Act, 1992. It deliberated on the Special Audit Report in early 2010 and will be issuing its report soon.

If you would like further information please contact Bivash Mondal by email: bivash.mondal@naurugov.nr

Audit Office of New South Wales

The following audit reports were tabled in Parliament.

Financial Audit Reports

Auditor-General's Report to Parliament – Volume Eight 2009 – Emergency Services and Law & Order - released on 2 December: included comments on financial audits of NSW Government emergency services and law and order agencies.

Auditor-General's Report to Parliament – Volume Nine 2009 – Education and Communities - released on 7 December: commented on financial audits of NSW Government education and community agencies.

Auditor-General's Report to Parliament – Volume Ten 2009 – Transport, Planning and Industry - released on 8 December: reported on financial audits of transport, planning and industry agencies.

Auditor-General's Report to Parliament – Volume Eleven 2009 – Health - released on 16 December: commented on the NSW Department of Health and Area Health Services.

Auditor-General's Report to Parliament – Volume Twelve 2009 – Health - released on 18 December: commented on Department of Lands, Delta Electricity Pty Ltd, Sydney Harbour Foreshore Authority, Sydney Ports Corporation. It also included a compliance report which reviewed 12 major NSW agencies to determine their compliance with the Government's total asset management.

Auditor-General's Report to Parliament – Volume One 2010 - released on 15 April 2010: included comments on annual audit of entitlements paid to Members of NSW Parliament and financial audits of WorkCover, Justice Health, Waste Recycling Processing Corporation and some other NSW Government agencies.

Performance Audit Reports

Government Advertising – released on 9 December 2009. This review gives the NSW Government an opportunity to strengthen the Guidelines to prevent the inappropriate use of publicly funded advertising in the lead-up to the next State election and called for stricter rules in publicly funded advertising.

Managing Forensic Analysis – Fingerprints and DNA – released on 10 February 2010. This audit looked at both sides of the DNA issue. That is, what have Police done to manage demand for analysis as well as what has been done to increase capacity at the laboratory to cope with the increasing number of cases. The review might help improve the management of both fingerprint and DNA evidence and, in particular reduce delays in DNA analysis, to better serve both the interests of justice and the people of NSW.

Working with Children Check – released on 24 February 2010. This report looked at the role of the NSW Commission for Children and Young People in screening prospective employees, the self-employed and volunteers. It also looked at how effective current screening practices are in identifying people who may pose a risk to children.

Improving Road Safety: School Zones – released on 25 February 2010. This report showed that despite the 40 km/h school zone having been in place for seven years, motorists continue to exceed the speed limit. It also shows that motorists park illegally and unsafely in school zones. These are the very factors which could bring undone years of good work in reducing school child pedestrian casualties in school zones.

Improving the Performance of Metropolitan Bus Services – released on 10 March 2010. This audit examined how well the performance of metropolitan bus services is being managed, focusing on the critical role of the lead Government agency – NSW Transport and Infrastructure. The report builds on audit work completed over the last few years in the NSW transport sector; particularly the 2007 audit Connecting with Public Transport that dealt with the role of inter-changes.

Injury Management in the NSW Public Sector – released on 31 March 2010. The report looked at how well government agencies have performed against targets in the Working Together Strategy 2005-2008, developed to improve injury management. The report also examines what has happened since the strategy finished in 2008.

Access to Overnight Centre-based Disability Respite – released on 5 May 2010. This audit looked at the most common form of respite, short-term accommodation in a respite centre. We examined what the Department of Human Services is trying to achieve with respite, whether respite is going to those most in need and whether resources are being used wisely. While this audit looked at disability respite, many of its findings are relevant to other programs that seek to support people living in the community.

Secondments

Five Audit Office of New South Wales staff members are seconded to the Supreme Audit Institution United Arab Emirates in Abu Dhabi for six months. The UAE SAI is currently implementing a Capacity Building Program to build a leading edge audit institution. Hence, apart from providing professional development opportunities for our employees, this secondment will help in the SAI's transition into new systems and methodology.

The Audit Office has also provided work experience for two staff from Audit Office of Papua New Guinea.

Client Relationship Simulation

In May 2010, a two-day Delivering Value and Influencing for Impact Simulation was held for Business Team and Audit Leaders from Financial and Performance Audit branches and their Corporate Service manager equivalents. The purpose of the Simulation was to enable the leadership team to work through a series of four scenarios, based on planning, executing, assessing and reporting a financial audit assignment, whilst working in mixed teams from across the organisation.

The end result was to make decisions that would have an impact on client, internal parties and their teams whilst focusing on their leadership/team behaviours. The scenarios were designed to apply to financial audit, performance audit and corporate services projects. Skills learnt will be implemented immediately into the audit planning process with a presentation on audit plans to the Auditor-General in July.

Strategic Planning

The Office has revised the way it develops its Strategic Plan. In April, the Senior Management Team spent two days developing a strategic plan for 2010-2011. It confirmed five focus areas of Double Glazing the Glasshouse, Putting the Business into the Business Teams, People Power, Delivering Value and Influencing for Impact. The Audit Office also identified a number of outcomes for each focus area and KPIs for April 2011.

30-day tasks have been assigned to team members. The process the Audit Office are adopting requires minor reviews every 30 days, with new tasks identified for the next 30 days, and major reviews each 90 days.

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

Office of Auditor General New Zealand

INTOSAI Professional Standards Committee (PSC) Steering Committee Meeting 5 – 7 May 2010

The PSC Steering Committee held its seventh meeting in Copenhagen between 5 – 7 May 2010.

The Committee's main focus is on continuing to develop a comprehensive set of standards and guidelines for use by SAIs around the world. Guidance material in the ISSAI framework is being progressively developed by various subcommittees and project teams.

Work continues across the following range of areas:

- Transparency and accountability of SAIs
 - ISSAIs 20 and 21 are now ready for endorsement at INCOSAI 2010.
- Quality control for SAIs
 - Feedback on ED ISSAI 40 was discussed and plans for finalisation of ISSAI 40 were agreed.
 - The proposed workplan for 2011 – 13 was approved.
- Financial audit guidelines
 - ISSAIs 1000 and 1003 were approved.
 - The proposed workplan for 2011 – 13 was approved.
- Compliance audit guidelines
 - ISSAIs 4000, 4100 and 4200 are now ready for endorsement at INCOSAI 2010.
 - The proposed workplan for 2011 – 13 was approved.
- Performance audit guidelines
 - ISSAI 3100 is now ready for endorsement at INCOSAI 2010.
 - The proposed workplan for 2011 – 13 was approved.
- Internal control guidelines
 - INTOSAI GOVS 9140 and 9150 are now ready for endorsement at INCOSAI 2010.
 - The proposed workplan for 2011 – 13 was approved.
- Accounting and reporting issues
 - A paper on the importance of an independent standard setting process was approved.
 - The proposed workplan for 2011 – 13 was approved.

In addition, the Committee agreed to commence a harmonisation project which will involve the review and update of all existing guidance at level 3 of the ISSAI framework, and alignment of all guidance between the various levels of the framework.

The next meeting is in Johannesburg in November 2010 prior to the INCOSAI.

If you would like further information please contact Greg Schollum, either by email, greg.schollum@oag.govt.nz or phone +64 4 917 1603.

Queensland Audit Office

Strategic Review

The Report on the Strategic Review of QAO was tabled in Queensland Parliament by the Premier on 10 March 2010. Section 68 of the Auditor-General Act 2009 requires a Strategic Review of the QAO to be conducted at least every five years, and the last Strategic Review of the QAO occurred in 2004. The Governor in Council approved the commencement of the current review of QAO in October 2009.

The review drew a total of 57 conclusions and made 44 recommendations. These identified various areas for improvement by QAO to enable the organisation to better respond to emerging challenges in the future. The report acknowledges the extensive work that has been undertaken within QAO to address the recommendations from the last strategic review report in 2004. The quality and professionalism of QAO's audit practice is also highlighted.

Three key recommendations made were for the Auditor-General Act 2009 to be amended to provide for:

- expansion of the audit mandate to include full performance audits, consistent with the approach adopted in most other Australian and international jurisdictions.
- the audit of government financial transactions with third parties via a 'follow the dollar' approach.
- alternative audit arrangements for some small, low risk entities.

These amendments, if approved by Parliament, have the potential to significantly assist the capacity of QAO to provide an enhanced audit service to Parliament and the people of Queensland. As would be expected from a review of this nature, a number of issues have been highlighted where the review identified room for improvement, and the QAO is currently working to incorporate improvement initiatives in several areas.

ACAG/PASAI Regional Working Group Meeting April 2010

On 20-22 April, QAO hosted the 6th meeting of the ACAG/PASAI Regional Working Group on Environmental Auditing. The Working Group on Environmental Auditing, under the International Organization of Supreme Audit Institutions (INTOSAI), aims to improve the use of audit mandate and audit instruments in the field of environmental protection policies. The ACAG/PASAI working group has members from the Australian National Audit Office, Australian State Audit Offices, Pacific Island Audit Offices and the New Zealand Audit Office.

The theme for this year's meeting was water. Delegates attended a presentation on water and sanitation issues and strategies in the Pacific Islands. The Queensland Water Commission presented its strategies and initiatives on water demand management which initiated debate about how water is perceived in different cultural settings.

The delegates discussed the PASAI cooperative audit on solid waste management which should be tabled at this year's PASAI congress and identified learnings which will help in the conduct of the next PASAI cooperative audit on water. Each represented jurisdiction provided an update on the environmental audits recently completed or currently underway and delegates shared successful practices and responses to challenges.

The 7th meeting of the working group has been scheduled for April 2012 in Sydney.

Twinning Program (AAOTS)

An inaugural secondment program commenced in conjunction with the Auditor-General of Papua New Guinea. Two officers from the Papua New Guinea Audit Office spent three months from February to April at QAO learning QAO's audit methodology and other aspects of the audit program.

ACAG/Canadian Council of Legislative Auditors (COLA) Conference

The Auditor-General attended the joint conference of ACAG/COLA in Vancouver in March 2010. The purpose of the conference was to exchange information and obtain knowledge of current audit practices from public sector entities at a State/Provincial level. This included audit implications of the current economic conditions including the audit of the stimulus packages adopted in each jurisdiction, environmental and sustainable development challenges and audit issues in the areas of health, education and IT projects. The delegates discussed presentations on managing/auditing the economic stimulus package, the Canadian electronic health records management initiative, education and the environment. Each jurisdiction also presented current issues being addressed locally.

Reports tabled in Parliament

The following reports were tabled or are proposed to be tabled in Parliament during the first half of 2010:

- No. 1 for 2010 – Audit of A1 Grand Prix Agreements (tabled 4 February 2010)
- No. 2 for 2010 – Follow-up of selected audits tabled in 2007 (tabled 23 March 2010)
- No. 3 for 2010 – Administration of Magistrate Audit Services in Queensland (tabled 13 April 2010)
- No. 4 for 2010 – Results of local government audits (tabled 21 April 2010)
- No. 5 for 2010 – Performance reviews – Using performance information to improve service delivery (tabled 18 May 2010)
- No. 6 for 2010 – Using student information to inform teaching and learning (tabled 20 May 2010)

If you would like further information please contact Queensland Audit Office: by email; enquiries@qao.qld.gov.au or phone +617 3149-6011; or fax +617 3149-6000.

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

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