



Vanuatu Complete 2014 WOG Audit

The SAI of Vanuatu with the support of PASAI through the Technical Adviser, Mr Henry McGregor has completed the 2014 WOG audit. Mr McGregor visited Vanuatu from 26th May - 8th June to review the audit file and to assist with the finalisation of the WOG audit.

The audit was a great learning experience for the SAI staff as they focussed on adding value and not just repeating the previous year's findings. The management report also contained detailed analysis of all the findings raised and suggestions on how the Ministry of Finance and Economic Management (MFEM) could improve the current and future financial statements.

The management of MFEM are now working actively on addressing the issues in the Management report to improve the financial statements as the Vanuatu Expenditure and Review act of 1998 requires the SAI to give the Ministry time to address the issues. MFEM have been actively addressing some of the previous years findings to improve the audit opinion issued.

We look forward to the final audit report and completion of the 2015 and 2016 accounts.

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Photo: Mr Henry McGregor (centre front) with Ms Elsie Dick Willy, Acting Auditor-General (front, third from left) and staff of the Vanuatu Office of the Auditor-General.

PASAI'S Initial Support to the Kiribati National Audit Office (KNAO)

The PASAI programme of support to the KNAO was provided against the backdrop of the 2017 Kiribati Audit Bill which is due to be read a second time in August 2017. The Bill provides for an enhanced mandate for the Auditor-General (AG) at Part IV – Power and Functions of Auditor-General including s.22 (1) (d) *to conduct performance, environmental and IT audits in respect of any person, body or thing ascertained in accordance with governing laws and policies.*

In line with Kiribati Government policy directions as set out in the Kiribati Development Plan (KDP 2), the KNAO has a Ministry Operational Plan (MoP) for 2016-19. This Plan specifies the audits the Office will conduct over this period against each of the KDP's Key Priority Areas and across the three audit streams – financial, compliance and performance. The KNAO is required to report its performance against Key National Indicators.

The assignment was carried out over two weeks from Tuesday 30 May – Friday 9 June by Claire Kelly – PASAI Performance Audit (PA) consultant and Puva Heako – PNG AGO (the Melanesian representative on PASAI's sub-regional Performance Audit (PA) project team). The initial task was to develop a good understanding of KNAO's PA capability. To do this, the PASAI support team used the SAI PMF Domain C (Performance Audit) to diagnose the PA capability of the KNAO. This SAI PMF assessment provided PASAI and the Office with a good understanding of organisational and staff capacity challenges related to effective PA. Recommendations based on the results of this assessment provided KNAO with a strategic approach to strengthen its PA capabilities.

Of major importance for this PASAI programme of support and future capacity building initiatives for the KNAO, the Audit Bill requires the Auditor-General to have regard to recognised professional standards and practices and to apply the International Standards for Supreme Audit Institutions (ISSAIs) to all its audit work. This provided the context for the second week of the assignment. The PASAI support team walked a number of Audit Office staff through the entire PA process in accordance with the ISSAIs. This was supplemented by the conduct of a pre-study on the Management of Development Funds by the Kiribati Ministry of Finance and Economic Development (MFED). This exercise was informative in that it provided the KNAO team with an understanding of the complexity of the development funds management process. As a result, Ms Matereta Raiman, the Auditor-General (AG) for Kiribati, proposed to postpone an audit into the Management of Development Funds and wait for the passage of the legislation. The AG suggested that it would be timely to conduct a smaller, targeted audit on Management of Development Funds later in 2017. She also suggested that involvement in this audit would be beneficial for the staff who will be participating in the larger PASAI Co-operative PA on SDG preparedness in 2018.



A post assignment report was provided to PASAI and the KNAO outlining PA capacity development requirements that can be addressed through targeted, short term assistance in combination with long-term technical support.

This programme comes under the Strategic Priority 3 of PASAI's Strategic Plan of achieving high quality performance audits.

Photo: (L to R) Matereta Raiman (Kiribati Auditor-General), Claire Kelly, PASAI Performance Audit Consultant, Puva Heako, PNG AGO PASAI Melanesian sub-regional Performance Audit

PASAI is Leading the way Auditing SDG Preparedness by Pacific Governments

PASAI is part of a Global INTOSAI, IDI, Knowledge Sharing Committee (KSC) Performance Audit Programme, relating to preparedness for implementation of Sustainable Development Goals (SDGs). This will be PASAI's 6th Co-operative Performance Audit and it has come at a perfect time when the globe is focussing on implementing SDGs. We are pleased to note that more than 100 SAls in the INTOSAI community have expressed interest in the Auditing SDGs Programme. INTOSAI has also prioritised SAI contribution to implementation of SDGs as a cross-cutting priority in its current strategic plan. PASAI will be one of the first INTOSAI regions to support a Co-operative Performance Audit on Preparedness for Implementation of SDGs. After the programme delivery, PASAI will share the lessons learned with a Pacific Regional Report on how the national governments are prepared to implement the SDGs in their countries.

From 19-23 June 2017 a project team gathered in Auckland NZ at the PASAI Secretariat office to plan for this global programme and also the PASAI 6th Co-operative Performance Audit. The project team includes PASAI Director Technical Support, A'eau Agnes Aruwafu, PASAI Consultant/Performance Audit Advisor, Ms Claire Kelly, PASAI Sub-regional representatives Mr Puva Heako (PNG SAI), Ms Erwihne David (FSM National SAI), Ms Oceanbaby Penitito (Samoa SAI), RWGEA Co-ordinator Mr Jonathan Keate (observer), and for the first time a representative from Pacific Island Forum Secretariat (PIFS) SDG Taskforce Team Ms Portia Dugu, Research Officer Forum Compact. This programme is part of the Strategic Priority 3 of the PASAI Strategic Plan, which is aimed at high quality audits completed on a timely basis.



During the week the team discussed the programme, which will include participation as mentors of the 8 week e-learning course (IDI product), and the joint planning/reporting meetings for audit teams during the 6th CPA. The fourteen (14) SAls participating are:

MELANESIAN	POLYNESIAN	MICRONESIAN
Fiji	Cook Islands	FSM Kosrae
PNG	Samoa	FSM National
Solomon Islands	Tonga	FSM Pohnpei
	Tuvalu	FSM Yap
		Kiribati
		Marshall Islands
		Palau

There are a total of 32 auditors registered and they are to embark on the 8 week e-learning course beginning 12 July 2017.

PASAI is looking forward to the positive outcomes and impact of this programme which will highlight to governments the relevance and importance of SAls, (i) in the implementation of the 2030 Agenda for SDG and (ii) ultimately making a difference to the lives of citizens.

Should you have any queries about this programme please contact any of the following:

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Photo L to R: Oceanbaby Penitito, Erwihne David, Shofiqul Islam, Claire Kelly, Portia Dugu, Puva Heako

A Family of Pacific Auditors

PASAI's motto of 'Pacific Auditors working together' goes beyond auditing. Ms Erwihne David, Senior Auditor of FSM National attended the PASAI planning design meeting for the 6th Co-operative Performance Audit (CPA) in Auckland NZ from 19-23 June 2017 and was returning to her home when her Auckland flight was delayed. This caused her connecting flights from Australia to PNG and from PNG to FSM to be missed. PASAI rescheduled her flights and she flew to PNG on Sunday 25th June and had to wait there for the next direct flight to FSM, which was Wednesday 28th June 2017. PASAI reached out and told the PNG Auditor-General Office (AGO) of Erwihne's predicament and they came to her rescue to make her feel at home.

Led by Mr Puva Heako (who was also at the Auckland NZ meeting) he arranged for Erwihne to visit the PNG AGO office and meet his performance audit staff and when she was ready to go to the airport, the PNG AGO office also met with her and arranged transport.

Thank you PNG AGO for a wonderful display of Pacific brothers and sisters helping one another!



Photo: Ms Erwihne David (centre) with the PNG AGO family.

PASAI attends 14th INTOSAI-Professional Standards Committee Meeting

The 14th meeting of the INTOSAI Professional Standards Committee (PSC) was held at the headquarters of the Federal Court of Accounts of Brazil, the PSC Secretariat in Brasilia from 9-10 June 2017. Fifty-two delegates from INTOSAI sub-committees (Capacity Building Committee - CBC, Financial Audit and Accounting Sub-committee - FAAS, Performance Audit Sub-committee - PAS, Internal Control Standards Sub-committee - ICS), the INTOSAI General Secretariat, INTOSAI Development Initiative (IDI), International Federation of Accountants (IFAC), Institute of Internal Auditors (IIA), World Bank, PASAI, AFROSAI-E, CAROSAI, ARABOSAI, EUROSAI and representative SAIs from ASOSAI attended.

The PSC Steering Committee is the governance body for the PSC and the Forum for INTOSAI Professional Pronouncements (FIPP). It meets annually to make the main decisions concerning INTOSAI standard-setting. The lively discussions over the two-day meeting touched on key responsibilities of this committee and included enhancing and improving:

- Co-ordinating the work of the PSC and ensuring that the PSC supports the objectives set for Goal 1 in the INTOSAI Strategic Plan.
- Assuring that FIPP works on behalf of the INTOSAI and giving guidance to its work.
- Approving the Strategic Development Plan (SDP) for the INTOSAI Framework of Professional Pronouncements (IFPP).
- Approving the Terms of Reference of the PSC, the FIPP and the Subcommittees for submission to the Governing Board.
- Approval of the budget for the INTOSAI standard-setting.

The PASAI Secretariat was represented at this meeting by PASAI's Director of Technical Support, A'eau Agnes Aruwafu. Please refer to the website for more information <http://www.psc-intosai.org> or email the PASAI Secretariat.



Communications Training in Solomon Islands and Tuvalu

June was a busy month for the Communications team in PASAI, with back to back 'Communicating and Promoting Value and Benefits of SAI' workshops completed in the Solomon Islands, 5 - 10 June 2017 and Tuvalu, 26 - 30 June 2017. The workshops were the third and fourth SAI specific Communication workshops by PASAI conducted over the last 12 months, which aim to improve report writing and stakeholder engagement for its members.

Participants learnt how to identify and analyse key stakeholders for their SAs and how to write a communication strategy to effectively communicate the value and benefit of their work to make a difference in their public service. The second half of the workshop was spent on learning how to write clear, concise and simple audit reports to communicate audit findings, as well as how to write media releases. Public speaking, dealing with the media and using social media to communicate audit results was also covered.

The response from all the participants was very positive. Participants stated, "The session helped a lot towards report writing" and "This training is useful and can help me improve my

communication skills". Others commented, "This training is a wake up call. The pre-test showed me that I need to improve my communication." "The sessions are helping us with drafting our communication strategy for our office. It's been really good."

In addition to the SAI staff, the Tuvalu workshop included attendees from the Prime Minister's office and Tuvalu Broadcasting Corporation (TVBC). The Tuvalu Office of the Auditor-General is hosting the upcoming PASAI Congress in August, and the theme will be "Promoting Values and Benefits of SAs through Effective Communication". This workshop for Tuvalu has been a good lead in to the Congress.

The training workshops were co-facilitated by PASAI's Director of Advocacy, Engagement and Financing, Aolele Su'a Aloese and PASAI's Communications Advisor, Tina Vaka. The training was hosted by the respective Solomon Islands Office and Tuvalu Office of the Auditor-General, and supported by the Australian Department of Foreign Affairs and Trade (DFAT) and the New Zealand Ministry of Foreign Affairs and Trade (MFAT).



Photo above: The Solomon Islands SAI staff with Auditor-General, Peter Lokay (front row, centre)



Photo above: Solomon Islands SAI participants engaged in report writing activity.



Photo above: Tuvalu SAI staff participants of the Communications workshop, with Auditor-General Eli Lopati (front row, second from the left).



Photo above: SAI Tuvalu staff participants presenting their stakeholders list.

Accounting standards training for Tonga Government accountants and auditors

PASAI and the University of the South Pacific (USP) partnered on 3-7 July to promote improved government transparency and accountability through training on 'International Public Sector Accounting Standards' (IPSAS) for the Tonga government accountants and auditors.

The workshop supported the Tonga government to strengthen government accountability and transparency. In particular it aimed:

- i. to enhance the skills of government accountants and auditors in interpreting the relevant standards and understanding the advantage of adopting IPSAS;
- ii. to strengthen knowledge sharing on common issues/challenges faced by accountants and auditors in interpreting IPSAS; and
- iii. to strengthen collaboration between government auditors and government accountants who prepare the government's financial statements.

The programme is one of the activities under the Support for External Oversight Function of the Public Financial Management System (Tonga), a project under the Tonga Public Financial Management (PFM) Reform Roadmap funded by the Australian Department of Foreign Affairs and Trade (DFAT). Australia's Deputy High Commissioner in Tonga, Rhona McPhee said that "Australia is pleased to support this important work in Tonga. Strengthened accounting skills and broader public financial management will help build the confidence of both the general public and those wanting to invest in Tonga's future."

The workshop aimed to enhance the knowledge and interpretation of IPSAS and their application. It focussed on the following IPSAS:

- *Cash Basis IPSAS*
- *IPSAS 22 Disclosure of Financial Information about the General Government Sector*
- *IPSAS 24 Presentation of Budget Information in the Financial Statements*
- *IPSAS 33 First-time Adoption of Accrual Basis IPSAS.*

It also covered the *International Accounting Standards (IAS) 20 Accounting for Government Grants and Disclosure of Government Assistance*. The use of cases from the Tonga Whole of Government and Public Enterprises accounts assisted the participants in the practical use of the standards.



Photo: Professor Arvind Patel (left) discusses the application of an IPSAS with workshop participants.

Accounting standards training for Tonga Government accountants and auditors - (cont.)

Professor Arvind Patel, Head of School of Accounting and Finance of USP delivered the programme as well as introduced the programme on the moodle platform for participants to learn interactively online.

The workshop was attended by 30 accountants and auditors from the Tonga Office of the Auditor-General, Ministry of Finance and National Planning, government ministries and public enterprises. Mr Sefita Tangi, Auditor-General of Tonga said that “the high level of participation including attendance during a public holiday underscores the importance of attaining the world’s best accounting skills and standards.”

The participants are now more equipped with the skills needed to produce high quality financial statements in line with international accounting standards. They have also made suggestions for consideration by senior management of key ministries at the Tonga PFM Symposium to be held in Nuku’alofa on 21-23 November 2017.

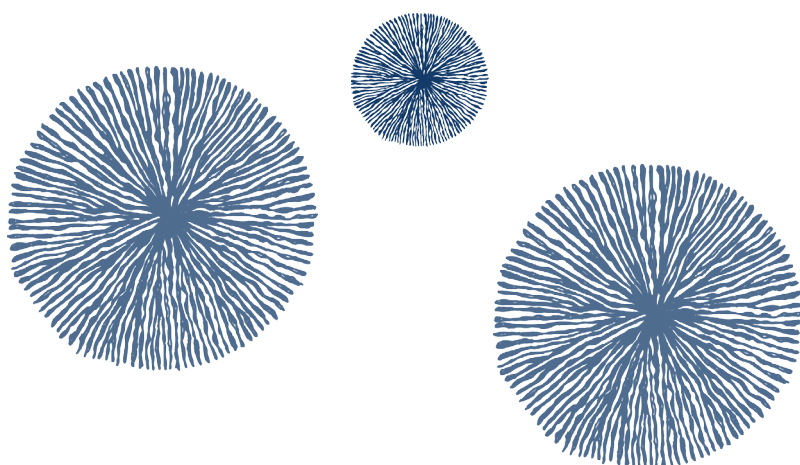
PASAI acknowledges the kind financial support of the Australian Government in improving public financial management in Tonga.

For more information, please contact Eroni Vatuloka at eronivatuloka@gmail.com or phone +679 928 3318.

“Strengthened accounting skills and broader public financial management will help build the confidence of both the general public and those wanting to invest in Tonga’s future.”



Photo: Workshop participants.



PNG SAI join FSM Pohnpei for Investigations and Report Writing Training

PNG SAI has a newly establish Forensic Unit and had been looking for Forensic, Fraud and Investigation training for their team. They requested assistance from PASAI's Director of Technical Support, A'eau Agnes Tuiai-Aruwafu to source a training programme and information sharing opportunity to bring their unit up to speed.

As a result, the PNG SAI received an invitation from the Office of the Pohnpei State Auditor in the Federated States of Micronesia, for training on Report Writing on 3-5 July 2017, and Investigation training on 6-7 July 2017.

The report writing covered topics such as:

- developing and writing clear, measurable objectives; answering those objectives directly;
- converting audit work into message-driven findings;
- developing the four elements of a finding (esp. cause and effect);
- constructing concise documents responsive to the needs of the busy reader;
- building an effective main-point-first document structure;
- creating unified and coherent paragraphs;
- writing clear, focused sentences;
- adopting an appropriate tone and professional style; and
- practicing self-reviewing

The investigation training, participants started with a general overview of fraud investigations and discussed roles of investigators, auditors and prosecutors. They then discussed five of the most common fraud schemes: Bribery/Kickbacks, Product Substitution, Public Corruption/Conflict of Interest, False Claims/invoices. Participants also discussed how to detect and recognize each scheme and then how to investigate them – this included a full case study for each scheme.

PNG SAI sent one participant to attend the two trainings which was very beneficial to the new Forensic, Fraud and Investigation unit. PNG SAI is grateful to PASAI for their support and look forward to their continued assistance.



Photo left: Report writing workshop participants.



Photo below: Investigative training workshop participants.

Final Performance Assessment of Public Auditor's offices completed

The Federated States of Micronesia's Office of the National Public Auditor (ONPA) completed its assessment on Friday 28th July 2017. The week long assessment was conducted by a peer review team consisting of Ms Yukari Hechanova, Deputy Public Auditor and Ms Rodalyn Gerardo, Audit Supervisor, both from the Guam Office of Public Accountability (OPA), and Mrs Sinaroseta Palamo-Iosefo, PASAI's Director of Practice Development. This is the final of six assessments conducted as part of Phase II of the regional project supporting the assessment of public auditor's offices in the North Pacific.

While Public Auditor's Offices, also known as Supreme Audit Institutions (SAI) in the global community of public sector or government auditors, measure the performance of other government entities, it was also critical that the performance of public auditors is measured at some point. Like all assessments conducted within the scope of this regional project, this assessment was also conducted using INTOSAI's SAI Performance Measurement Framework (SAI PMF). The framework assesses a holistic performance of the SAI covering audit work, internal governance and ethics, relations with external stakeholders and independence and legal framework. This series of performance peer reviews will conclude with all six SAIs presenting and discussing their draft performance reports during a workshop to be held in October 2017.



Mr Haser Hainrick, Public Auditor of ONPA welcomed the assessment and is looking forward to the results to assist his Office in identifying areas of their operations that require improvement. The peer review team acknowledged their appreciation for ONPA's support and hospitality during the review week.

Front row (l-r): Sina Palamo-Iosefo, Rodalyn Gerardo, Rosadelima Alfons, Yukari Hechanova

Back row (l-r): Kelly Samuel, Dane Williams, Keller Phillip, Haser Hainrick – Public Auditor

Mapping and iCATs Workshop for Tonga

A workshop on Conducting Mapping and iCAT (ISSAI Compliance Assessment Tools) was held at the Tungi Colonnade Hotel, Nuku'alofa, Tonga for the staff of the Tonga Office of the Auditor General (TOAG). The workshop was delivered by INTOSAI Development Initiative (IDI), based in Oslo, Norway; an organisation that supports the strengthening of performance and capacities of government audit offices or Supreme Audit Institutions (SAIs) around the world.

The objective of the programme was for SAI Tonga to implement ISSAIs (International Standards of Supreme Audit Institutions) by putting in place a strategic plan on the basis of SAI PMF results, audit mapping exercise results and the needs reflected on the iCATs. The outcomes of the programme included:

- Setting baselines for current ISSAI implementation status (2017)
- Developing and initiating implementation of a strategic plan that crafts a strategy to move towards greater compliance with ISSAIs.

The workshop is the start of support to SAI Tonga for implementing ISSAIs under the *Support for External Oversight Function of the Public Financial Management System (Tonga)*. The full implementation schedule is as follows:

1. Workshop for SAI management and staff in mapping and iCATs (July 2017)
2. SAI Tonga maps audit practice (August - October 2017)
3. SAI Tonga conducts iCATs (November 2017 – January 2018)
4. Workshop on SAI strategic management (February 2018)
5. Strategic plan development in SAI Tonga (February – April 2018)
6. Workshop for finalising the SAI strategic plan, including performance measurement framework and operational plan for the first period (May 2018).

The 30 or so participants which included the senior management staff of the TOAG, were trained on a method to implement ISSAIs in a holistic and phased approach. It is holistic as it involves the adoption and implementation of ISSAIs for financial, compliance and performance audits; and phased allowing the TOAG to be fully compliant with the standards over a period of time, while at the same time having minimum impact on the usual operational work of the TOAG.

Mr. Sefita Tangi, Auditor-General of Tonga remarked, “The Tonga Audit Office is grateful for this opportunity to pilot in the Pacific region the SAI level support project of the IDI’s global ISSAI implementation initiative, 3i Programme Phase II. The expected outcome of this project is ISSAI compliant audits conducted by the TOAG.”

The workshop was facilitated by Shofiqul Islam, IDI Manager Capacity Development, and assisted by Eroni Vatuloka, PASAI PFM (Public Financial Management) Consultant.

PASAI acknowledges the kind financial support of the Australian Government and the IDI in improving public financial management in Tonga.



Photos: Participants engaging in the Mapping and iCATs workshop.



TECHNICAL SUPPORT UPDATE #06 & #07/2017

This is a *new section* which commenced in January 2017 and alerts our members to (i) changes in International Standards of Supreme Audit Institutions (ISSAIs) due to updates or amendments to International Standards of Auditing (ISAs) or changes in professional standards which will affect the Generally Accepted Auditing Standards (GAGAS) and (ii) any other relevant issues or matters of interest that may impact on SAI member's ability to fulfill their audit mandates.

This update is not meant to be exhaustive and reading this update is not a substitute for reading and fully understanding the requirements of ISSAIs or GAGAS. This update also does not address the responsibilities of the auditor that may exist in law, regulation or national standards, which may contain requirements in addition to those established by these standards.

SUGGESTION BOX - 30 JUNE – PASAI's END OF A FINANCIAL YEAR

PASAI is requesting from the Pacific SAIs some topics that they would like to be covered in the Technical Update over the next 12 months.

Please send your suggestions to secretariat@pasai.org or agnes.aruwafu@pasai.org.
PASAI look forward to your suggestions!

PASAI CALENDAR

THE NEXT SIX MONTHS

- **7 August:** 17th Governing Board Meeting, Funafuti, Tuvalu
- **8 – 11 August:** 20th PASAI Congress, Funafuti, Tuvalu.
- **21 – 25 August:** APIPA Congress, Majuro, Marshall Islands
- **21 – 24 September:** Capacity Building Committee meeting and Donor Co-operation Steering Committee meeting, Washington DC, USA.
- **2 – 6 October:** SAI PMF Phase II Performance Analysis meeting, Majuro, Marshall Islands
- **27 November – 1 December 2017:** PASAI/IDI 6th CPA SDG preparedness – joint planning workshop, Suva, Fiji (tentative dates – TBC)

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