



PASAI

NOV 2018 NEWSLETTER ISSUE 16

Pacific Auditors Working Together

As 2018 comes to a close, PASAI brings you a bumper issue of the newsletter looking back at recent events and activities in the SAIs, PASAI's involvement with international activities, and - in the case of SAI Pohnpei - a reflection of the whole of the year.

Inside this Newsletter

- A year in the Life of Pohnpei Office of the Public Auditor
- SAI CNMI achieves CPE credits
- Quality workshops for quality audits - IDI/PASAI's QA event in Vanuatu
- SPMR workshop in Cook Islands helps Pacific Audit Institutions align operations to strategic plans
- SAI Young Leader experiences of three PASAI SYLs
- SAI Samoa & NZ's Twinning activities
- Vanuatu and Fiji moving forward asset valuation and asset management
- SAIs Engaging with Stakeholders Review Meeting in Pretoria, South Africa

WISHING YOU A
Merry Christmas
AND PROSPEROUS 2019



FROM THE TEAM AT
PASAI



"Pacific Auditors Working Together"

Congratulations to all on all the important advances and achievements made during 2018, and here's to many more in the year to come.

*Tiofilusi Tiueti
Chief Executive*



A year in the Life of Pohnpei Office of the Public Auditor



JANUARY

January is the month of the year dedicated by the Romans to Janus, the Roman God of Beginnings and Endings. For POPA, the beginning of 2018 brought new challenges for the year. POPA's, Compliance Investigation Division (CID) lost an employee but continued the work they've been doing even though they were short-staffed. POPA's working together is already a success for them.

On January 25, 2018, POPA employee had a farewell lunch for Eugene of POPA's Compliance Investigation Division (CID), who was with POPA for almost four years. While public auditors understand and are pleased for staff moving on to greener pastures, this is one of the weaknesses stated in POPA's SWOT analysis: low staff morale because low-ranking auditors have received the same salaries since 1997 due to a salary freeze.

Eugene (second to the left) together with the rest of POPA's team



FEBRUARY

The word **February** is born from the Latin word Februarius, from Latin februare meaning to "purify" or "expiate." Like a purification process, once every three years, APIPA members go through a Peer Review as required in the Government Auditing Standard (GAS). This year, POPA together with Kosrae Office of the Public Auditor (KOPA) were assigned to do a Peer Review of Yap Office of the Public Auditor (YOPA). APIPA's peer review program is intended to help



Peer Review Team (middle row) with YOPA team

member organizations in their efforts to meet professional standards. By completing the Audit Organization Description of its Quality of Control System (QCS Description), an organization can identify weaknesses in its internal quality control system and develop improved procedures to help ensure compliance with Auditing Standards.

On February 19-23, 2018, POPA and KOPA Peer Reviewed YOPA. The Peer Review team was composed of Alice George, Auditor III from KOPA and Alice Etse, Audit Manager from POPA with Cherry Lyn D. Somcio, Senior Auditor (POPA) and Elizabeth Jonah, Auditor II (KOPA) as observers.

MARCH

March symbolizes spring time in the US - a time of growth and new beginnings.



SYL's and coaches from FIJI, Samoa, Pohnpei, Tonga and Cook Island with IDI

On March 19-29, 2018, Cherry from POPA was one of the 25 SAI Young Leaders invited to Chennai Interaction. For POPA, like the message of springtime, this was an opportunity to grow and to make a positive change. In this International Interaction, SYLs were able to discover themselves so they can make positive change to their respective SAI.



Networking activity

SYLs were also taught on how to improve their respective Change Strategy. POPA's change strategy is the Communication Strategy for the office to promote its value and benefits to different stakeholders. POPA embrace this change and see the good in it.

On the last day of the interaction, participants had this networking game. Through this activity, SYL and coaches promised to have a strong tie and continue to help each other. All SYLs and their coaches were inspired by the different stories from different participants.

APRIL

April derives from the Latin aperire meaning "to open". For POPA, this meant the opening of possible partnerships with different sectors, especially the youth sector. POPA believes that youth plays an important role in public service. It is their right to participate in the decision of the government that affects them.

On April 27, 2018 upon the request of Pohnpei Department of Education, POPA conducted a workshop in the conference room of Pohnpei Office of the Public Auditor. The workshop focused on the value and benefits of the Pohnpei Office of the Public Auditor. We also discussed the perks of Auditing Profession and CID presented a video on Fraud Prevention. This workshop was an opportunity for POPA to explain the importance for all to know where and how the government is using public funds.



POPA with High School student's participants

MAY

May comes from the Roman Goddess Maia which is the Oscan Earth-Goddess, and an ancient Roman Goddess of springtime, warmth, and sustaining abundance.

During this month, POPA's Senior Auditor participated in the Performance Audit of Preparedness for Implementation of Sustainable Development Goals. The audit team consisting of POPA, KOPA, YOPA and the Office of the National Public Auditor (ONPA) worked together to finish the audit report. This audit was one of the most challenging performance audit they've done because team members came from different states and most of the time they just communicate through emails or Skype, and with a slow internet connection.

Like the flowers in May continue to grow, this is the month where SYL Cherry and her coach Alice Etse worked together to improve the Communication Strategy of POPA based on the feedback of IDI as well as the Integrated Change Plan of SYL. This was done aside from the other projects.



JUNE



FSM Police Academy



Summer in Pohnpei starts from **June**. Tropical countries like Micronesia turn green because it is where the plants bloom and grow quickly.

On June 22, 2018, the Pohnpei Office of the Public Auditor (POPA) conducted a

fraud awareness workshop for the 2018 FSM Police Academy participants at their camp site, the Saladak Elementary School in U. The event was conducted as part of POPA's Community Outreach Program in promoting public awareness of fraud and corruption in the public sector and how they can be prevented. The workshop was featured in Kaselehlie Press on July 9, 2018. This is one of the public awareness activities of POPA in promoting the value and benefits of the SAI to different stakeholders.

On June 11-15, 2018, FSM audit Team (YOPA, POPA, KOPA and ONPA) attended the Audit Review Meeting in Nadi, Fiji for the Cooperative Performance Audit of Preparedness for Implementation of Sustainable Development Goals (SDG). In this meeting, POPA acknowledged the importance of SDG audit for the future of FSM.

This was also the month where the Communication Strategy of Pohnpei Office of the Public Auditor (POPA) was formally signed and approved by Public Auditor, Iso Ihlen K. Joseph. The objective of POPA's Communication Strategy is to promote its value and benefits to all types of stakeholders, especially Pohnpei citizens. Like plants and flowers in summer, POPA is very optimistic that these value and benefits will continue to grow.



FSM Audit Team in Nadi, Fiji together with other participants, mentor and Shofiq from IDI

JULY

Sunset at Black Coral

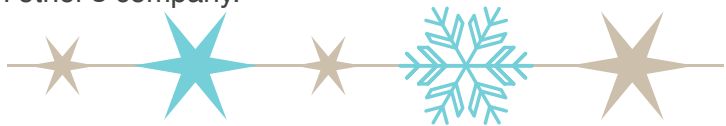
July was named by the Roman Senate in honour of Roman general Julius Caesar.

Back in Rome, it was said that Caesar knew the names of each and every soldier fighting with him. That personal connection was a chance to win the confidence of his army. A leader doesn't need to be "best friends" with every member of his team, but from this story we can learn that having a personal connection with co-workers is something positive and shows the leader to be empathetic with people. Being empathetic is a powerful leadership tool because it shows deep respect for co-workers.

POPA recognizes the value of each team member. They took a break from work on July 21, 2018 for a "bonding retreat". POPA team, together with their respective families, had a picnic at one of the beautiful small island of Pohnpei named Black Coral. They stayed overnight and were able to experience the beautiful view of sunset and sunrise in that place. The POPA team was able to bond, rest, and enjoy the beautiful Island and each other's company.



AUGUST



The Bear animal represents in the Native American Zodiac Sign, standing for stability, reason and taking action without fear. Like the bear, POPA wants to be a role model in FSM and perhaps even to all PASAI members in taking courage and being fearless in fighting against fraud and corruption.



On August 10, 2018, Ms. Sophia Pretrick, Investigative Advisor of the Pohnpei Office of the Public Auditor (POPA) closed the APIPA 2018 conference in Palau by presenting a session on "Fraud Awareness and Prevention". The session described and provided examples of the Federated States of Micronesia's Fraud Awareness and Prevention program and included a video presentation on fraud prevention.



APIPA participants

FSM Women's Conference



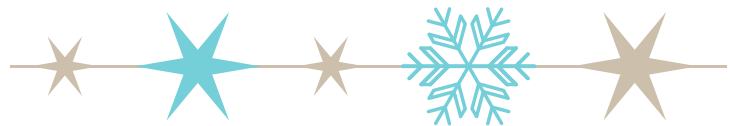
On August 27, 2018, Pohnpei Office of the Public Auditor (POPA) presented its Fraud Awareness Program at the 8th FSM National Women's Conference. The conference was held at FSM-China Friendship Center (COMFSM) and attended by more than 300 delegates of women from Pohnpei, Chuuk, Yap and Kosrae States from different fields. The theme for the conference was



"Working Together for Progress". Ms. Pretrick focused on "Working together for good governance". This was also the first time POPA distributed brochures about the audit process as part of the Communication Strategy. Along with brochures, POPA also distributed survey forms during the conference. The survey response was very low at only 12%, but the good news is that the overall response of the participants at the conference is positive. For now, POPA focuses on small victories. Like everyone else, POPA experiences failures and rejections. What helps them grow is their ability to get back on track and learn from their mistakes and failures.

POPA's Communication Strategy together with the forms and brochure was presented to POPA's employees on August 23, 2018. In addition, the Tracking system formulated by Public Auditor is on the final stage.

SEPTEMBER



For many, the month of September signals the end of summer, the beginning of autumn, and the start of a new school year. As the Greek philosopher Heraclitus once said, "The only constant is change." For POPA, this was the month where we focused on developing our new Audit Manual. Working together as a team meant that we were able to contribute in different ways and stay ahead of constant changes.



Dinner with KOPA team after POPA's meeting with them regarding the update of POPA's Audit manual

OCTOBER

The tenth month by our Gregorian calendar is October from the Latin word octo-, meaning “eight.” And in the Chinese belief, eight is a symbol of success.

On October 8, 2018, IT Specialist of ONPA demonstrate to POPA team on how to upload reports in POPA’s website. This is one of the challenges of POPA; they don’t have an IT Specialist in their office because of the limited budget. Fortunately, ONPA is willing to help by sending their IT Specialist, Duke, every time POPA needs assistance.

Meanwhile, Cherry successfully achieved the agreed change strategy project milestones and was invited to the second two-week workshop in Washington DC from October 15-26, 2018. In this workshop, SYLs learned about communicating effectively, influencing skills, managing conflict, negotiation skills creative thinking and further sessions on the four clusters (Discover Self, Discover Universe, Grow People and Create Value). SYLs also had the opportunity to visit such international organizations like United Nations Headquarter in New York



POPA team with Duke of ONPA

and World Bank in Washington DC, to interact with international stakeholders on emerging issues. The second week of the workshop was hosted by the US Government Accountability Office (GAO). The SAI Young Leaders were given 30 minutes to present the milestones of their change strategies and their journey as SYL.



Cherry presenting the Communication Strategy of POPA and her journey as SYL

NOVEMBER

November is all about action and continuity. POPA moved office over one weekend, and continued to serve the public throughout. Change is not easy but if it is for the benefit of all, POPA embraces it.



Left to right: CID Investigator, Hairrick Jr. lifting one of the boxes; Audit manager, Elice Etse; Auditor II, Cardinia Joel

On November 20, 2018, POPA started moving to their new office. All POPA staff pitched in to help. A lot of work was involved in packing up, lifting, loading, cleaning and settling in to the new office. At first, it was hard for everyone to let go of the old office, for many reasons - eg the former office was ideally situated near the Executive building where most government offices are located, so the necessary documents for audit are also located there. However, POPA sees this change as part of their growth and moving forward for a better service, continuing to create positive change and promote the SAI's value and benefit for Pohnpei citizens..

On November 19, 2018, Cherry presented POPA's Communication Strategy upon the request of ONPA. In this brief meeting, both office learned from each other. ONPA's Five (5) year Communication Strategy focus on specific stakeholders, while POPA's Communication Strategy is for stakeholders of all types.

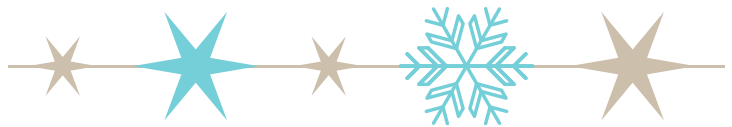


Right: Cherry with Duke of ONPA



Left POPA's new office

DECEMBER



This is the time of Holiday Season, especially Christmas where the focus is on children and family gatherings. The POPA family worked together for their project, teaming up with Youth-4-Change to commemorate International Anti-Corruption Day on December 02, 2018.

The theme for this year was "United Against Corruption". In this program, FSM citizen demonstrated their perspective about corruption through songs and skits. Seven groups registered for the talent show. Although POPA did not have enough time to promote the event, they consider it a success especially with the turnout and young people participating in and watching the event.

Overall, POPA's year was a success. Although they encountered challenges, they survived by working together. Looking back, it is not only about what happened or what needs to improve but is also about rejoicing and being grateful. POPA's Communication Strategy is a big thing for them when it was formally signed and approved by the Public Auditor. The office faces a lot of challenges especially in terms of resources. But with cooperation and determination they will be able to start and implement some of the activities in the Strategy. POPA overcome the challenges it faces everyday with support from everybody, especially friends like Jill, PASAI's Communications Advisor, who offered to assist and help them in the implementation of Communication Strategy. As 2018 comes to a close, POPA will focus on being grateful to all the blessings, big and small victories they experienced. For the coming year, they will stay focus on serving the people of Pohnpei with integrity.



Top to bottom: Youth-4-Change members fixing the sound system; Members of Youth-4-Change manually blowing up the balloons for decoration; Girl helping to sweep the gym for Any-Corruption Day

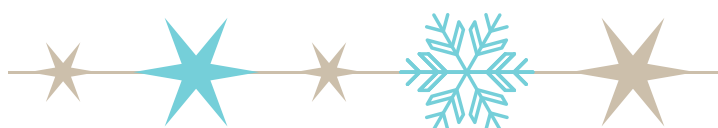
CNMI OPA Receives 40 CPE Credits by Miguel Demepan

SAI CNMI staff attended a workshop that provided 40 hours of continuing professional education (CPE) credits presented by the Graduate School USA (Grad School). The Grad School, through funding from the US Department of Interior - Office of Insular Affairs (DOI-OIA), has provided technical assistance and training opportunities to the CNMI for over 20 years. Centered in Washington D.C., the Grad School is the leading provider of professional development and training that accommodates both government and private agencies worldwide.

Our office was pleased to welcome the Grad School's Drummond Khan as the instructor for our annual training this year. Khan has over 30 years of experience in the auditing profession and also contributed to the 2018 Yellow Book. The training was held from October 1 – 5, 2018, and the topics included Writing and Communicating Audit Results, Contract/Procurement Auditing, Tools for Efficient Auditing, and Explaining Audit Results to Policy Makers.

Leading the training session with interesting and entertaining material, Khan was able to provide real life examples and scenarios, as well as helpful tips on how to resolve common audit concerns. He reminded us that as auditors and investigators, we must always maintain our professional scepticism, stating 'Absence of evidence is not evidence of absence.'

This year's training benefitted our office by providing senior-level staff as well as staff hired within the last two years with an adequate number of CPE credits, in addition to the knowledge and skills to effectively write audit reports for various audiences.



Quality Workshop for Quality Audits, Vanuatu

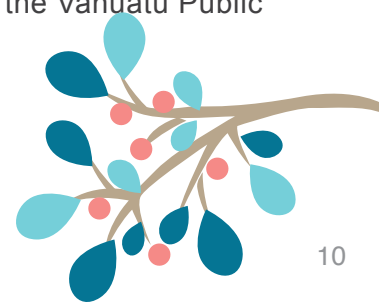
A major challenge faced by Pacific SAIs is the consistent delivery of high quality audits. The quality of a SAI's work affects their reputation and credibility, and as PASAI aims to strengthen SAIs to ultimately make a difference in the lives of citizens, Strategic Priority 3 of PASAI's Strategic Plan 2014/2024 is dedicated to supporting high quality audits. For these to be achieved, an effective system of quality control needs to be built into each SAI's strategy, culture, policies and procedures.



PASAI and IDI teamed up to deliver a QA Regional Workshop for their member SAIs in the South Pacific, launching phase 1 of the drive to improve and enhance high quality audit in the Pacific region. Co-hosted with the Vanuatu National Audit Office, the workshop ran from 12 to 16 November 2018 in Port Vila, Vanuatu at Holiday Inn Resort.

The objective of this workshop was to develop a pool of QA reviewers to strengthen the QA mechanism and peer review process of SAIs in the PASAI region. In the hands of a highly professional team of facilitators from IDI, PASAI Secretariat, SAI Fiji, SAI Tonga, SAI Samoa and SAI New Zealand, 17 participants attending the workshop from Fiji, PNG, Samoa, Solomon Islands, Nauru, Tonga, Tuvalu, and Vanuatu received guidance on how to conduct quality assurance reviews. The high-level workshop program included exercises, quizzes, classroom lectures and practice in applying a QA tool for the three audit streams – Financial, Compliance and Performance.

'Good governance is important,' emphasised the Chairman of the Vanuatu Public





Accounts Committee, Hon Ephraim Kalsakau, in his opening remarks. Furthermore, good governance must cascade down from the 'tone at the top', as demonstrated by Caleb Sandy, Auditor General of Vanuatu, who was appointed only recently in 2017 and attended the whole event. *"My purpose of sitting in the workshop is to determine how quality assurance is inserted into the functions of an audit."*

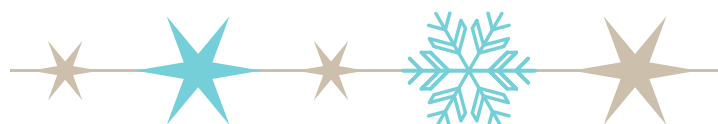
Feedback from all parties has been extremely positive. Closing the workshop, Mr Clinton Pobke, Program Director of the DFAT FUNDED program Governance for Growth (GFG), highlighted that he has now understood the importance of SAIs, stating: 'Audit is integral to the entire PFM system'.

As this high-impact workshop moves into the next stage, PASAI acknowledges the great collaborative partnership with IDI, in particular Capacity Manager Md Shofiqul Islam, who has worked closely with the PASAI Region for the last 5 years to help in the strategic priority of achieving high quality audits.

Back Row L-R: IDI Capacity Manager MD Shofiqul Islam, Morina Faasisila SAI Samoa, Fatafehi



Taumohoha'apai SAI Tonga, Meresimani Vosawale SAI Fiji, Nick Johnston SAI NZ **Front Row L-R:** A'eau Agnes Aruwafu, PASAI Director Technical Support; Chairman of PAC Vanuatu, Hon Ephraim Kalsakau; Vanuatu Auditor-General, Mr Caleb Sandy and Mrs Sina Palamo-Iosefo, PASAI Director Programme Development





Participants from Solomon Islands, Vanuatu, Samoa, Nauru and Tuvalu working on an exercise during the workshop



Delegates from PNG and Solomon Islands during workshop exercises



SPMR Cook Islands Pacific Audit Institutions Align Operations to Strategic Plans

Workshop participants with Hon. Deputy Prime Minister (front row third from left) and the facilitators.

Continuing their collaboration from Vanuatu, PASAI and IDI delivered an Operational Planning workshop in Raratonga, Cook Islands, on 26 - 30 November 2018.

The second workshop for the Strategy, Performance Measurement and Reporting (SPMR) programme, this

training built on the foundations already established in the audit institutions' strategic plans developed during the workshop held in Tonga earlier this year.

Twenty-eight participants from the SAIs of the Cook Islands, the Federated States of Micronesia – National Office and the state audit offices of Kosrae, Pohnpei, and Yap, Guam, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, and Tuvalu attended the workshop to develop operational plans in alignment with their strategies. Representatives from SAI Australia (Australian National Audit Office (ANAO)) and SAI New Zealand joined them to share the experience and to provide support to their respective twinning partners, as determined under a separate arrangement between the PASAI and the Australian Council of Auditors General (ACAG).

Opening proceedings, the Honourable Deputy Prime Minister and Minister of Finance and Audit, Hon. Mark Brown highlighted the critical role that government auditors play in strengthening accountability and transparency in the public sector. PASAI is one of the two INTOSAI regions piloting this global programme with the objective of ensuring that audit institutions are strategically managed leading to better performance. In a workshop facilitated by Freddy Yves Ndjemba, Dafina Dimitrova, and Irina Sprenglewski from the INTOSAI Development Initiative (IDI), assisted by Tiofilusi Tiueti and Sinaroseta Palamo-Iosefo from the PASAI Secretariat, Sarah Markley of SAI New Zealand and Rona Mellor and Penelope Edwards from SAI Australia, participants were taken from the fundamental characteristics of an operational plan through the full operational planning process.

Participants worked rigorously on aligning their operational and strategic plans, developing these key organizational roadmaps holistically to ensure the audit institutions deliver the outputs and achieve outcomes accordingly. Attendees particularly appreciated the importance of this holistic approach to managing their operations and ensuring alignment with their strategic priorities in their mission to lead by example and add value to society.

The next phase for the SPMR programme will involve support and the provision of tools to develop a monitoring and reporting framework for these audit institutions, thus enabling impactful reporting on performance from the audit institutions to their stakeholders.

PASAI acknowledges the financial support of IDI, DFAT, MFAT and ADB for this programme for SAIs in the Pacific region.





PASAI's Young Leaders share their experience of the SYL program.



During the last few years, IDI has developed the SAI Young Leaders Program to grow leadership talent and capability in SAIs of all regions.

Three PASAI auditors joined the inaugural program in 2017, and here they share their experiences of international events, journeys of discovery and taking their change strategy back to the SAI for implementation.



Oceanbaby Rosalia Penitito, SAI Samoa

I was very happy to discover that I was selected for the SYL, representing SAI Samoa and PASAI along with SAI Fiji and FSM. Continuing on from our first interaction in Chennai, India, we met in Washington DC for the next stage of the program. Exploring more about the 4 clusters (*discover self, grow people, discover universe and create values*) and linking it back to the Change Strategy and then testifying about our journey as 'young leader' was very inspirational. The second week was meeting and networking with the external stakeholders and it was significant. We also presented our integrated change strategy to the Coaches, IDI team, Government Accountability Office (GAO) and other stakeholders such as World Bank and United Nations (UN). Receiving feedback from the reviewers was important as it built us the SYL in going forward.

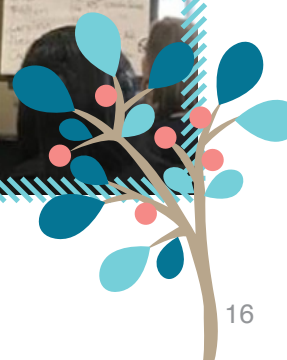
Key Outcomes:

- Implementation of the Integrated Change Strategy.
 - Introducing the two Audit Tools for conducting complexity audits which involves a whole range of stakeholders. For instance, SDGs audit;
 - Stakeholder Mapping
 - RACI Analysis
 - Responsible, Accountable, Consulted and Informed.
- Holding Accountable of all the SYL in continuing their integrated change strategy and making a change in their respective SAIs;
- Feedback session and Way Forward for the SAI Young Leader program to continue internationally, regionally, and within individual SAI;
- Self-discovering and unleashing the leader in Me!

I would like to thanks IDI for believing in me as a SAI Young Leader and to be part of this program and thank you to the Government of Samoa for giving me the prospect to attend and participate in this significant program. I would also like to say thank you to Fuimaono Camillo Afele, Controller and Auditor General of Samoa Audit Office as well as my coach for this great opportunity. I am privileged and honoured to be coached by your good self.



Oceanbaby Rosalia Penitito (Samoa, Audit Manager – Performance, Compliance and Environmental Audit) with IDI’s Archana Shirsat





Cherry Lyn Somcio, SAI Pohnpei - here with the other PASAI ladies and IDI. I'm second from left.

I am very proud that I am one of the pioneers of this initiative, as the SYL Program was an amazing and once-in-a-lifetime experience.

When I first applied for this program in October 2017, I was not expecting anything because it is very competitive. IDI's invitation was sent to 91 SAIs and IDI received 70 completed applications.

After my Skype interview, I received an email the very next day stating that I was one of the 25 Young Leaders selected - and yes! I was invited to the Chennai Interaction which was held on March 19-29, 2018. I cannot explain how happy, blessed and grateful I was. Imagine a new employee like me (just about three months in office) would have an opportunity like this.

In Chennai, I learned a lot of things about being a leader. One was to be aware of myself not only through my strengths, but to also recognize and improve on my weaknesses and limitations. Aside from self-awareness, it is also important to be socially aware, so you know how to deal with conflict, how to influence others, how to collaborate and most especially how to empower others.



In Washington DC, October 15-26, 2018, we learned the characteristics of being a good leader, as well as different styles of negotiations, influencing others and communicating effectively, which I could use to improve the Communication Strategy of Pohnpei Office of the Public Auditor (POPA). The workshop in Washington DC, gave me new ideas and knowledge that I could use to improve the programs required under our Communication Strategy. Although it was our last meeting for SYL batch 2017-2018 to meet in Washington DC, our journey continues.

Implementing the Communications Strategy that I presented is not easy. We face a lot of challenges and rejections, the biggest being our limited resources:

- First, the brochures regarding our audit process and the promotion of our office are still being printed in black and white. We have one printer that could print in color, but it is very costly for us;
- Second, we do not have office cars for our field work and office errands, so POPA's employees are using their own cars for their fieldwork. Office cars would be very helpful in the implementation of our Communication Strategy, especially in attending community meetings in far-flung places in Pohnpei;
- Third, we received a very low response from the stakeholders' expectation form we distributed;
- Finally, some of the activities that we planned for our communication strategy have not yet started such as the community meetings and translation of the executive summary into local language.

Despite all these challenges and rejections, we are still grateful because we learned from it. We now look at it in a different perspective, as an opportunity to improve our program. Lessons learned helped us to fulfill our plans.

I am very thankful to IDI for this program. It changed me a lot and now I can say that I am ready to be a leader. Change is not easy; change takes time and sometimes it's painful. But if you really want something badly enough, you will make it happen to the best of your abilities and strength. (Read more about my journey on PASAI's blog!)

Alani Draunidalo, SAI Fiji

It was indeed a blessing to be selected for the SAI Young Leaders Programme. The Journey was inspiring as I had to implement A Change Strategy in our SAI. In addition we learnt Leadership skills, interact with colleagues and Head of SAI from different countries, and visit International Organizations like the United Nations and the World Bank.

My change strategy was to develop and implement a strategy for effective stakeholders engagement which will enhance the delivery of quality and value adding audit services. I have developed the firstdraft of the Stakeholder Engagement Strategy and a committee has been set-up for the implementation of the engagement activity.

The programme has helped improved my personal and professional development as a Young Leader. It has helped me to become more self aware and to think consciously about being a Leader. And that "Leadership is a journey, not a destination."



Samoa and NZ OAG Twinning Activities



Marshall and Jaslyn and NZ Samoa twinning team



Marshall and Jaslyn in OAG foyer

As part of New Zealand's ongoing commitment to our twinning relationship with the Samoan Audit Office we have recently hosted members of Fuimaono Camillo Afele's leadership team in New Zealand. This visit builds on the visit that Camillo and other members of his leadership team made to Wellington in 2012. Camillo used that visit, and particularly the time he spent with Lyn Provost, former New Zealand Auditor-General, to inform the ten-year strategy that was developed for his Office in 2014. The Strategy seeks to develop the Samoan Audit Office to better serve the people of Samoa by contributing to good governance, transparency, and accountability. Camillo's goal in obtaining funding from his Parliament for this visit was to further inform the Office's strategy as he considers progress achieved as they reach the mid-point.

Four directors from the Samoa Audit Office visited New Zealand's Office of the Auditor-General as part of the two organisations' twinning programming in November and December. The programme was designed to enable each of the directors to learn from their counterparts in New Zealand, particularly in their specialist areas through meetings with relevant staff from across the NZ SAI and increasing their understanding of the challenges of the New Zealand environment. It also enabled the Directors to see first-hand the operations of the New Zealand SAI during one of our busiest times of the year.

Directors Roseanne Faui and Inu Dennis Margraff hit a cold patch in Wellington's Spring weather but to make up for the weather were able to work with the Audit New Zealand and the OAG Controller function team and see our controller function work with Treasury live as it happened. They also joined Audit New Zealand's training on using Excel for analysis and spent time with the QA team building on the QA workshop that Dennis had participated in just before he arrived in New Zealand.

Jaslyn Mariner-Leota and Marshall Maua saw more sunny weather, although both said they were happy to have experienced Wellington's infamous wind during their visit! Their visit coincided with the NZ SAI Wellington office Christmas party and the sector manager team Christmas lunch and a quick visit upstairs to the OAG's neighbours NZ Rugby to see the Rugby World Cup. They were able to focus on how reporting audit issues works in the New Zealand devolved audit structure, including details of contracting out, resource management, and communicating audit instructions.

As well as all of the above, the directors were provided lots of exposure to New Zealand's annual review work with Parliamentary committees. They attended a wide variety of annual review briefings with sector managers and were able to witness the private SAI briefings to the committees and also the public questioning by the committee to the entities. Both visits were also able to benefit from participating in Audit New Zealand's courageous conversations and resilience training, and a tailor-made media training programme.

SAI NZ staff were very encouraged by the dedication of the SAI Samoa staff and their thirst to learn from New Zealand. Greg Schollum, Deputy Controller and Auditor-General, noted he was very impressed to hear from Marshall and Jaslyn that they were reporting daily to Camillo their learnings and had worked throughout their visit to develop an action plan divided into quick wins and longer-term initiatives based on the goals they had set to apply the learnings from their visit.

The Auditor-General of Samoa, Fuimaono Camillo Afele, has 60 staff and is responsible for maintaining oversight of Samoa's public sector of 17 Ministries, 27 SOEs. In total, the Samoan state sector employs about 5,000 employees. His New Zealand counterpart, John Ryan, leads a staff of 350 with audit responsibility for 2,900 public sector agencies, which collectively employ about 403,000 people.

Director Marshall Maua said the current strategic focus of the Office was working to develop the Auditor-General's improver role – building and providing public accountability within the state sector, and greater transparency of process for the public. Taking a constructive approach to engagement when working with state agencies was central to this, he said.





Vanuatu and Fiji moving forward asset valuation and asset management

In 2016, PASAI Secretariat delivered a PASAI Regional Workshop : Building Capacity to Effectively Audit the Management of Public Assets held in Port Moresby, Papua New Guinea and attended by twenty two representatives from 14 Pacific SAIs.

The focus on asset management in the public sector is becoming more of a priority because a significant portion of public funds (both recurrent and capital and foreign aid) is spent on the development and maintenance of public assets. Furthermore, the most common matters which result in modified audit opinions relate to asset management and include (i) incomplete fixed asset registers (ii) lack of resources and expertise in fixed asset management (iii) no stocktaking has been performed. Consequently there is a need for public sector auditors to be trained on how to strategically plan and audit asset management more effectively and efficiently to improve audit quality. PASAI is hoping to delivery another regional workshop in the future but in the meantime this following article highlights some of the work that is happening in the Pacific relating to government assets.

David Egerton was an Audit Manager at the Queensland Audit Office for 21 years and is now a Director of AssetValuer Pro where they are specialist in the valuation and depreciation of assets for financial reporting and insurance purposes. The work he has done in the Pacific is ground-breaking and contributes to improving accountability and transparency of governments in terms of asset management.

While the focus for most pacific island countries has been about the introduction of accrual accounting and the associated establishment of systems and training of staff it is important to recognise that there are a number of other important steps that need to be completed while all this work is being undertaken.


Of these steps perhaps the most critical is the identification, condition assessment and valuation of the various land, building and infrastructure assets controlled by the various agencies. The process of data capture and valuation provides the information required to deliver the figures for the most material items in the financial statements as well as provide the catalyst for improved asset management.

Over the past three years both Vanuatu and Fiji have undertaken projects with the assistance of David Edgerton who spent the majority of his career with the Queensland Audit Office where he was responsible for the local government sector and Chaired the Asset Valuation and Audit Advisory Group. While at QAO David attended and participated in PASAI conferences. David is a member of the Australian Accounting Standards Board's (AASB) special project for Fair Value in the public sector, author of CPA Australia's guides to the valuation and depreciation of public sector assets and also Chairs the Australian Public Sector Assets Collaborative Group (PACoG) which is comprised of the various peak bodies with an interest in the asset management of public sector assets.

Vanuatu

The project commenced in Dec 2015 and was aimed at identifying the major assets held by the Government of Vanuatu and setting up appropriate accounting policies and processes to enable the eventual valuation of the assets. After initial scoping a strategy was developed which focussed on the creation of Non Current Assets Policies and the development of in-house capability to undertake the data collection and valuation process. Central to the strategy was the use of specialised valuation software.

A central team was established under the control of the Asset Valuation and Management Unit (AVMU) of the Department of Finance and Treasury (DoFT). APV



(David's company) established appropriate policies, developed an asset hierarchy and provided workshops and in-field training using a team of APV's accountants, valuers and engineers. To ensure the success of the training the process included periods of intense training followed by the AMVU visiting the islands and collecting data. APV also visited some of the islands with the team and provided hands-on training and mentoring to ensure the quality and completeness of the data collection process.

When the teams returned to head office the data was then uploaded to the Asset Valuer Pro software which is a cloud based specialised valuation solution designed specifically to deliver valuations under both IFRS and IPSAS standards. As a cloud based application the auditors also have online access to the complete system. The use of this software was critical to the success of the project as none of the team members had any formal qualifications in accounting, valuation of engineering and had limited capability and experience with Excel. As the software is designed with all the algorithms and logic to ensure compliance with the accounting standards the role of the team could be limited to the collection of raw data. Once entered the system generated all the valuation results and associated valuation reports.

From a position of having no real information about their assets, within a short space of 15 months, the AMVU team was able to deliver a whole of government valuation including all land, government buildings, employee housing, education assets, health assets, road infrastructure, marine infrastructure, IT infrastructure and assets covered by Service Concession Arrangements (electricity and water infrastructure).

Based on the success of the project Vanuatu is currently in the process of extending the engagement to continue the further development of in-house expertise, expand the valuation process to municipal and provincial governments and develop greater strategic asset management capability.

Fiji

In December 2016 the Fiji cabinet endorsed a National Asset Management Framework based on a significant piece of work funded by the ADB. Despite the ADB report including detailed process and actions to be taken progress on the implementation of the NAMF was negligible.

David, with assistance from Glenn Fawcett who is an engineer based out of NZ, was appointed in June 2018 by the ADB via the Pacific Infrastructure Fund to develop an asset valuation methodology that could also be used by other PICs ensuring that the data design also enabled capture of necessary data for the PCRAFI (Pacific Catastrophe Risk Assessment and Financing Initiative) and to develop an asset management implementation strategy.

Over the past six months they have analysed the assets held by the various agencies, statutory bodies and government owned companies of the Government of Fiji and have develop a range of policies, process, tools and strategies for the Government. The project is nearing completion with a wide range of outputs delivered which could be easily applied or tailored for other PICs. The various outputs are currently in draft format and awaiting final approval by the Government of Fiji, ADB, PRIF, PCRAFI and Auditor-General.

As part of the project David also provided workshops to the Audit Office on asset accounting, valuation, depreciation and asset management and developed a Valuation Methodology and Valuation Guide. The various outputs delivered from this project include –

- Valuation Methodology covering both IFRS and IPSAS
- Valuation Guide including detailed guidance and a range of pro-forma templates for procurement and review checklists
- Asset Hierarchy

- Non Current Asset Policies for central government, statutory authorities, local governments and government owned Companies
- National Asset Management Framework Overview
- Asset Management Policies (national as well as range of cascade policies)
- Asset Management Maturity Model Assessment tool
- Implementation Strategy for the NAMF

As part of the project an analysis was also undertaken of the various options on how to best to get value-for-money out of the valuation process. The analysis looked at various options including appointment of external valuers, use of spreadsheets or specialised software and the development of in-house capability. Based on that analysis it became clear that best value-for-money would be achieved following the same process as employed by Vanuatu. Over a three-year period, including the costs for training and software, the overall cost was less than half of what would be spent by engaging external valuers and as the in-house capability grew the cost savings increased further.

Application for other PICs

The implement of accrual accounting will require extensive effort and resources as well as training and understanding in specialised areas such as asset valuation, depreciation and asset management. Even in Australia and New Zealand there remains significant inconsistency, misunderstanding and concerns over compliance.

For the PICs the move to accrual and limited knowledge and capability across the pacific poses a real opportunity to get practices right and deliver consistency from day-one rather than having to try to remedy issues at a later date.

With the work and success achieved in Vanuatu and Fiji there is also a real opportunity for PICs to leverage off this great work and to build in-house capability rather than continue to rely on external consultants from Australia and NZ. While this will require an initial investment in time and resources the long-term benefits are worth exploring.

To find out more about the projects in Vanuatu and Fiji you can contact –

APV Valuers and Asset Management

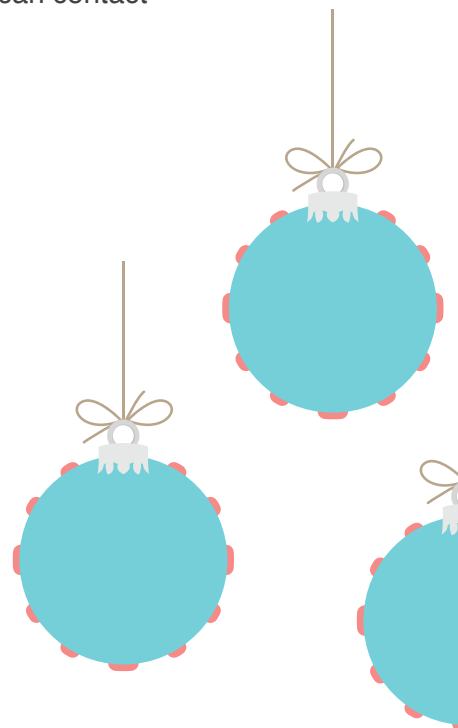
David Edgerton
dave@apv.net

Government of Vanuatu

John Venevil Kaiaf
Manage AMVU Department of Finance & Treasury
jvkaiaf@vanuatu.gov.vu

Government of Fiji

Raveena Kumar
Ministry of Economy
raveena.kumar@economy.gov.fj







SAIs Engaging with Stakeholders Review Meeting in Pretoria, South Africa

By: Rodalyn Gerardo, CIA, CGFM, CPA, CGAP, CGMA, CICA

IDI's Supreme Audit Institutions (SAI) Engaging with Stakeholders Review Meeting was held in Pretoria, South Africa from November 29 to December 7, 2018. Participants and resource persons represented four INTOSAI regions- PASAI (Pacific), ASOSAI (Asia), AFROSAI-E (Africa), and CAROSAI (Caribbean). Six participants represented the PASAI region, from the Federated States of Micronesia, Solomon Islands, and Tonga. Other participants were from Belize, Eritrea, Eswatini, the Gambia, Lesotho, Mongolia, Namibia, Nigeria, Pakistan, Seychelles, Sierra Leone, Thailand, Uganda, and Vietnam. Rodalyn Gerardo, former Special Assistant/Audit Supervisor with the Guam Office of Public Accountability, also represented PASAI as one of the resource persons.

The member SAIs from AFROSAI-E and CAROSAI had their introductory meeting in Entebbe, Uganda last June 2018, while the member SAIs from ASOSAI and PASAI had their introductory meeting in Bangkok, Thailand last August 2018. These member SAIs then prepared their draft Stakeholder Engagement Strategy (SES) Plans, which was the focal point of the review meeting in Pretoria. Throughout the week, the resource persons reviewed the member SAIs' draft SES plans and facilitated the participants' peer reviews and feedback to improve their plans for finalization and implementation.

The PASAI representatives had the following to say:

"We find this Stakeholders' Engagement Strategy Plan – Review meeting, very constructive and uplifting. It was a privilege to be participating in this educative workshop



where we captured experiences and practices shared from AFROSAI-E, ASOSAI, CAROSAI and PASAI regions.”
Inverness Filise (Senior Auditor) and Popua Mafi (Auditor) from the Tonga Office of the Auditor General.

“The review meeting was very helpful to all SAIs as we went over all the areas in the Stakeholder Engagement Strategy (SES) plan that were not clear and all questions from the SAIs were answered. We also had the opportunity to learn from other SAIs and the mentors. We believe we are now able to complete our SES plan based on the comments and feedbacks from the SAI members and the mentors. We also believe that we are now able to modify our SES report with clear, detailed and more impactful strategy report.”

Keller Phillip (Senior Auditor) and Ankie Mendiola (IT Specialist) from the Federated States of Micronesia (FSM) Office of the National Public Auditor

“The Review Meeting on SAI Engaging with Stakeholders provided an opportunity to share experiences encountered during the development of the stakeholder strategy plan. (The meeting) also provided an opportunity to review and share ideas on the plan by SAI participants and resource personnel which we have gained ideas and skill to improve on the plan. Particularly, the Objective must be SMART, be specific, and linked to strategy and activities to implement to achieve the objective. We believe we can now draft a good strategy plan to engage with stakeholders. The meeting ended with SAIs presenting on what we have learnt and the changes we would like to implement on the plan. Finally, Office of the Auditor-General Solomon Islands (OAGSI) acknowledges the support of IDI to arrange such a review meeting.”

Johnson Lobo (Supervising Audit Manager, Governmental Financial Audit Branch and Provincial Governmental Audit Branch) and Jenny Tura (Audit Manager, Corporate Government Financial Audit Branch) from the Office of the Auditor General, Solomon Islands.

The SAIs are now charged with finalizing and implementing their respective SES plans. A 'lessons learnt' meeting will be scheduled for some time in 2019 or 2020.



WISHING YOU A

Merry Christmas



AND PROSPEROUS 2019



FROM THE TEAM AT
PASAI



"Pacific Auditors Working Together"



**See you next
year with a
packed PASAI
calendar for
2019!**



For further information, please contact PASAI's Communications Advisor:
Email: jill.marshall@pasai.org Telephone: +64 9 304 1893 Fax: +64 9 307 9324

(If you no longer wish to receive this newsletter, please email secretariat@pasai.org)

