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PASAI Bulletin

Inside this issue

Australian National Audit Office .	1
Cook Islands Audit Office	2
Office of the Federated States of Micronesia National Public Auditor.....	3
Queensland Audit Office.....	4
PASAI Secretariat	5

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.

1.0 Australian National Audit Office

The Australian National Audit Office (ANAO) is celebrating its 110th anniversary this year.



Far left: Auditor-General, Ian McPhee cuts the cake.
Right: Auditor-General, Ian McPhee and Deputy Auditor-General Steve Chapman.

The Audit Act 1901, which provided for the creation of the office of the Auditor-General, was the fourth Act passed by the first Commonwealth Parliament, which assembled in Melbourne in May 1901.

As Australia celebrated the Centenary of Federation in 2001, the Audit Office proudly marked its first 100 years. Since 1901 the Audit Office has not only been part of major developments in audit reporting and practice, it has significantly influenced debates about better public administration.

Successive Auditors-General have succeeded in maintaining the statutory independence of the Office while responding to the evolving needs of the Parliament, the Executive and public sector entities. The ANAO is now well regarded internationally as a progressive audit institution that employs contemporary approaches in its auditing and related activities. With the support of AusAID, we are also providing direct assistance to Indonesia and Papua New Guinea in relation to building the capacity of these audit offices through exposure to our audit methodologies and approaches.

To capture the 21st Century challenges and our pathway to success, we have commissioned a short DVD which showcases our people and our work. Visit our website www.anao.gov.au and follow the link to ‘About us’ and ‘110th Anniversary’.

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 Financial Audits

During the period 1 July to 30 September 2011, a total of 12 financial audit reports have been completed to be tabled in Parliament.

2.2 Special Reviews & Investigations

During the period 1 July to 30 September 2011, a total of 4 special reviews and investigations have been completed to be tabled in Parliament. These were as a result 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.

2.3 Crown Audit

The Cook Islands Government Consolidated financial statements combine the annual statutory accounts of Ministries (24), Island Administrations (10), Offices of Parliament (2), Corporations, Public Authorities and Companies (15) and other entities (8).

Before the consolidated financial statements for 30 June 2009 can be prepared, the Audit Office must first complete the audits of the above mentioned entities. Work to complete all outstanding 2009 audits has continued during the current period. At the same time planning and fieldwork has also been undertaken on the Crown Parent accounts for 2009. The final consolidated financial statements are now expected to be presented and audited by the end of December 2011.

If you would like further information please contact: Donna Engu (donna.engu@auditoffice.gov.ck) by email.

3.0 Office of the Federated States of Micronesia National Public Auditor

Federated States of Micronesia (FSM) Public Auditor Sworn In

Palikir, FSM — Haser H. Hainrick was sworn into office as the Public Auditor for the National Government of the Federated States of Micronesia (FSM) along with a few of the nominees who have been confirmed by Congress at 9AM this morning of October 7, 2011.

The brief ceremony was held in the cabinet meeting room at the President's Office. President Manny Mori administered the oath of office for Hainrick and other cabinet members. The President then congratulated and welcomed the cabinet members to their new posts and concluded the ceremony with a toast by thanking Congress for the opportunity given to each cabinet members to continue serving the nation.

The FSM Public Auditor Office is an independent office of the national government, charged to assess the financial transactions, program performance and effectiveness, and compliance of all entities receiving public funds from the National Government. The Public Auditor is the authority in charge of this office. It is a four year post and to continue to serve until a successor has been confirmed, appointed by the President with the advice and consent of Congress and eligible for reappointment through the same process.



Haser Hainrick with wife Athena Hainrick holding the Bible while he received his oath of office, October 7, 2011, in Palikir, Pohnpei

Hainrick has held the post since 2002 and this is his first reappointment to serve for another term starting this new fiscal year 2012.

Hainrick's educational background includes a Bachelor of Business Administration with double majors in Accounting and Management from Chaminade University of Honolulu. Given an extensive trainings in the intricacies of the institution of auditing, Hainrick's skills range from investigative to performance auditing and fraud detection and prevention.

Hainrick's employment background is equally rich with experiences in financial management, banking and human resource management. In the State of Chuuk, Hainrick's career path began in 1984 as fiscal officer for the State's Job Training Partnership Act. Within the same year, he was posted to Chuuk Government Department of Finance as a Supervisor. Two years later, he was hired by the National Government as an auditor for its Public Auditor Office. He worked with the Office of Public Auditor until 1992, when was hired as the Internal Auditor for the FSM Development Bank.

If you would like further information please contact: The Office of the National Public Auditor by TEL.691-320-2862/2863 FAX/691-320-5482

4.0 Queensland Audit Office

4.1 Key Developments

4.1.1 Auditor-General's Mandate

On 18 August 2011, Executive Council approved the proclamation for the commencement of the amendments to the Auditor-General Act 2009. These amendments to the Auditor General Act 2009:

- allow the conduct of performance audits of government agencies, excluding government owned corporations
 - * allow the conduct of performance audits of government agencies, excluding government owned corporations;
 - * provide for the audit of government financial transactions with third parties via a 'follow the dollar' approach;
 - * allow the easier sharing of audit results with other audit offices when undertaking collaborative audits; and
 - * provide for the Auditor-General to approve that certain small/low audit risk entities be able to appoint their own auditor.
- Programs to implement these amendments within QAO are currently underway.

4.1.2 New Queensland Parliamentary Committees

The new Parliamentary Committee arrangement has commenced, with the Committees meeting for the first time in early August. The Auditor-General provided the members of the new Finance and Administration Committee an overview of QAO, the role of the Auditor-General and the program of reports to Parliament until the end of the year. Committee members were very interested in QAO's work and the plans for the future, including the impact that the changes to the audit mandate will have on QAO's capacity to provide assurance for Parliament.

In addition to regular meetings with the Finance and Administration Committee, the Auditor-General will also interact with the other new Parliamentary Committees. Action is being planned to develop appropriate arrangements for these new responsibilities.

4.1.3 Visit from Nepal Electricity Authority

On 21 September 2011, QAO hosted a delegation from the Nepal Electricity Authority. The visit was arranged by the Queensland University of Technology and provided the delegates with an insight into risk management, strategies for enhancing internal control and an internal audit system in supporting performance accountability, and the relationship between internal audit and external audit.

4.1.4 INFORM Journal

The June 2011 edition of INFORM Journal features an article on the changes to the audit mandate and the implications of these changes. This issue also includes information on the major reform to the Parliamentary Committee system, an update on the recent QAO meeting with audit committee chairs held in July 2011, information on the upcoming Performance Audit Client Information session, an overview of new Standards, interpretations and exposure drafts and an update on QAO's contracting arrangements. It is available on QAO's website – http://www.qao.qld.gov.au/pages/publications/pub_inform.html.

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4.2 Auditor-General reports to parliament

4.1.1 Auditor-General's Mandate

The following reports were tabled or are proposed to be tabled during the second half of 2011:

- Report No. 6 for 2011 – Systems to coordinate delivery of the Toward Q2: Tomorrow's Queensland target - Halve the proportion of Queensland children living in a household without a working parent.
 - * Tabled on 6 July 2011.
- Report No. 7 for 2011 - National Partnership Agreement for National Disaster Reconstruction and Recovery.
 - * Tabled on 22 September 2011.

- Report No. 8 for 2011 – Follow-up of 2008-09 audit reports.
* Tabled on 29 September 2011.
- Report No. 9 for 2011 – Acquisition and public access to the Museum, Library and Art Gallery collections.
* To be tabled in October 2011.
- Report No. 10 for 2011 – Regulating Waste.
* To be tabled in November 2011.
- Report No. 11 for 2011 - Results of audits at 31 October 2011.
* To be tabled in November 2011.

These reports are made available on the QAO website after they have been tabled - http://www.qao.qld.gov.au/pages/publications/pub_ag.html

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.

5.0 PASAI Secretariat

5.1 14th PASAI Congress, Nukualofa, Tonga

The 14th PASAI Congress, held in Nukualofa, Tonga on 2-5 August 2011, was opened by the Acting Speaker of the Legislative Assembly, Lord Tu'i'afitu. In welcoming the delegates, Lord Tu'i'afitu recognised that the existence of independent SAIs is crucial to maintaining public confidence in the accountability relationship between the Government of the day and the public.



The Congress briefing by the Heads of Supreme Audit Institutions (SAIs) on the adoption of the Johannesburg Accords was an opportunity to share views on the implementation of the international requirements on several matters. The following is a summary of the discussion:

- Although a range of parliamentary frameworks exist in the region, all SAIs can consider relevant good practices from other jurisdictions.
- SAIs communicate the value of their work through their reports (to Parliamentary select committees, entities, public expenditure commissions, Boards, management, and audit committees), media releases, good practice guides, websites, workshops/seminars, and annual reports.
- The value of audits may be assessed by follow-up of audit issues, improved timelines, surveys, and peer reviews.
- PASAI has successfully introduced environmental audits on a co-operative basis on two audits – the audit of management of solid waste audit and the audit of access to safe drinking water.
- The rollout of the International Standards of Supreme Audit Institutions (ISSAIs) is being facilitated by the PASAI manuals/training materials, which are aligned with these standards.

The update on the programmes of the Pacific Regional Audit Initiative (PRAI) provided delegates with information on the progress and achievements in the last 12 months and discussed the planned work for 2011/12. This was well received by the Congress, which then endorsed the PASAI business plan for the 2011/12 financial year. The PASAI business session allowed members to discuss and endorse specific PASAI matters.

The Congress included two workshops – Leading organisational change and Implementation of ISSAIs. During the workshop on Leading organisational change, the Tonga Commissioner of Police, Chris Kelley, gave an inspirational keynote address on the changes he headed in the reform of the Tonga Police. This set a good platform for the workshop co-ordinator, Lin Weeks, to conduct a valuable and useful forum to prepare Heads of SAIs for the innovative changes in their own offices, which are the focus of PRAI.

The ISSAI workshop, conducted by Sarah Lineham of the Office of the Auditor-General of New Zealand, was a significant step by PASAI in the adoption of the ISSAIs. The presentation successfully raised the Congress' awareness by introducing an ISSAI checklist. The checklist focuses on the ISSAI at level 2 of the ISSAI framework dealing with the "Prerequisites for the functioning of SAIs". A copy of the presentation and the very useful checklist is available from the PASAI website – www.pasai.org.

5.2 5th PASAI Governing Board meeting

In conjunction with the Congress, the PASAI Governing Board held its 5th meeting at the International Dateline Hotel, Nukualofa, Tonga on 1 August 2011. The Board considered and discussed PASAI governance issues, projects, strategy, and funding and general business issues. A number of these matters were taken to the business session of the Congress for its endorsement.



The Governing Board also met as the governing body of the PASAI Incorporated Society to discuss matters required under the New Zealand Incorporated Society law. These include approving the 2010/11 Annual Report and audited financial statements of the society and the appointment of the 2011/12 auditors.

A clear theme from the Governing Board, taken into the Congress, was that PASAI has past its substantial and necessary set-up phase and that it is now time for PASAI and individual SAls to effectively implement and integrate the benefits of the PRAI. Both the Governing Board and Congress adopted a new performance framework designed to assess the outcomes achieved by the PRAI as well as its outputs.

The performance framework will be an important tool for the Governing Board and PASAI's development partners to assess the effectiveness of the PRAI implementation.

5.3 Manuals and guidelines

Three PASAI manuals (Human Resources Management, Reporting Guidelines, and Quality Assurance Guidelines) have been printed and are being circulated to SAls in the region. The hard copy manuals comes with electronic copies on CDs.

- *Human Resources Management* – The manual provides guidance for PASAI members on human resource management. It outlines international best practices on recruitment, retention, career development, and training of staff, their well-being, and performance management. It is a guide on best practices that the member countries can adopt or adapt as guidance if they choose to develop their own manual that is specific to their jurisdiction.
- *Reporting Guidelines* – The guidelines outline the characteristics of a good report as well as report writing techniques, how to report on financial statement and performance audits in keeping with relevant audit reporting standards, how to produce special reports that contribute to improved public sector governance, and how to produce annual reports. The guidelines incorporate templates, checklists, and samples that serve as useful aids.
- *Quality Assurance Guidelines* – The guidelines have been produced to assist PASAI members in the effective delivery of an SAI's mandate. It provides guidance to SAls in establishing or enhancing their quality assurance (QA) function. The guidelines outline the fundamentals of QA and how it differs from quality controls, the regulatory framework including the relevant auditing standards, the implementation of a QA function, the QA review process, and special considerations.

Electronic copies of the manuals are also available from the PASAI website – www.pasai.org.

5.4 Co-operative performance audits

The regional report of the first co-operative audit on management of solid waste was approved by the PASAI Governing Board when it met in Nukualofa, Tonga on 1 August 2011, and was circulated at the 14th PASAI Congress. The report summarises the findings of the 10 national reports, most of which are now public documents. The regional report is now available from the PASAI website – www.pasai.org.

The key findings from the audit include the following:

- Although there are legal frameworks for effective solid waste management, for most participating countries, these are not supported by national policies and operational plans.

- Where there are policies and operational plans, there were some examples of good practices. In other cases, effective waste management requires an integrated approach focusing on prevention, generation, recycle/reuse/recover, collection, transport, and treatment and disposal.
- Lack of financial resources was a significant barrier to effective solid waste management
- Some countries had significant health risks from poor waste management.
- There is lack of quality information about whether expenditure on waste management is achieving the intended results.

The second co-operative audit on access to safe drinking water has been completed and six of the 10 participating SAIs have made their national reports public. The other four SAIs are finalising arrangements to make their reports public. The regional report on the audit will be released once all 10 national reports have been made public.

Following on from the planning meeting in August 2011, most of the 12 participating SAIs in the third co-operative performance audit on sustainable fisheries management have had their audit plans approved by their Head of SAI and have started their fieldwork.

5.5 Sub-regional audit support programme

The Kiribati phase of the second round of the sub-regional audit support (SAS) programme has been completed. The SAS team successfully completed fieldwork for two key audits – the Kiribati Provident Fund [2008/09] and the Kiribati Public Utilities Board [2008/09]. Reporting for these is under way.

The Nauru phase of the programme started when the SAS team was deployed to Nauru on 19 September 2011. The team started with the audit of the 2008/09 accounts of the Nauru Utilities Authority on 26 September 2011. Preparations are under way for a second audit, which will be the 2009/10 accounts of the Nauru Utilities Authority. Completing this audit will bring the authority up to date with its audits and allow the Nauru Audit Office to complete the 2010/11 accounts, which are expected to be delivered in the next two months.

5.6 Allen Parker takes up Director of Audit position of the Cook Islands

Allen Parker of the PASAI Secretariat tendered a notice of termination of his secondment to PASAI on 28 September 2011. He takes up the position of Director of Audit of the Cook Islands in November 2011.

Allen has been the PASAI Capacity Building Advisor for the last 18 months. During that period, he has provided advice and support to the SAIs that participated in three co-operative performance audits – the completed solid waste audit, the water audit currently being finalised/tailed in legislatures of participating SAIs, and the sustainable fisheries audit that has just started. He has also been involved as a co-ordinator for the development of PASAI training materials, which are also being finalised. In addition, Allen played a key role in establishing the PASAI accounting system.

The good news is that Allen is keen to support PASAI in its future programmes where possible. He has developed considerable experience in capacity building under the PRAI and the work of the PASAI Secretariat, which will be very useful when Allen is called upon to assist.



On behalf of the Chairman of PASAI Pohiva Tuionetoa, Secretary-General Lyn Provost, and the Governing Board, we wish Allen all the best in his new role.

We also recognise Allen's appointment brings to an end the long service as Director of Audit of our colleague and friend, Paul Allsworth. Paul has long supported PASAI and was chair of the Transitional Working group when the major reorganisation of PASAI and adoption of the PRAI was made. His efforts were important and we are the recipients of his hard work today.

5.7 PASAI calendar

In the next three months, PASAI has the following activities planned:

- 19 September - 25 November – SAS Nauru phase audits;
- 2-11 November – Communications pilot training; and
- 17-25 November – Pilot training, Tier 4 – Management of government audits.

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

Email: enquiry@pasai.org

Telephone: +64 9 304 1275

Fax: +64 9 307 9324