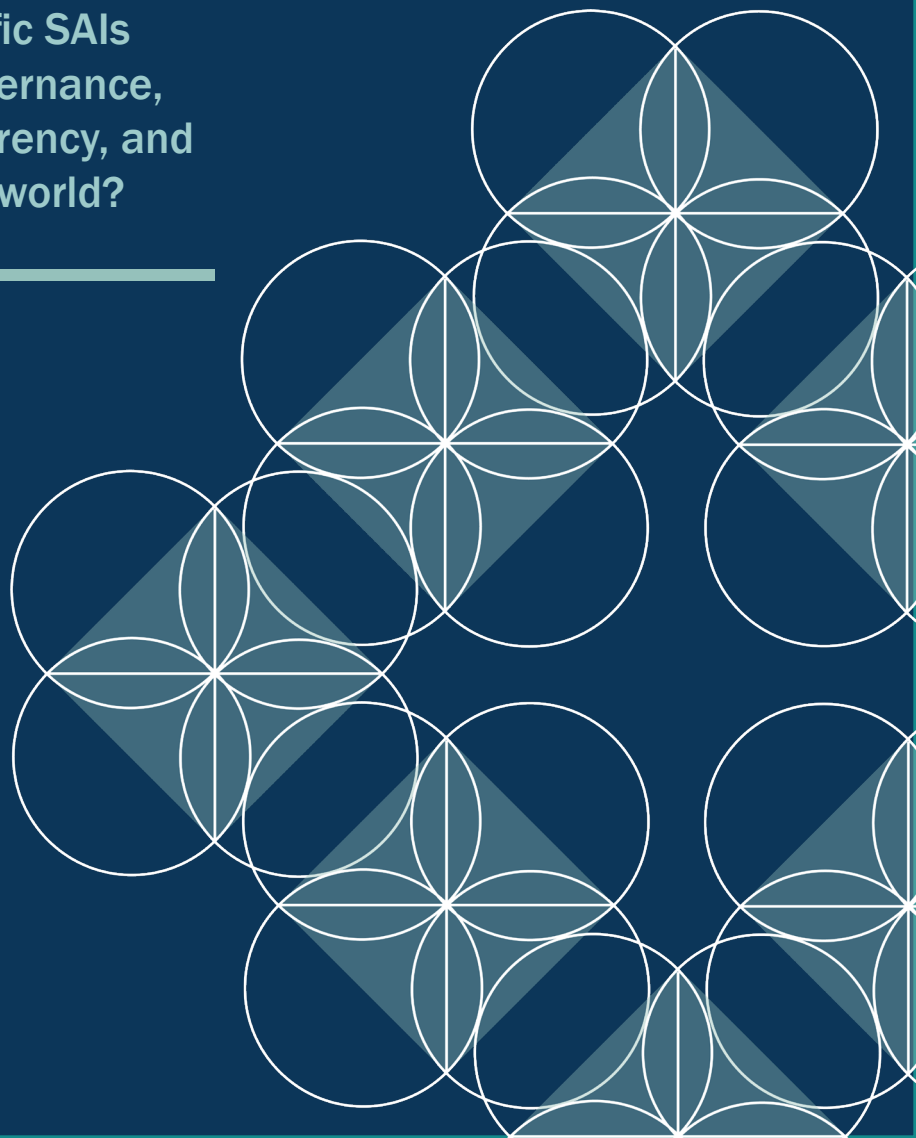




Insights from Supreme Audit Institutions

Report 4 in PASAI's Accountability and Transparency Series

How effective are Pacific SAIs in supporting good governance, accountability, transparency, and integrity in a changing world?



Who we are and what we do

The Pacific Association of Supreme Audit Institutions (PASAI) is the official association of supreme audit institutions (SAIs) in the Pacific region. PASAI is one of the seven regional organisations belonging to the International Organization of Supreme Audit Institutions (INTOSAI).

PASAI has a total of 29 SAI members, of which 20 SAI members are developing Pacific Island nations spread across three sub-regions, two non-recipient SAI members are nations supported by France, and seven are audit offices from New Zealand and Australia, at federal and state level. PASAI promotes transparent, accountable, effective, and efficient use of public sector resources in the Pacific. It works across the Pacific and helps its member SAIs to improve the quality of public sector auditing in the Pacific to recognised high standards.

PASAI is governed by a Charter, which sets out the roles and responsibilities of the PASAI Congress, Governing Board, Secretary-General, and Chief Executive. The Governing Board represents members from across the three sub-regions of the Pacific (Melanesia, Micronesia, and Polynesia) and the members from supporting countries in the region (Australia, New Zealand, and the French-supported SAIs of New Caledonia and French Polynesia). The Secretary-General's role is currently held by the Auditor-General of New Zealand, who provides oversight of the activities of the Secretariat on behalf of the Governing Board and Congress in between meetings. The PASAI Secretariat is located in Auckland, New Zealand.

From inception, PASAI members agree to work together on the following basis:

- a. The autonomy and independence of each member are to be respected and preserved.
- b. Taking a regional approach to a common issue does not supplant a member's individual needs.
- c. PASAI's resources are to be made available to all its members, irrespective of their geographical location or constitutional status.
- d. The appropriate involvement of private sector auditors in the public sector auditing, under the auspices of SAI heads, is to be supported and promoted.

PASAI's Governing Board commissioned this study in 2022 as part of PASAI's advocacy support to SAIs. The report has been prepared by a project team contracted by the PASAI Secretariat, with oversight of a sub-committee of the PASAI Governing Board and the Office of the Secretary-General. The Accountability and Transparency Sub-Committee includes the Auditor Generals for Australia (Grant Hehir), New Caledonia (Florence Bonnafox), and Samoa (Fuimaono Camillo Afele).



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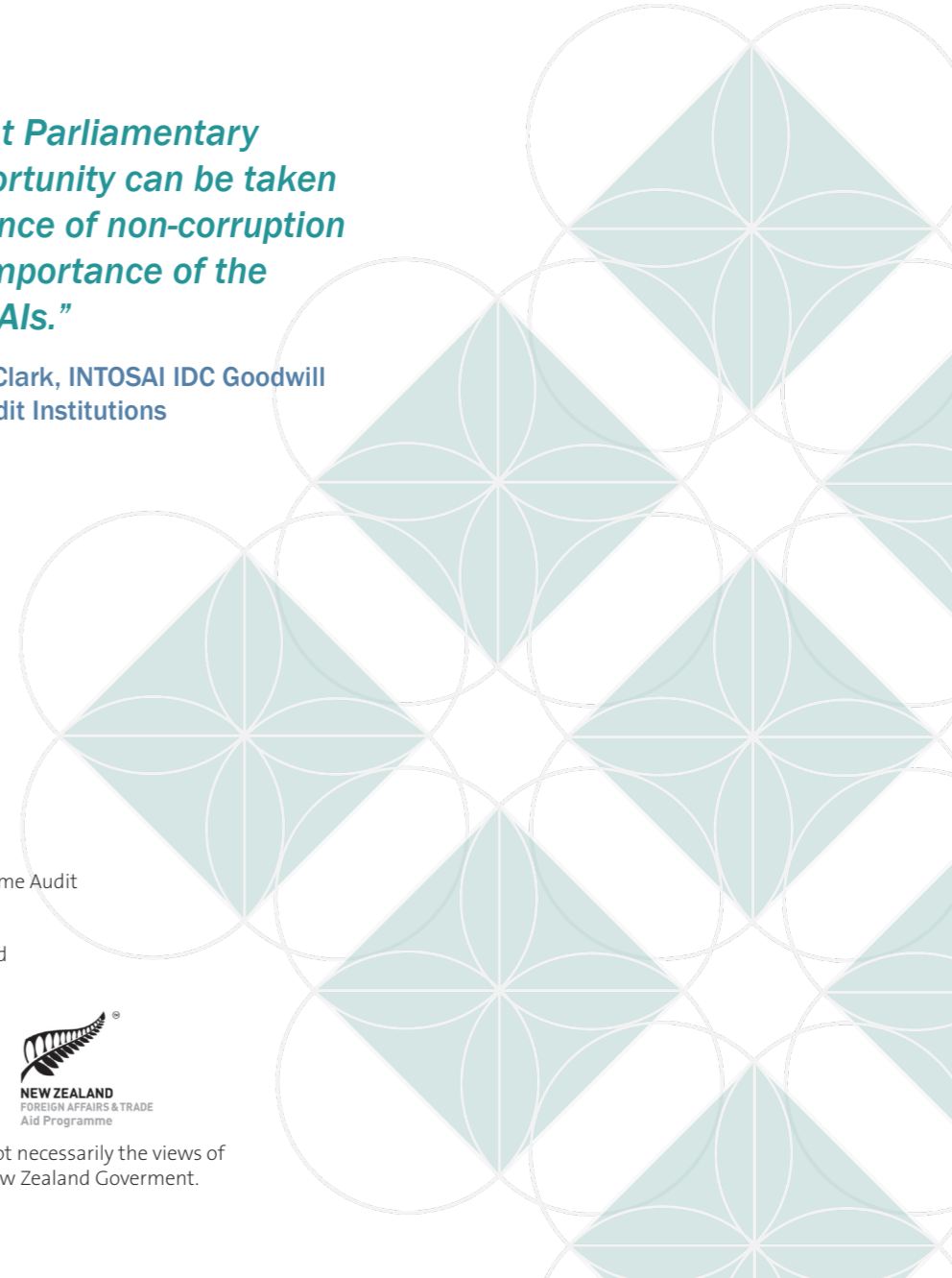
“When SAIs present at Parliamentary Committees, the opportunity can be taken to repeat the importance of non-corruption in societies and the importance of the independent role of SAIs.”

The Right Honourable Helen Clark, INTOSAI IDC Goodwill Ambassador for Supreme Audit Institutions

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www.pasai.org



The views expressed in this report are not necessarily the views of the Australian Government, or of the New Zealand Government.



Overview

This report considers accountability and transparency in the Pacific through the lens of the Public Auditors and Auditors-General of the Pacific.

This is the fourth study by the Pacific Association of Supreme Audit Institutions (PASAI) evaluating Pacific accountability and transparency progress, issues, and risks. The findings are based on an assessment of survey responses from 21 Pacific Supreme Audit Institutions (SAIs), interviews with Pacific Public Auditors and Auditors-General, and consideration of other reports on accountability and the role and performance of SAIs in the Pacific.

This report focuses on the current effectiveness of the work of Pacific SAIs. It also draws together how SAIs contribute to the public financial management system that Public Auditors and Auditors-General are operating in and, in turn, the impact of that system on the SAIs themselves.

We highlight the achievements of Pacific SAIs over recent years in improving the lives of people in the region and in helping to improve the performance of the public sector that serves them. These achievements are more significant because of the difficulties caused by COVID-19 and a range of challenging environmental and political events. In the face of these challenges, SAIs are becoming increasingly strategic in their approach to influencing positive change to improve governance, accountability, transparency, and integrity in the public financial management system of their countries. These are often hard-won achievements that require resilience, perseverance, and strength of character from the Public Auditors, Auditors-General, and their SAIs.

Despite progress, many challenges remain.

- **Investment is needed in the capability of those responsible for preparing accountability information (for example, Government financial statements) for Public Auditors.**

Auditors do not prepare accountability information – they assure it once it has been prepared. Without the capability and capacity within public sector agencies (and in particular Ministries of Finance) to prepare financial reports to recognised standards, auditors cannot complete their work and provide independent assurance to Parliament and the public. To be relevant, this information needs to be prepared on a timely basis.

- **A clear and aligned view needs to be established by those with power to influence the public financial management and integrity system.**

Transparency International outlines 12 pillars that are required to operate effectively to ensure the integrity of a country's public management system.¹ A capable and independent Auditor-General is one of those pillars.

Equally important is that the pillars work in alignment to uphold the system overall. Much like a well-performing sports team, each pillar must be able to carry out its role unobstructed by others and support, where appropriate, others to carry out their role. At times Auditors-General and Public Auditors are not able to build and retain capability or capacity because of constraints placed on them by others in the system.

The public service commission, the office of the ombudsman, the ministry of finance, public accounts committees, and anti-corruption agencies (amongst others) are all components of the integrity system. As critical integrity bodies, all must play their roles and support the effective functioning of other critical roles within the integrity system.

This report also identifies that collaboration by SAIs with media and Civil Society Organisations (CSOs) continue to be a relatively untapped opportunity to strengthen the integrity system.

- **SAIs must continue to build their capability and capacity.**

It is challenging for SAIs everywhere to build and maintain the capability and capacity needed to perform their role. This is true in developed nations but even more so in developing ones. SAIs in the Pacific are under sustained pressure to build and maintain both the capacity and the capability to play an ongoing and impactful role in their national integrity system.

Many of the issues faced by SAIs are as a consequence of not being fully independent of executive government in their countries. Independence is fundamental to enabling SAI effectiveness. An adequate level of independence has yet to be secured for most SAIs in the region. More than 75% of the Pacific SAIs surveyed recounted examples of limitations to their independence. Our work shows that this has affected the ability of SAIs to recruit, promote, and retain staff; to build enough capability more generally; and to publicise their work and engage with the executive, Parliament, and the public effectively. These constraints have a direct effect on the work of SAIs, with 42% of SAIs surveyed not completing annual audits of all public sector entities within their mandate on an annual basis.² COVID-19 has further affected SAIs, exacerbating the backlog of audits as well as challenging the resilience of other parts of the public financial management system.

¹ Transparency International, National Systems Integrity Assessment (transparency.org.nz). The 12 pillars include: Legislature, Executive, Judiciary, Public Sector, Law Enforcement / Anti-Corruption; Electoral Management, Ombudsman, Audit Institution, Political Parties, Media, Civil Society, Business.

² Data collected in December 2022 and January 2023 from SAIs' on FSG audits and SOE financial audit status for the financial years 2018–2021.

Without strong independence, any new investment in SAIs risks having only a marginal or temporary impact.

This report also shares areas of good practice and observations that might support SAIs in their work. These include:

Engaging the public

We found that:

- SAIs are embracing technology to increase accessibility and usability of their audit reports.
- Public access to legislature deliberations on audit findings supports greater impact – such as through better public awareness of issues, improved transparency from public entities, and more accountability from Parliament to the public.
- Public concern about the performance of public sector entities is a key consideration for mature SAIs when prioritising discretionary audit work.
- SAIs aim to keep up with the issues debated in local media and respond to these where appropriate.
- Direct contact from CSOs or media with SAIs on audit findings is beneficial but infrequent.

Activating the wider public financial management system

We found that:

- Working together to build an accountability ecosystem across integrity bodies is critical to lifting the level of trust in, and effectiveness of, the public sector.
- The additional effort to support collaboration between public sector system players is often not done by SAIs that are focused on delivering timely audit reports and dealing with resourcing and/or capability pressures.
- A legislative requirement for SAIs and/or Public Accounts Committees to follow up on audit recommendations increases the likelihood of meaningful and timely follow-up. A limited number of SAIs – predominantly in Micronesia and the French-supported SAIs of New Caledonia and French Polynesia – currently work in an environment with this foundation.
- The relationship between the Polynesian and Melanesian SAIs with their respective Public Accounts Committees (legislature financial oversight bodies) has positively affected the scrutiny that is applied to government expenditure.
- Budgets determined by Parliament that give the head of the SAI discretion on key matters regarding staffing, and resourcing prioritisation are critical. A lack of autonomy in this area continues to impede SAIs whose independence is not fully established in legislation.

Enhancing Supreme Audit Institution capability

We found that:

- Pacific SAIs have well-developed standards of conduct in place to ensure they operate with, and recognise that they are role model organisations in, the public sector.
- A lack of qualified staff to manage audit demand is affecting audit timeliness and adding to audit backlogs.
- Processes to identify if audit recommendations have been implemented are in place for some SAIs, but there is a lack of consistent application of these processes in most cases, generally due to a lack of capacity and resources at the SAI.
- Resource constraints have meant many SAIs have been unable to implement their stakeholder engagement/communications strategies. This means that SAIs are rarely surveying auditees, legislature, and integrity bodies to measure their effectiveness.

PASAI commissioned this study as part of its advocacy support to SAIs. PASAI continues to support Public Auditors and Auditors-General to build their capacity and capability and to advocate for integrity system improvement. PASAI is a key enabler for change, bringing issues to light and supporting SAIs across the region to influence change and overcome obstacles. SAIs and the context they work in both need to change if we are to see better accountability of governments in the Pacific.

We congratulate Public Auditors and Auditors-General for their tenacity and achievements over recent years. We encourage Pacific SAIs to carefully consider what can be learned from the successes of their peers. Case studies and examples have been shared in this report for the benefit of others and to embody the PASAI motto: “Pacific auditors working together”.

This report is also designed to be a resource for those with power to influence the effectiveness of the public financial management system. We seek your support to strengthen the system across the Pacific for the benefit of all Pacific people.

Mr Satrunino Tewid
PASAI Chair and Acting Public Auditor
of the Republic of Palau


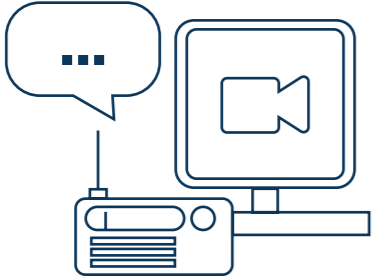
Esther Lameko-Poutoa
PASAI Chief Executive

What we did

Two international principles were used as the benchmark to guide the study. They were:

1. **INTOSAI-P – 12: The Value and Benefits of Supreme Audit Institutions** – making a difference to the lives of citizens;³ and
2. **Pacific Islands Forum Secretariat (PIFS) Principles of Accountability** – Principles 2 and 7.⁴

These principles provided a framework for the information that was gathered from participating SAIs. A survey was designed to elicit examples from SAIs about their work, who they collaborate with to achieve audit impact, and their perceptions of the value and benefit their work brings for citizens, auditees, legislature, civil society organisations, media, and development partners. Our survey sought information on four focus areas.

<p>Focus area 1: Audit coverage and publication of audit results</p> <ol style="list-style-type: none"> a. Audits conducted b. Timely reporting of audit results and publication c. Follow-up mechanisms d. Promoting integrity 	<p>Focus area 2: Legislature and other Parliament Committee oversight</p> 
<p>Focus area 3: Public participation in the audit and oversight process</p> <ol style="list-style-type: none"> a. Civil society organisations and citizens b. Media 	<p>Focus area 4: Beneficial changes strengthening governance, accountability, transparency and integrity resulting from the work of SAIs</p> <ol style="list-style-type: none"> a. Legislature b. Auditees and the public sector c. Civil society organisations d. Citizens e. Media f. Development Partners

Twenty-one SAIs participated in the survey, which was circulated to all Pacific SAIs. This report includes information obtained through interviews with SAI management, data from PASAI’s regional SAI Performance Management Framework (PMF) assessment report⁵ and other sources of data including SAI websites, legislature websites, and information that PASAI holds on SAI operations and performance.

3 INTOSAI (2019), INTOSAI-P 12: The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens, www.intosai.org.
 4 Pacific Islands Forum, “Governance” www.formsec.org.
 5 PASAI (2022), *Supreme Audit Institution Performance Measurement Framework Regional Report 2022*, www.pasai.org.

Roadmap for this report

Part One provides evidence of how SAIs are trusted sources of information. Examples of the types of audits that SAIs achieved between 2017–22 show how SAIs across the region have responded to seven important issues that have emerged over the last five years as significant challenges to the proper administration of public funds.



Part Two sets out some of the barriers that SAIs face. The difficulties SAIs reported to us reflect six common integrity threats. Case examples in this section show SAIs are at a range of different stages in their work to overcome each threat.

Part Three explores the effectiveness of collaborative efforts between SAIs and the wider public financial management system. We look at the value of strengthening collaborations with other government integrity agencies, parliamentary oversight committees, and public entities, and the importance of role-modelling integrity. Case examples in this section are encouraging, but more effort from all parts of the public financial management system is required to increase the impact of SAIs and their work.

Part Four evaluates public participation in the audit process and to what extent SAIs collaborate with citizens, media, and civil society organizations to promote good governance, accountability, transparency, and integrity.

21 participating PASAI member SAIs from three Pacific sub-regions

Melanesia	Micronesia ⁶	Polynesia
Republic of Fiji	Commonwealth of the Northern Mariana Islands	American Samoa
Papua New Guinea	FSM National	Cook Islands
Solomon Islands	FSM State Chuuk	Samoa
Vanuatu	FSM State Pohnpei	Tonga
New Caledonia	FSM State Yap	Tuvalu
	Guam	French Polynesia
	Kiribati	
	Marshall Islands	
	Nauru	
	Palau	

	<p>Survey conducted: August 2022</p>		<p>15 Interviews with SAI Leadership Teams</p>
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6 FSM State Kosrae did not participate in this survey.

PART 1

The Supreme Audit Institution and its work

Maintaining public confidence and trust in government is critical to progressing:

- peace;
- justice;
- strong public institutions;
- democracy;
- prosperity; and
- internal and regional security.

Achieving these aspirations – which are also global targets set out by the United Nations in its 17 Sustainable Development Goals (SDGs) – requires a culture of accountability, transparency, and integrity across the organisations and individuals that make up the public sector.

“Supreme Audit Institutions (SAIs) are part of a transparency ecosystem in each of our societies. It is important that SAIs are enabled to do their job of making sure that public money is spent for the purpose for which it was appropriated – which is for public benefit and not for private benefit.”

The Right Honourable Helen Clark,
INTOSAI IDC Goodwill Ambassador
for Supreme Audit Institutions

Top seven emerging audit topics reported by Supreme Audit Institutions from 2018-2022:

1. Appropriate spending
2. Public service delivery
3. Tackling corruption
4. Access to information
5. Climate action
6. COVID-19 response
7. Achieving SDGs

“Arguably every action and decision made in the public service affects the wellbeing of the individuals and communities in their country in some way, shape or form...”

Transparency International

Supreme Audit Institutions (SAIs) are public oversight institutions responsible for helping the Parliament or Senate (and ultimately the public) hold governments accountable for their stewardship of public resources. SAIs are a critical link in a country’s accountability system, providing an important check on the activities of their governments. Their audits provide objective information to the public who have an interest in how public resources are spent, both as users of public services and as taxpayers, and what value is achieved from this spending.

A SAI’s core role is to audit the Whole of Government Accounts, also known as the Financial Statements of Government (FSG). A SAI will also audit the financial management, authority to act, performance, and compliance of public sector agencies.⁷ This external audit role is typically established within a country’s constitution or by the supreme law-making body.

To be most effective, the SAI needs to be an autonomous, independent, professional, and non-political entity. Independence is critical for a SAI if it is to provide assurance that public resources are used as prescribed and help to hold the government and public sector entities to account for their stewardship and use of public funds.

SAIs in the Pacific region vary in size, capacity, and capabilities, but share many common audit themes and opportunities. In the last five years, SAIs in the Pacific have completed audits with a focus on achieving SDGs, evaluating the financial and environmental consequences of climate change, carrying out investigations related to the proper disbursement of relief funds during the COVID-19 pandemic,

evaluating effective delivery of public services, monitoring appropriate spending by public entities, and addressing inappropriate decisions. Addressing emerging issues like these while also completing its core role of auditing FSG is fundamental to a SAI maintaining and building trust and confidence. It is also how a SAI can demonstrate the relevance and importance of its role in helping to improve governance, accountability, transparency, and integrity (GATI) in their countries.

Our insights about SAI audit coverage show that despite significant challenges, SAIs across the Pacific are responsive and adaptive, and continuing to cover and deliver audits of significance. We asked SAIs to share examples of audits they had completed, their responsiveness to emerging issues, and beneficial changes resulting from the work. We found that the examples covered similar subject areas. The seven commonly emerging audit topics listed above reflect the three fundamental functions of a SAI as set out by the International Standards of Supreme Audit Institutions (ISSAIs),⁸ and four contemporary global concerns.⁹ We note these global concerns were also identified by Transparency International as features in the perceived levels of public sector corruption in the annual Corruption Perceptions Index (CPI).

By sharing case examples, we hope that SAIs will be able to learn from the experiences of others and to embody the PASAI motto of “Pacific auditors working together”.

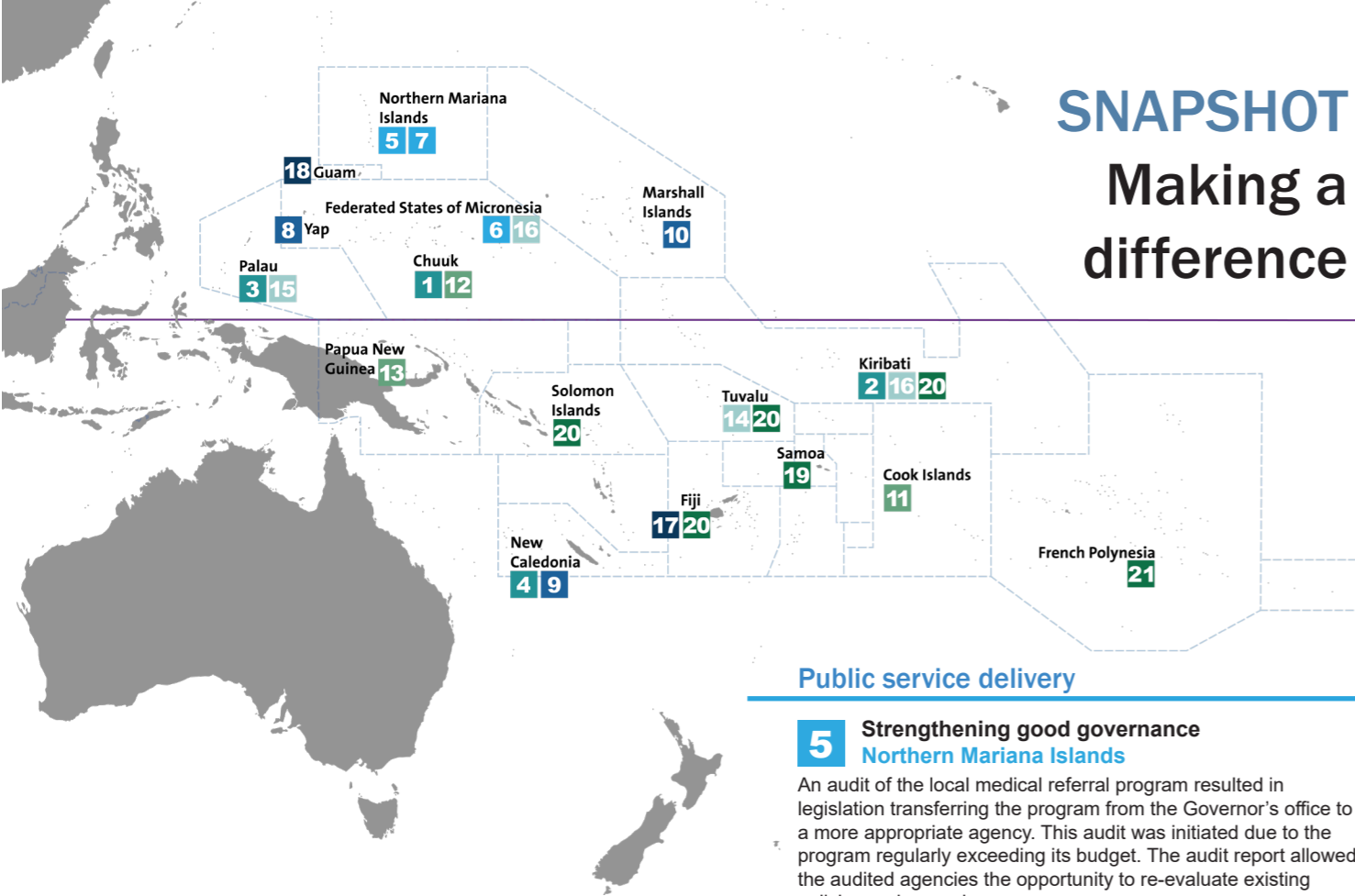
⁷ State-owned enterprises (SOEs) and all other public authorities. Most Pacific SAIs perform all three types of audits (financial, performance, and compliance audits) as part of their mandates.

⁸ These are: appropriate spending, public service delivery, and access to information.

⁹ These are: tackling corruption, climate action, achieving Sustainable Development Goals, and COVID-19 response.

SNAPSHOT

Making a difference



Public service delivery

5 Strengthening good governance Northern Mariana Islands

An audit of the local medical referral program resulted in legislation transferring the program from the Governor's office to a more appropriate agency. This audit was initiated due to the program regularly exceeding its budget. The audit report allowed the audited agencies the opportunity to re-evaluate existing policies and procedures.

6 Strengthening operational services FSM National

Following increased public dissatisfaction with the cost, timeliness, and quality of postal services across the islands of the Federated States of Micronesia (FSM), FSM National initiated a performance review of its national postal services in 2019. Operational inspections were conducted within both urban and rural island offices. Audit findings released in 2021 identified internal control issues and a failure to properly address recommendations from an earlier postal services audit conducted by the SAI in 2013. Scrutiny by the SAI of postal service operations will continue until improvements are made.

7 Setting appropriate government travel policies Northern Mariana Islands

An audit on public sector travel was conducted, which resulted in the implementation of new travel regulations and processes for travel-related transactions and activities.

Tackling corruption

8 Dealing with corruption in public projects Yap

An inspection of FSM Appropriations for Public Projects in Yap State in April 2021 found evidence of fraud and failures in project administration, funds control, and procurement. Pursuant to its Memorandum of Understanding with the Attorney General's office, the SAI notified the Attorney General and other prosecuting agencies that its investigation had found evidence of fraud through payments made to ineligible people, unauthorized spending from the fuel budget, and waiver of bids. This investigation resulted in prosecution of some public sector officials. The SAI has observed that addressing corruption jointly with other government integrity agencies has been a key deterrent measure for wrongdoing by public officials.

9 Dealing with conflicts of interest New Caledonia

In several audit reports of public entities in the nickel and energy sectors, the Territorial Chamber of Accounts stressed that the risk of conflict of interest would lead to some prosecutions. Highlighting the severity of the risks for elected persons has had a deterrent effect on other public officials and heightened the importance of integrity issues for public entities.

Appropriate spending

1 Inappropriate travel expenditure Chuuk

Performance/Compliance review of the Chuuk State Political Status Commission disclosed that funds used for travel were misused and did not represent an economical use of public resources.

2 Appropriateness of government spend into national airline Kiribati

SAI Kiribati initiated a review of Kiribati Airlines Ltd to examine the appropriateness of the quantum (15.7% of GDP in 2019 budget) finance provided to the airline following Cabinet's approval to purchase two planes in 2018.

3 Supporting Legislature to redirect public resources Palau

In November 2016, the Chairman of the Senate Committee on Ways and Means of the ninth Palau National Congress requested the Public Auditor conduct an audit on tobacco import and excise taxes. The audit report's key findings and recommendations assisted the Legislature with a proposed bill on the reallocation of revenues generated from these taxes to help fund public health programs.

4 Sustainability of social security system requires public taxation reform New Caledonia

The Territorial Chamber of Accounts found that the overall deficit of the New Caledonian Social Security System Accounts grew five-fold between 2017 and 2020, with social welfare protection schemes being close to defaulting. These findings enabled the New Caledonian Government to access sizable loans from the French Development Bank to maintain the social security system until further legislative tax reforms are finalised.¹⁰

10 Code of Conduct disciplinary processes for public servants Marshall Islands

SAI Marshall Islands pursued an amendment to its Audit Act 2018 giving the SAI the ability to refer matters where an administrative remedy or sanction was identified as necessary by the SAI due to fault or wrongdoing by an employee of an audited agency. They see this as the most effective way to correct behavioural deficiencies. Since the legislation was enacted, the SAI has referred several investigations for administrative discipline. As a result, and where necessary, government employees have been held to account and disciplined for breaches of the standards of ethical conduct.

Access to information

11 Improving public access to SAI findings Cook Islands

Audit reports from this SAI can now be published 14 days after submission to the Speaker of Parliament. Previously audit reports were not accessible to the public until after they had been tabled in Parliament. With the Parliament of the Cook Islands sitting infrequently throughout the year, the previous practice meant that findings made by the SAI were largely invisible to the public. The SAI identified this as an impediment to effectiveness and sought amendment to the Audit Act. The SAI advocated with the Public Expenditure Review Committee (PERC) and other elected representatives to garner support for this amendment and also used the Public Expenditure & Financial Accountability (PEFA) score as another lever to support the change.

12 Safeguarding integrity of public lands Chuuk

A 2019 performance audit of the Debt Relief Fund identified that about \$13 million for land leases and related claims payable to citizens had been incorrectly recorded in the financial statements of the government. A follow-up audit in 2022 on the Debt Relief Fund identified that claims for reimbursement from members of the public could be made.

13 Safeguarding integrity of donor funds Papua New Guinea

Papua New Guinea noted that the completion of state-owned enterprise (SOE) financial audits is a requirement for International Monetary Fund (IMF) and Asia Development Bank (ADB) loans to the PNG Government. These conditions, set out by development partners and requiring independent audit of funds granted to government entities, reinforce the important role of SAIs in the public financial management system of a country. Audit findings for SOEs have also contributed to reforms in the respective sectors. The completion of these audits has increased donor support to the country and improved the administration of the SOEs.

Climate action

14 Internal controls promote climate action Tuvalu

Tuvalu's Ministry of Local Government, as the implementing agency for climate change projects, has included the implementation of audit recommendations as a minimum condition when determining the amount of funding support that each Island council can access each year.

15 Public delivery of renewable energy, clean water, and sanitation (achieving SDGs 6 & 7) Palau

The Palau Public Utilities Corporation (PPUC) is a public corporation established to manage and operate the electrical power, water, and wastewater systems of the Republic of Palau. The Office of the Public Auditor (OPA) received a request from the Legislature to conduct an audit of the Koror-Airai Sanitation Project (KASP) administered by PPUC. The audit was to address public concerns that the Legislature received about the project. The OPA, at the request of the Senate, also held a meeting with Senators to discuss their concerns about the project and to gather information for the design of the scope and objectives of the audit. As a result of SAI Palau's audit of the PPUC project, the President of Palau established a taskforce to look in more detail at the corporation's operations. Reform of this corporation is funded by Asia Development Bank with the goal of implementing alternative renewable and cost-efficient energy sources, such as solar and hydro power.

16 Assessing the economic impact of reducing maritime pollution (achieving SDG 14) Kiribati, Federated States of Micronesia

Public concern for the coastal environment of Pacific lagoons containing World War II shipwrecks is particularly high because of the danger the wrecks pose to the economic interests of local island nations. After 80 years in the ocean, the ships are vulnerable because of rust and decay to the ship's structure. This means that fuel could leak, which poses a potential risk to these societies.

Large-scale remediation projects are required to address the problem. Some SAIs have been involved in auditing the estimated clean-up costs and the potential economic damage of any future oil spill.

COVID-19 reporting

17 Proper use of emergency powers during COVID-19 Fiji

Compliance/performance audit reports of public service delivery in relation to the COVID-19 pandemic included:

1. *Management of Agricultural Assistance – Farm Response Package*
2. *Management of COVID-19 Aid*
3. *Management of Unemployment Benefits/Financial Assistance*
4. *COVID-19 Preparedness and Response Action Plan*
5. *Procurement, Recording and Distribution of Medical Equipment and Personal Protective Equipment related to COVID-19 response*

These audits provided information on how the different programmes were administered by the relevant bodies in accordance with applicable policies and regulations and set out where non-compliance was found and changes recommended.

18 Safeguarding integrity during COVID-19 Guam

The Office of Public Accountability (OPA) conducted an audit regarding Procurement of Hotels Used for COVID-19 Quarantine. The review highlighted procedural failures such as solicitations rather than quotations for facilities, a potential conflict of interest, extended use of emergency powers beyond statutory limit, and contracts not in conformity with Guam procurement law. In response, the Guam Legislature introduced several laws aimed at improving the public sector's procurement process. Since then, Guam OPA has observed greater restraint being exercised in government procurement. The change in public sector behaviour can be attributed to improved public accountability, resulting from greater transparency and compliance required by procurement policies.

Achieving Sustainable Development Goals

19 Promoting peace, justice, and strong public institutions (achieving SDG 16) Samoa

Samoa operated without a parliamentary approved budget or appropriations from July to September 2021 because formation of a new government did not occur immediately after the 2021 election. The Controller function, a part of the SAI's role, was critical during this period in ensuring that expenditure was appropriately incurred during this time of uncertainty.

20 Co-operative Performance Audit (CPA) of Preparedness for Implementation of SDGs Fiji, Kiribati, Solomon Islands, Tuvalu

PASAI provided onsite support to four SAIs to effectively conduct ISSAI-based performance audits and report on the preparedness of responsible agencies within the administration of their government to implement the SDGs. Through their audit work, these SAIs are adding value by evaluating the actions taken by their governments to implement the SDGs.

21 Auditing environmental impacts (achieving SDG 6) French Polynesia

The Chambre Territoriale des Comptes Polynésie Française (the Chambre) completed environmental audits focused on public provision of water, sanitation, and waste management. One recommendation was that a concerted effort is needed to improve waste management, particularly to recover recyclable waste and to create proper landfills for non-recyclable waste, such as the Paihoro landfill. Outside Tahiti, waste is most often collected in illegal dumps – sometimes on sites with high environmental sensitivity.

10 Radio New Zealand (21 February 2022), "France lends New Caledonia money to balance its budget", www.rnz.co.nz.

PART 2

Facing challenges

We asked SAIs to share the top impediments that they faced to their effectiveness as a SAI. Responses from the 21 SAIs revealed six threats to integrity currently affecting Pacific SAIs. These are:

1. independence;
2. resourcing to match mandate;
3. inaction by public entities;
4. lack of knowledge or expertise;
5. lack of quality assurance; and
6. global disruptors (such as natural disasters linked to climate change, COVID-19, cyber attacks, and digitisation).

The case examples shared in this section show the range of stages SAIs are at in their fight to overcome each of these challenges.

Drawing attention to these threats is an important step in understanding how we can make the public financial management system more effective. We acknowledge that the six threats cited by SAIs are, perhaps expectedly, all factors beyond SAIs' control. In this section, we explore the interconnected nature of these threats and where improvements could be made by SAIs. We discuss audit backlogs, the importance of strategic planning for SAIs, and the ongoing capability development needs of SAI staff.

The world today faces some of its greatest challenges in many generations. Challenges which threaten prosperity and stability of people across the globe. The plague of corruption is intertwined in most of them. Corruption has negative effects on every aspect of society and is profoundly intertwined with conflict, instability, jeopardizing social and economic development and undermining democratic institutions and the rule of law.

The United Nations

Independence

Lack of SAI independence was the main obstacle to effectiveness. More than 75% of the Pacific SAIs surveyed recounted examples of limitations to internationally recognised best practice regarding independence that had resulted in either limited financial autonomy, restricted access to information, insufficient legal protection for the SAI to make objective assessments, or a lack of ability to follow up on audit recommendations. In particular, many SAIs said they faced restrictions to annual budgetary allocations by the Executive Government and restrictions on access to, and the appointment of, available and qualified staff. These limitations effectively prevent the SAI from hiring the right people for the role, which in turn inhibits the SAI's ability to adequately resource the full scope of its responsibilities and deliver on its mandate and goals.

We found that three SAIs have as few as one staff member with an internationally recognised qualification as an auditor, and this person is often supervising a team of seconded or reallocated public service employees, who lack any formal accountancy qualifications.¹¹ Circumstances like these increase the pressure on qualified staff. Without the financial autonomy to attract suitably qualified staff and make sustainable human resource appointments, a SAI's ability to complete its mandate is significantly affected.

Several SAIs recounted examples of the effect of their actions in relation to audit findings when SAI legislation does not provide for legal protection for SAI staff. Where SAI staff have little or no legal immunity, they might hesitate to take action on significant findings for fear of retaliation, which can take the form of further restriction on SAI activity or resourcing or loss of employment.

We have observed that SAIs who are more empowered through strong legislative mandates (independence) are more likely to have the confidence to report more clearly, and therefore more meaningfully, when their audit work identifies significant issues. The independence of Heads of SAIs should be protected by law and apply to their appointment, reappointment, or removal from office. This is important to provide legitimacy and a stable basis for the SAI to function effectively.

An additional issue is the timeliness of the appointments of Auditor-Generals. SAIs described lacking leadership, or their acting leader holding reduced powers for periods of more than six months. Such a prolonged hiatus has a detrimental effect on the business continuity of the SAI and significantly affects SAI operations and culture.



“Pacific Island nations are very vulnerable to climate disasters. In response to such adverse events anywhere, there may be significant funds flowing in from partners. That can increase corruption risks. We saw this globally with the pandemic... the corruption risks globally during the response to COVID-19 soared...”

The Right Honorable Helen Clark, INTOSAI IDC Goodwill Ambassador for Supreme Audit Institutions

COVID-19

Our survey confirmed that many SAIs continued to carry out their core mandate work despite the significant disruption caused by country lockdowns, border restrictions, staff sickness, and COVID-19-related absences throughout 2020–2022. While this has placed strain on the already limited capacity and staff capabilities for many SAIs in the region, it has shown that SAIs can rely on the resilience they have developed in response to past emergencies and are able to adapt as their operating environment changes to continue to support accountability and transparency in their countries.

SAIs reminded their governments that both the systemic risk of corruption and the need for auditing the implementation of public decision-making would increase with the additional international aid flowing into the region as a response to the COVID-19 pandemic. Because of the frequency of climate disasters, and the level of international aid received in response to those events, SAIs have developed a depth of experience in scrutinising the administration of such funds. Many SAIs experienced an increase in the number and complexity of financial and performance audits as part of the post-crisis recovery work.

In all cases, SAIs reported that the impacts of the global pandemic have contributed to existing audit backlogs.

67% of respondents have conducted financial, performance, or compliance audits in relation to COVID-19 Relief Programmes.

40% report their SAI has experienced growth in its core audit mandate since 2016 (for instance, new entities to audit).



Audit backlogs

Data¹² collected from SAIs on Financial Statements of Government (FSG) audits status in the Pacific region showed that 42% of SAIs have not yet completed their FSG audits for the financial year 2020.¹³

Our analysis also showed that 16% of SAIs¹⁴ have more than three-years' backlog of FSG audits and 50% of SAIs¹⁵ have more than three-years' backlog of other public entity financial audits. While SAIs told us that they place a high priority on the timely completion of their FSGs audits, survey responses explain that, in many cases, the SAI was unable to advance an audit due to external factors.

Factors that affect timely completion of audits by SAIs include delays in the preparation and submission of financial statements or accountability reports and records to support those financial statements by public entities to the SAI on time for audit. While SAIs are often blamed for not doing audits on time, they cannot audit if financial statements are not prepared – or are not prepared to an adequate standard – by the audited entity. Where audits have started, additional factors adding to the length of time required to complete all mandated audits include complex accounting treatment of COVID-19 issues and growth in the number of public entities for audit.

42% of countries have not yet completed their FSG for the 2020 financial year.

16% of Pacific SAIs have more than three years' backlog of their FSG audits.

50% of Pacific SAIs have more than three years' backlog of other public entity audits.

Outsourced audits

Outsourcing has been a common practice for SAIs to combat audit backlog and/or to mitigate inherent capacity shortages (see Figure 1).

The use of outsourced auditors across the three sub-regions materially contributes to improved timeliness of audit reporting in relation to FSG audits. In particular, Micronesia and Polynesia – where 80% and 20% of FSG audits are outsourced, respectively – reported that no SAI in their respective regions had a three-year backlog of FSG audits. On the other hand, in Melanesia, where no FSG audits are outsourced, 75% of SAIs¹⁶ reported a three-year backlog of FSG audits.

However, it is important to note that if the respective government has not prepared the financial statements for audit, it does not matter who the auditor is – there will be nothing to audit.

¹² Data collected in December 2022 and January 2023 from SAIs on FSG and SOEs financial audit status – FSG and SOE financial audits completed for the financial years 2018–2021.

¹³ Cook Islands, Fiji, Nauru, Northern Marianas, Palau, Papua New Guinea, Solomon Islands, and Vanuatu.

¹⁴ Papua New Guinea, Solomon Islands, and Vanuatu.

¹⁵ Fiji, Yap, Kiribati, Nauru, the Northern Marianas, Papua New Guinea, Solomon Islands, Tuvalu, and Vanuatu (American Samoa is excluded from this analysis due to unknown status of SOE audits in their response provided).

¹⁶ Papua New Guinea, Solomon Islands, and Vanuatu.

Figure 1

	Whole regional analysis	Sub-regional analysis ⁱ		
		Micronesia	Polynesia	Melanesia
Proportion of Supreme Audit Institutions that outsource the Financial Statements of Government	47%	80% ⁱⁱ	20% ⁱⁱⁱ	0%
Proportion of Supreme Audit Institutions that outsource some state-owned enterprise financial audits	95%	90% ^{iv}	100%	100%

- i French Polynesia and New Caledonia do not outsource audit work.
ii Only Nauru and Kiribati in the Micronesian sub-region do not outsource their FSG audits.
iii Only American Samoa in the Polynesian sub-region outsources its FSG audit.
iv Only Kiribati does not outsource SOE financial audits.

We understand that outsourcing is a long-term approach for many small island states because they face long-term capacity challenges. For example, the Generally Accepted Government Auditing Standards (GAGAS) adopted by the United States (US) affiliate countries and territories require a US-licensed, certified public accountant (CPA) to sign the financial audit opinion for the FSG and SOE audits. As most Micronesian SAIs do not have a CPA on staff, they contract out their financial audits to independent accounting firms. However, the outsourcing of FSG and SOE audits poses a potential integrity threat in that it often results in a SAI having limited engagement or interaction with the assigned auditor(s) or the public entities whose audits are outsourced.

It is important to note that not all SAIs are tackling the long-term capacity challenge in this way. SAIs from countries who have a national population of more than 100,000 citizens, particularly in the Melanesian and Polynesian subregions, are more able to source qualified staff for their future activity. Larger populations tend to have a professional accounting body that supports training of qualified staff, which helps SAIs work towards building capacity to manage audit demand internally. These advantages mean that those SAIs can use outsourcing in a targeted and more temporary basis. Strengthening quality control and quality assurance capabilities in the SAI are essential elements that should be in place to support an effective outsourcing approach. Although completing audits internally might currently compromise timely completion of audit reports, in the long term it could prove to be the more prudent approach to building the depth of expertise at the SAI, reducing audit backlogs over time, and strengthening the reputation of the SAI.

It was evident from our survey that 13 SAIs have minimal or no interaction with the public entities or the auditor(s) assigned to complete outsourced audits.¹⁷ Survey responses showed these SAIs are rarely able to conduct quality assurance checks of the outsourced work, although these audited entities are under the SAIs' mandates. The main reasons contributing to the lack of quality assurance related to the existence of conflicting legislative provisions, which are beyond the SAIs' control. For example, despite these SOEs being mandated under the SAI legislation, there are also provisions in legislation governing the outsourced SOEs that give them the authority to select and appoint their preferred, independent, auditors. While there might be some rationale for this, the public expect a wider range of outcomes and behaviours from publicly owned organisations than they do from the private sector. There is a need for such conflicting legislation to be reviewed to ensure that all public entities are audited to the same high standards.

17 American Samoa, the Cook Islands, Chuuk, Pohnpei, Yap, the Marshall Islands, Nauru, the Northern Mariana Islands, Palau, Papua New Guinea, Solomon Islands, Tuvalu, and Vanuatu.

Strategic planning

SAIs are required by international best practice to identify focus areas based on strategic audit planning approaches. Best practice means that the expectations of citizens, legislature, and other public stakeholders are considered by SAIs in their work.

Since 2016, PASAI has worked with 12 SAIs to develop their strategic plans.¹⁸ SAI Papua New Guinea's plan is a good example of how a SAI articulates its vision, mission, core values, strategic priorities, and high-level objectives for each strategic priority. Papua New Guinea's Strategic Plan 2022–2027 includes key performance indicators to measure achievements of each strategic priority and establishes a link between the strategic goal and the output to be achieved at the operational level. The plan was developed through a consultative approach, with the participation of SAI staff and representatives from Papua New Guinea's Public Accounts Committee.

Although there is a broad awareness in the region of the importance of having clearly defined performance goals and strategic management practices to support SAIs to deliver the audit priorities of each SAI's local context, it was clear from respondents that their ability to fully deliver on their goals is significantly affected by available

resources, capacity, and capability.

To address any perception that a SAI's Strategic Plan is no more than an aspirational document, there need to be open and robust conversations with Executive Government to ensure that adequate resourcing is provided to SAIs to fully deliver on their strategic goals. It is particularly relevant in the context of a national emergency because, as we saw during the COVID-19 response and during climate disaster responses, SAIs are expected to do more work, including to review government procurement processes and decisions made during these times. Resourcing constraints widen the gap between the expectations on what SAIs should do and what they can actually complete in practice.

It is equally important to highlight that, at times, a SAI's strategic plan may be adversely impacted by a broader public management system that does not fully support the SAI to perform to its full potential. This would include periods when a SAI's budget or staffing is reduced.

Freedom of expression

It requires a lot of courage to be the Head of a SAI, because they must often stand up against those in power. It is even more courageous when these people have the power to terminate their employment.

Many small-island SAIs lack protection of tenure and the freedom to publish findings without fear of interference.¹⁹ Some also continue to face 'stonewalling' or other poor behaviours from politicians or chief executives of public entities that fail to respect or to respond in an appropriate or timely manner to issues identified by the SAI.

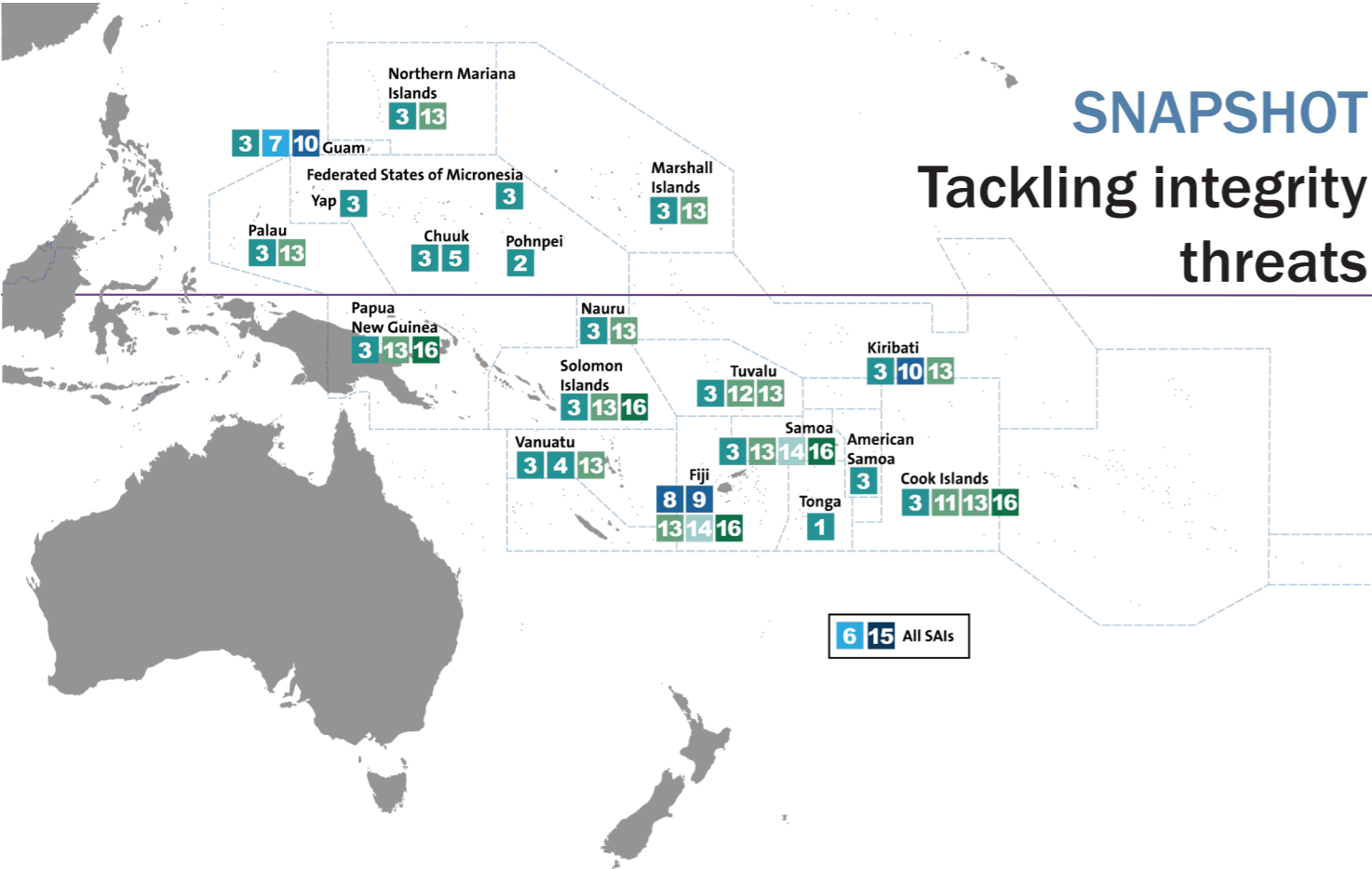
Building the wider system of integrity across the public service – where public entities respect the right of SAIs to share their audit observations and recommendations and emphasising that these observations need to be responded to by the public entities in a timely and responsible way – is essential to building the values of integrity and good governance.

18 The 12 countries are: CNMI, Cook Islands, FSM National, Guam, Kiribati, Kosrae, Papua New Guinea, Pohnpei, Solomon Islands, Tonga, Tuvalu, and Yap.

19 Data collected in December 2022 and January 2023 from SAIs on obstacles to effectiveness.

SNAPSHOT

Tackling integrity threats



Achieving independence

1 Constitutional independence achieved after 44 years Tonga

Although Tonga's Public Audit Act 2007 granted independence to the position of the Auditor General and functional, organisational, and financial independence to the Tonga Office of the Auditor General (TOAG), the SAI Performance Measurement Framework (PMF) assessment, conducted in 2016, highlighted the potential vulnerability of not having SAI independence enshrined in the Constitution. The SAI has worked with the Office of the Ombudsman, Public Service Commission, and the Legislative Assembly to advance a bill amending the Constitution which formally recognises the independence of the position of the Auditor General, providing protection from outside influence. After 44 years of discussion, this was finally achieved in 2022.

2 Achieving independence and resourcing to match mandate Pohnpei

On 7 July 2021, the Pohnpei Office of the Public Auditor (POPA) attended the Judiciary and Government Operations Committee hearing about a proposal to amend legislation to strengthen its legislative independence. The committee acknowledged POPA's work and agreed that its independence should be explicitly stated in the Constitution. In October 2021, the Pohnpei State Audit Act was amended to clarify and strengthen SAI independence from the executive and achieve autonomy over staffing and resourcing. In 2022, the SAI formulated and implemented its own human resource administration and management regulations, policies, and procedures, which have been approved to commence in 2023.

3 Financial dependence threatens mandate American Samoa, Cook Islands, FSM National, Chuuk, Yap, Guam, Kiribati, Marshall Islands, Nauru, Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tuvalu, Vanuatu

The SAI reports it has experienced increasing threats to audit independence due to a lack of financial independence. Because of the SAI's dependence on the resources allocated by the Executive to the SAI to carry out its core mandate, the threat of the Executive's intrusion and encroachment on the SAI's function remains.

4 Access and integrity of information threatened by lack of independence Vanuatu

Vanuatu's Right to Information Act empowers public entities to manage the release of the SAI's audit recommendations upon requests made by members of the public. The SAI is not free to share its findings directly without the consent of the public entity. The risk of this practice is that it raises concerns about the timeliness and integrity of information provided by the audited public entity.

5 Lobbying for independence and resourcing to match mandate Chuuk

In 2020, the Head of the SAI submitted a proposal to amend the Public Auditors Act. If successful, the amendments would provide SAI Independence in financial and budgetary matters, independence in human resource administration and management, and legal immunity for SAI staff. Individual engagement with the Attorney-General's Office and members of the Legislature regarding the importance of independence for the effective functioning of the SAI has occurred and is ongoing.

Resourcing to match mandate

6 Insufficient resourcing All SAIs

Many Heads of SAI reported to us that there is a need for higher pay to attract quality, well-trained, and qualified employees.

7 Insufficient resourcing Guam

This SAI secured an amendment to its Audit Act in September 2022 to allow for 25% of General Fund Revenues for its minimum budget from 1 October 2023. The Amendment Act further recognised that a separate salary scale for SAI staff was needed to enable the SAI to be more responsive to recruitment and retention challenges.

Maintaining activity through global disruption

8 Peer assistance sought to establish remote working arrangements Fiji

When its office closed in response to escalating community transmission of COVID-19, SAI Fiji sought guidance from the Australian National Audit Office (ANAO) about how to deliver audits effectively from home. SAI Fiji's collaboration with ANAO enabled them to develop policies for working from home and remote auditing, which guided the SAI through the lockdown period of the pandemic.

SAI Fiji observed that the Work from Home policy contributed to better performance management of staff working from home.

The Remote Auditing policy was further strengthened by an upgrade of software to Teammate Plus, enabled through financial support provided by PASAI.

As a result, the Auditor-General of Fiji was able to finalise three reports for tabling in Parliament while working from home during the COVID-19 pandemic lockdown period.

In September 2021, SAI Fiji commenced a partial re-opening of its office at 50% capacity. To be fully functional from the office, organizations were required by the Ministry of Health and Medical Services to develop a COVID-Safe Plan. SAI Fiji's COVID-Safe Plan was largely benchmarked to the ANAO's plan.

Fighting inaction by public entities

11 Calling out public entity's inappropriate expectations during an audit Cook Islands

In its 2018 and 2019 FSG audit report to the Cook Islands Government, the Head of SAI emphasised a number of integrity threats encountered during its audit of the Treasury. These threats, which included the unavailability of expected information, lack of analysis carried out, insufficient review processes, together with the non-performance of certain activities, contributed to delays in the completion of the audit. The Treasury was effectively using the SAI as a first level quality reviewer. The report explained to those charged with governance that significant resources were spent by the SAI working through the consolidation and financial statement preparation process with Treasury. The Head of SAI set out in the report that this practice was inappropriate because the SAI's involvement in the accounts preparation process risks the SAI's independence.²⁰

12 Improving access to financial information makes a difference to timely reporting Tuvalu

The implementation of an improved financial management information system (TechOne) by the Ministry of Finance was influenced by an audit recommendation, emphasizing the urgent need to build public sector capability in the preparation of financial statements and processes. Since the implementation of TechOne, the SAI has observed improvements in the preparation of accounts by Treasury staff.

13 Delays caused by public entities Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tuvalu, Vanuatu

Twelve SAIs reported that financial statements and records to be submitted by some public entities for audits were not timely, causing audit delays. This is despite the legislated timeframe that the majority of small island states have for the production and submission of financial statements by public entities to the SAI. Most SAIs must complete their FSG audits within either six, nine or 12 months from the end of each financial year.

We found that the Cook Islands and Vanuatu are the only two jurisdictions in the Pacific that have not set a completion date for the annual FSG audits in law. This means that there is no pressure in these countries' system of government to complete this work in a timely manner.

²⁰ Cook Islands Audit Office (2021), *Report to those charged with governance – 30 June 2018-2019 Financial Statements*.

9 Cyberattack on government network affects SAI Fiji

All application software for SAI Fiji is hosted by ITC (Information, Technology and Computing Services) Data Centre. In April 2021, the SAI network, including emails, was affected by a cyber-incident targeting the Fijian government network. Restoration of the SAI's applications and its database was achieved on 7 May 2021. The SAI received funding assistance of €11,428.57 from INTOSAI to purchase a data recovery server to improve business continuity. The SAI installed the data recovery server on 11 June 2021, which now replicates all SAIs applications and database systems for continuity purposes.

10 Digitisation Guam, Kiribati

To support remote working, Guam has implemented a VPN system so that staff can access electronic working papers through Teammate software remotely.

Post-COVID-19, the SAI has supported the Government of Kiribati to shift from traditional (cash and checking) payment system to an electronic (online transaction) payment system. The SAI has conducted a special audit on the change process. The shift to digital technologies will improve audits in the long term but in the short term there are delays as public entities adjust to a new way of working.

Quality assurance

14 Fiji, Samoa

These SAIs conduct quality assurance on the work of their outsourced auditors to ensure that they follow the required international standards and all other ethical requirements consistent with the SAIs' manuals and policies. This process also enables the SAIs to ensure that the outsourced auditors maintain appropriate integrity standards.

Many SAIs reported that they are unable to effectively perform any quality assurance of outsourced audits due to a lack of internally qualified staff.

Lack of knowledge or expertise

15 All SAIs

Micronesian SAIs have a statutory requirement under their Compact Agreements that the financial audits have to be signed off by a Certified Public Accountant (CPA), resulting in frequent outsourcing of audits. Samoa, Solomon Islands, and the Cook Islands to some extent outsource a portion of their work through private vector audit firms because of insufficient resources and capability.

For SAI Samoa, another reason to outsource is to involve citizens in the audits of the executive government. Citizenry participation in governance is encouraged because it provides audit leverage, quality control, and assurance on the work of the Samoan Audit Office.

Change of government

16 Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands

Changes of government create vulnerabilities for SAIs, particularly when their independence is not assured. In March 2021, Samoa's Parliament was dissolved and the new Samoan Parliament was unable to convene before September 2021, resulting in seven months of instability for the public sector. SAI Samoa remained resilient during this time and performed its functions independently. This provided a critical stabilising function for government operations during a time of political uncertainty.

Similar vulnerabilities are observed across the region currently in Fiji, the Cook Islands, Papua New Guinea, and Solomon Islands.

PART 3

Breaking down barriers to effectiveness

“We have called on all Pacific Leaders to champion integrity, advocating for and implementing best anti-corruption practices through a commitment to the criminalisation of corruption and to prompt, impartial investigation and prosecution ... They [Pacific Islands Leaders] made a collective pledge to combat corruption by adopting the Teieniwa Vision, 'teieniwa' meaning 'to set sail' in the Kiribati language.”

President of Kiribati, His Excellency Taneti Maamau,
at the launch of the Teieniwa Vision

Promoting co-operation

Joint efforts between governments, businesses, civil society, community, youth groups, media, and individuals to champion integrity, increase public awareness, and promote zero tolerance for corruption and the misuse of public funds will strengthen the effectiveness of the work of SAIs.

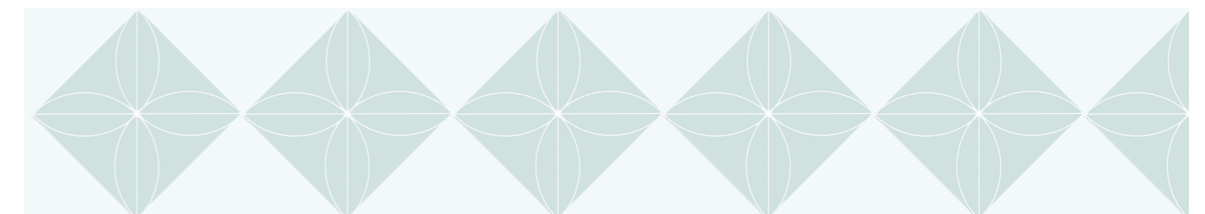
Globally, 189 countries are parties to the United Nations Convention against Corruption (UNCAC). This includes Australia, New Zealand, and all the Pacific Island Countries. Heads of Government accede to this framework and carry out anti-corruption work to progress these collective aspirations, at all levels, in their home countries and regions.

In February 2020, the first regional conference on anti-corruption in the Pacific was held in Kiribati, with support from the United Nations Pacific Regional Anti-Corruption (UN-PRAC) Project, a joint initiative of the United Nations Office on Drugs and Crime (UNODC) and the United Nations Development Programme (UNDP), supported by Australia and New Zealand. The conference formed consensus on a regional roadmap to combat corruption called the Teieniwa Vision – Pacific Unity against Corruption.

A year later, all 18 Pacific Islands Forum leaders endorsed the Teieniwa Vision, enabling Pacific nations to unite and consolidate their commitments to integrity implementation.²¹ The Teieniwa Vision recognises “the importance of political will and leadership at all levels in addressing corruption” and advocates that “implementation should be substantiated through well-resourced national efforts that emphasise transparency and accountability, the rule of law and reinforce good governance.”²²

The commitments made by the Pacific Island Leaders in the Teieniwa Vision call on Parliaments, the public sector, private sector, and communities to champion integrity, advocate and implement anti-corruption practices, and request prompt impartial investigation and prosecution. These calls to action can now be used by the public sector to support the work of SAIs. In other words, the Teieniwa Vision strengthens the importance of each country’s work towards these goals and reinforces the need for SAIs to be supported by the public sector to achieve them – anti-corruption efforts will not be achieved by any single part of the system on their own.

Survey responses revealed that Pacific SAIs would value further guidance and support to assist them to play their part in implementing the Teieniwa Vision. The wider public financial management system can facilitate the needed support and help PASAI work more closely with other government integrity agencies to find the optimal balance to safeguard transparency and accountability in their countries. Parts 3 and 4 of this report provide examples of SAIs working positively with various branches of government, the public, the media, and Civil Society Organisations (CSOs).



Working with Government

Working effectively with the legislature remains a work in progress for most Pacific SAIs.

This section aims to highlight the bilateral nature of the relationship between the legislature and SAIs and how the work of each party impacts the other.

Collaborative efforts between the legislature and SAIs are critical to ensure that:

- the legislature understands the matters raised in audit reports;
- timely discussion of audit recommendations occurs in Parliament/Senate;
- the Executive Government takes action, including holding public entities and their leaders to account, in response to audit recommendations;
- integrity is modelled across the public sector;
- SAIs have the resources and authority necessary to execute their mandate effectively;
- SAIs have the information to enable timely completion of audits; and
- SAIs have the independence and protection to fulfil their proper duties.

Transparency and accountability can only be achieved when each party takes responsibility for the obligations it owes the other party. Analysis of survey responses showed that there is a lot of good work being carried out by SAIs to strengthen the two-way nature of their relationship with the legislature, despite a variety of constitutional constraints.



“The effectiveness with which SAIs fulfill their role of holding the government to account for the use of public money not only depends on the quality of their work, but also on how effectively they are working in partnership with the accountability functions of the legislature as well as the executive arm of government in making use of audit findings and enacting change.”

INTOSAI



Legislature oversight committees

Survey responses showed that Polynesian and Melanesian SAIs highly value the Public Accounts Committees (PAC), which are parliamentary bodies that oversee the Executive Government’s spending and performance of public entities.²³ The PAC structures are extremely important for scrutinising the Executive Government’s use of public resources, financial management and reporting, promoting the message that fundamental values of honesty and integrity apply in the public sphere, and for reinforcing appropriate behaviours.

Respondents described PACs playing a valuable role in supporting a SAI to carry out its functions, particularly when PACs emphasised the importance and value of the objectivity and independence a SAI’s work can bring. PACs are an executive accountability mechanism designed to provide financial oversight of public spending and to monitor public sector behaviour and decision making. Typically, the SAI’s work informs the work of the PAC.

Survey insights suggest that there is little direct collaboration by SAIs with individual public entities following the completion of an audit when the country has a Public Accounts Committee. This can create inefficiencies, where SAIs channel recommendations through the PAC – in many cases without first liaising with the public entity directly. This practice has the potential to delay implementation of controls or other recommended changes at the public entity until it receives direction to do so from the PAC.

Even with established oversight arrangements in place, there appears to be a lack of pressure in the system for public entities to take action in response to audit findings and recommendations. Recommendations through the PAC process can take a long time or not be particularly directive, which results in a lack of action or response from the public entity to SAI recommendations. Even when there is direct liaison by the SAI with the public entity, the entity will often wait until there is a directive from a higher authority before any action is taken.

In contrast, we found that other SAIs tend to follow up with public entities directly, typically by letter, in the following year. As a result, the SAI takes more responsibility for follow up when this role is not mandated to a Public Accounts Committee. Where audits are outsourced, SAIs reported that they generally did not monitor implementation of findings because they relied on the work done by outsourced audit providers in subsequent years to incorporate follow up work.

PAC oversight arrangements contribute to improved accountability and transparency, especially when there is a strong working relationship between the PAC and the SAI. However, some of these committees meet irregularly, which means that despite the strength of the relationship between the PAC and the SAI, the length of time between meetings affects the SAI's contribution and their ability to follow up or monitor implementation of audit recommendations.

In some jurisdictions, parliamentary committees are not required to scrutinise audit reports and follow up audit recommendations. SAIs explained to us that without a legislative requirement for follow-up of audit recommendations, public hearings on audit findings rarely took place, nor were actions required by the legislature in response to audit recommendations. Best practice maintains that scrutiny of audit reports by both the SAI and the legislature are critical for transparency and effectiveness.²⁴ Neither the SAI nor the legislature can be effective on their own.



Only **19%** of respondents were found to have a regular cycle of reporting to the legislature.



48% of respondents confirmed that legislature oversight bodies assisted them to have a positive impact.



57% of SAIs do not work closely with their legislative committees to follow up on their recommendations.

Strengthening collaboration with public entities

In Part 1, we highlighted that SAIs found it challenging to fulfil their functions effectively when public entities had not prepared the necessary documents for auditing. We believe that the broader public financial accountability system could support SAIs by providing appropriate resourcing of financial and administrative positions in the public sector, to enable public entities to prepare their financial statements in a timely manner and thereby enable a timely audit to occur. Until the broader public system provides enough resources and invests in the capability and capacity required to prepare annual financial statements to recognised standards, SAIs will continue to find it difficult to effectively deliver their mandated audit functions in a timely way.

We recognise that this is not a short-term process, but one that will involve reinforcing values, processes, systems, and accountability over the long term.

SAIs tell us that they are more effective when they are able to work together with other accountability institutions to improve the quality of public governance, recognising the interdependent nature of the national integrity system. Regular meetings with the offices of the Ombudsman, Public Service Commissioners, Attorney-General, Police Commissioners, Anti-Corruption Committees, and the like provide SAIs with the opportunity to share information and reporting, which appears to be a key contributor to SAI effectiveness. Where integrity agencies have been able to support each other to emphasise the value of transparency to other public entities, SAIs found that the public entity was more receptive and responsive to the audit process and more likely to see the audit as valuable.

We asked SAIs whether they sought feedback from the public sector agencies to strengthen collaborative efforts or measure SAI effectiveness. The Northern Mariana Islands described conducting a government-wide online survey for government employees, asking public servants to submit areas for attention for future investigations in their workplaces. Matters of concern raised by survey respondents included procurement controls and accounting of funds.

Only SAIs Fiji and the Northern Mariana Islands reported that they had sought feedback from parliamentarians and public entities regarding the effectiveness of their reports. SAI Fiji learnt that parliamentarians find great value when an audit management report clearly explains how the recommended actions would improve the public entity's current way of operating.²⁵

Other SAIs explained that a lack of resources – both in terms of capacity and capability – meant that they were unable to survey public entities, parliamentarians, or other government integrity agencies about SAI effectiveness with any regularity. Stakeholder feedback, if sought or received, occurs on an ad hoc basis for most SAIs.

"For the system to be robust it requires a team – it's about the collective strength of each of those pillars of integrity and making sure they all work collectively together, understand each other's role, and play in their zone, but all play the game well."

John Ryan, Secretary-General of PASAI and Controller and Auditor-General of New Zealand, Tokelau, and Niue

Ensuring understanding of the purpose of SAIs

Building awareness and understanding of the purpose of the SAI's role in the public financial management system is important work and requires investment of time and energy. The educative role of SAIs across Parliament and Government is critical to their success.

We found several excellent examples of SAIs promoting the value of public sector integrity by:

- providing workshops on ethics and integrity to public servants;
- discussing with public entities how to improve integrity controls and awareness of integrity issues;
- delivering roadshows to the public to present audit findings or corrective actions needed or taken;
- promoting use of the public sector disciplinary processes;
- hosting Anti-Corruption Day events; and
- periodically completing joint anti-corruption initiatives or independence declarations.

Our survey confirmed that gaps remain in the usability of SAI reports by public entities. Analysis suggested that a focus on the timely completion of an audit report can compromise the readability, or user-friendliness of the report. A review of some of the executive summaries preceding the detailed report indicated a tendency to use highly technical audit language, rather than Plain English. SAIs recognise that this practice potentially has negative consequences, particularly if readers are not familiar with the role of the SAI. PASAI is providing support to SAIs to improve report-writing skills.

Effective SAI reporting should incentivise and drive change in the public entity. When the reports are publicly released, they should communicate clearly, avoiding technical language and jargon, so that users can understand what is required of them.

SAI's recommendations should present a compelling case to the entity to implement change.

In 2020, staff from 11 SAIs attended a workshop series run by PASAI to improve their communication of key messages to stakeholders.²⁶ PASAI repeated this course and developed e-learning material and has also supported the development of Stakeholder Engagement Strategies (SES) for Fiji, FSM National, Pohnpei, Yap, Solomon Islands, Tuvalu, and Vanuatu.

Despite the value placed by SAIs on developing their SES, it is important to note that many SAIs said that they did not have the resources to implement their aspirational strategy. The challenge is converting strategic intentions into practical and realistic actions in the SAIs' current context.

Other survey responses revealed that SAIs are developing more allies, channels, and languages to share their key messages and promote the importance of their work. Further details are presented in Part 4 of this report, but it is worth highlighting that social media has greatly increased the ability of SAIs to share key messages quickly across the public sector.

Our survey showed that some SAIs sought to improve effectiveness and promote accountability by translating key audit reports into local languages to assist politicians, government officials and the public to better understand audit implications. These activities are designed to improve accessibility of information, but take a lot of time and resource to deliver.

Role-modelling

Leading by example is a powerful form of influence – it is essential that a SAI is conscious of its leadership role in the public financial management system and operates with this in mind. We found that many SAIs are leading by example by having independent audits of their own financial statements. In 2022, Tuvalu began to audit its 2017 accounts, joining the Cook Islands, Fiji, FSM National, and Papua New Guinea in role-modelling the importance of this practice.

We found that about 62% of respondents have codes of conduct and codes of ethics for staff to follow. If a breach of the code of conduct occurs, SAIs apply appropriate disciplinary process. Of the SAIs surveyed, 10% said they had dealt with unethical conduct.

To maintain public trust and confidence, the Office of the Auditor-General of New Zealand has developed a framework called “Putting integrity at the core of how public organisations operate”²⁷ to promote integrity, not only at the office of the Controller and Auditor-General but also across the public sector in New Zealand. SAIs in the PASAI region can use this framework in promoting integrity in their respective countries.

SAIs Samoa and Cook Islands have implemented IntoSAINT,²⁸ an integrity assessment of their SAIs' activities, and are facilitating the adoption of this tool by public sector entities to carry out their own integrity assessments. One public sector assessment was completed in the Cook Islands before COVID-19, and Samoa has completed eight

assessments between 2019–2022 and is working to integrate integrity assessment components into its annual audit program.²⁹

Role-modelling the values of integrity at both a personal and professional level supports and encourages a culture of accountability. We found that many SAI staff, in their private capacity, are providing leadership on various ethics and integrity committees in their communities and for a number of international agencies.



“Supreme Audit Institutions have an educational role in reminding the public of the importance of their role in checking that public monies are going to where they were intended to go when appropriated.”

The Right Honourable Helen Clark, INTOSAI IDC Goodwill Ambassador for Supreme Audit Institutions

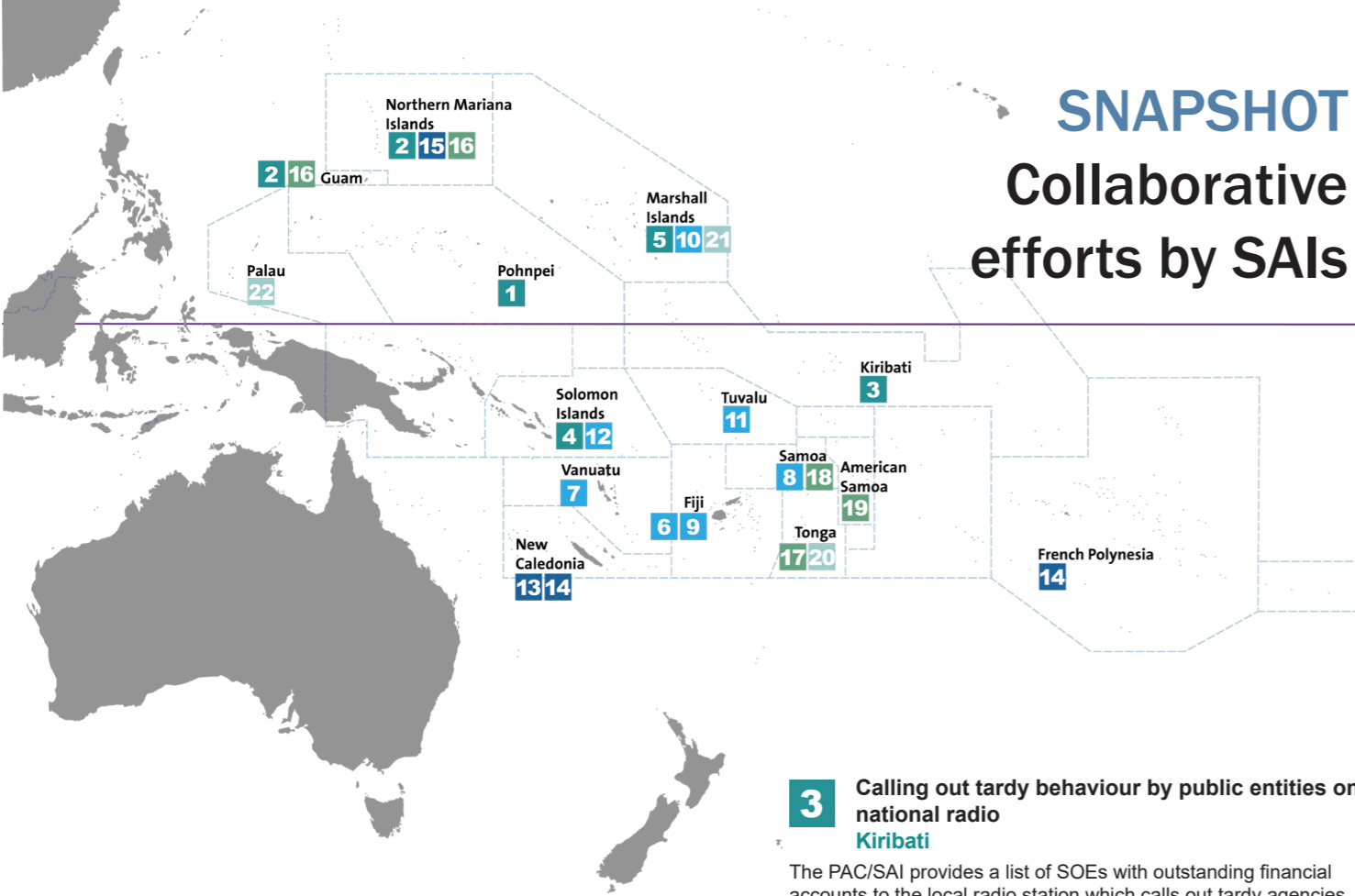
²⁷ Office of the Auditor-General New Zealand (2022), *Putting integrity at the core of how public organisations operate*, at www.oag.parliament.nz.

²⁸ Short for the International Organisation of Supreme Audit Institution's Self-Assessment of Integrity, developed by the Netherlands Court of Audit (2010) as a self-assessment tool that enables SAIs to evaluate the quality and maturity of their integrity systems.

²⁹ When completed in a public sector entity the assessments is called SAINT. The eight SAINT assessments were conducted on the office of the Ombudsman, the Ministry of Finance, the Public Service Commission, Office of the Clerk and Legislative Assembly, Office of Electoral Commissioner, Ministry of Justice, Courts and Administration, Ministry of Customs and Revenue, and Ministry for Public Enterprises.

SNAPSHOT

Collaborative efforts by SAIs



Strengthening understanding of the importance of accountability

1 Strengthening strategic planning in collaboration with public entities Pohnpei

In August 2021, Pohnpei's Office of the Public Auditor (POPA) held a meeting with the directors of the Departments of Education, Land, Public Safety, Resources & Development, and Treasury & Administration. The Public Auditor presented possible audit projects for the 2022 financial year and solicited comments and feedback from the directors. POPA's role in the promotion of transparency and accountability in the public sector was also explained in this meeting. Opportunities were given to each of the directors to explain their expectations and identify high-risk areas in their departments that needed attention and help from POPA.

2 Citizen-Centric Reporting improves awareness of public sector responsibilities Guam, Northern Mariana Islands

Both Guam and the CNMI have adopted the initiative known as Citizen-Centric Reporting (CCR), which was developed by the Association of Government Accountants in the United States to foster innovative means of communication between government and their citizens. The initiative was designed to encourage government to provide meaningful and understandable information about the financial condition and performance of the government to its citizens. The four-page format provides a simple but meaningful method of reporting both financial and non-financial information in language that citizens can relate to. All government entities (including the SAI) are required to prepare and publish the CCR reports on their own websites and submit a copy to the Speaker of the Legislature and to the SAIs. The SAIs are also required to house all of the CCRs of the different government agencies on their respective websites. SAI Guam occasionally conducts compliance audits on the CCRs as part of its mandate. The Association of Government Accountants Guam Chapter presented the Guam Office of the Public Auditor (OPA) with the Bronze Award (third place) for Excellence in Citizen-Centric Reporting Award for their 2020 report.

3 Calling out tardy behaviour by public entities on national radio Kiribati

The PAC/SAI provides a list of SOEs with outstanding financial accounts to the local radio station which calls out tardy agencies to complete their obligations. Broadcasting this information is designed to encourage healthy competition between the SOEs to ensure that deadlines are met. SAI Kiribati says that the transparency of this step is a swift motivator to precipitate SOE compliance and accountability.

4 Strengthening inter-institutional anti-corruption co-ordination Solomon Islands

A two-day strategic planning workshop organized by the United Nations Development Programme in the Pacific under the Transparency and Accountability and Strengthening Anticorruption, Transparency and Accountability in Pacific Island Countries Project was organized in September 2022. More than 50 representatives from oversight and integrity institutions gathered to identify and build consensus on possible areas of intra-institutional cooperation related to exchange and use of information, investigative assistance, case referrals, and other issues.

5 Good governance working groups Marshall Islands

SAI is part of the country's Good Governance working group and the SAI also participated in a Government Employees Forum speaking on the topic of government ethics and accountability. A similar topic was delivered to a group of teachers and principals from across the country at the request of RMI Public School system officials to remind teachers about the standard of conduct that is expected of all government officials. At the request of a Parliamentary Committee, the SAI has also sent comments regarding a New Bill to upgrade the ethics law.

Strengthening collaboration with public oversight bodies

6 Advanced briefing to PAC to ensure understanding of issues Fiji

SAI Fiji provides confidential advanced briefings to PAC members to help them understand audit report content before the Committee sits and makes its deliberations, which are live-streamed to the public. This practice ensures that all committee members fully understand the issues of the audit and are able to openly discuss the issues and recommended remedial actions.

7 PAC focus improves timely preparation of financial statements for audit Vanuatu

The PAC assumes responsibility to follow up with State Agencies to provide timely financial statements for audit to the SAI. The SAI and the Legislature work together to follow up on significant issues identified in the audit reports. Through the support provided by the PAC to follow up on financial reports, state agencies have improved their timeliness in providing financial statements for audit and making reporting available to the public. Through the PAC's follow up on critical issues identified in the audit reports, audited public entities now give an update on the status of implementing the recommendations and provide assurance to the PAC on rectifying issues identified in the audit reports.

8 Legislature support helps reduce audit backlogs Samoa

Because of a productive relationship with previous parliaments, the Samoan Audit Office was supported by government to bring the annual accounts, annual audits, and annual reporting to Parliament up to date. There was a significant backlog, which had been ongoing and continuous since Samoa became independent. Clearance of the backlog commenced during the tenure of previous parliaments in 2011–2016 and 2016–2021.

9 PAC reviews and public participation increases pressure for change Fiji

The Fiji Standing Committee on Public Accounts submits review reports to Parliament on all the Auditor General's Reports that are scrutinised. The review reports provide the committee's recommendations to both the audited entity and the SAI. The recommendations contained in the review reports often include the conduct for follow-up audits on issues raised and the implementation of recommendations as outlined in the audit report. Fiji confirmed that meetings of their Standing Committee on Public Accounts to deliberate on audit reports are usually open to the public and the media and attended by both representatives of the SAI and the audited entity. Public participation in these forums helps to create pressure on the public entities to implement the SAI's recommendations.

10 Budget consequences for public entities that fail to implement change Marshall Islands

During PAC hearings, Parliamentarians ask the Auditor General for the status of audit recommendations. The SAI prepares audit briefings to the PAC highlighting issues for the PAC to focus their attention on. In these sessions, the PAC has expressed its desire to match budget appropriations to entity performance. This would include making decisions about whether funding should be discontinued for entities with unresolved audit issues or for those not taking appropriate actions to address and act on the recommendations. The PAC and the SAI partner effectively to demand better accountability from public institutions.

11 Reciprocity of PAC and SAI improves audit impact Tuvalu

The PAC supported SAI independence to enable the Auditor-General to carry out its mandate independently. This was achieved by the PAC supporting amendments to the Audit Act 2016. In return, the Auditor-General works with PAC members to provide guidance as they scrutinise audit reports. PAC members then seek feedback from government officials to provide more context on the issues raised in the audit report and explain how they have addressed or plan to implement audit recommendations. Tuvalu noted that their PAC has held public entities to account and required them to implement audit recommendations. As a result, the entities have implemented the recommendations. Although the response by audited entities is not always immediate, once a recommendation is identified and supported by the PAC there is usually a change response by the entity, resulting in improved services provided by ministries and departments.

12 Recognising the role of the PAC and its power to improve SAI resourcing Solomon Islands

Solomon Islands indicated that only one hearing was held in the past five years. When the hearing was held it had a significant impact on the audited entity and resulted in change to its executive team and ongoing recommendations for improved governance. The SAI is increasing engagement with their PAC and working collaboratively with PAC members to explore how this important body can function most effectively. The SAI has indicated that regular meetings, sufficient resourcing, and clear standing orders will help the Committee to function better and enable closer scrutiny of the financial and performance management of public sector entities. Supporting this important function to build more capacity and capability will in turn help the SAI to have greater impact through their audit work.

Strengthening collaboration with public entities

13 Government requires public entities to provide annual implementation reports New Caledonia

In 2016, the Government of New Caledonia put in place an obligation for state-owned enterprises to report every year on the implementation of audit recommendations.

14 Partnering to monitor implementation of audit recommendations for local government French Polynesia, New Caledonia

French Polynesia and New Caledonia have a statutory follow-up mechanism requiring the audited entity to send a report to the Legislature explaining what the entity did in response to the SAI's recommendations, one year after the audit. As a monitoring tool, the Chambre tracks the percentage of recommendations that have been addressed by the public entity. Tracking implementation is an effective way to monitor the level of impact of the Chambre's work. It reported that on average 75% of audit recommendations are implemented by public entities each year. This indicates that there is strong buy-in from public entities to improve their performance. The Chambre recognises that this high percentage was achieved by providing SMART (specific, measurable, achievable, realistic, and time-based) recommendations that are clearly set out in each report and have been clearly discussed with the public entity and also with the Legislature before publication.

15 SAI tests efficacy of public entities corrective actions Northern Mariana Islands

The SAI's mandate requires the Public Auditor to report every six months to the Legislature on the audited agencies' compliance with the Public Auditor's recommendations. The SAI issues follow-up notification letters to the heads of audited entities that inquire about the entity's corrective action and completion date for applicable audit recommendations. If the audited entity implemented corrective action, the SAI conducts testing procedures to determine the efficacy of the corrective action. If found sufficient, the SAI will consider the recommendation resolved. However, if found insufficient, the SAI will consider the recommendation unresolved and recommend that the audited entity revisit its corrective action plan and ensure future actions will address the finding.

Working with other government integrity agencies

16 SAIs monitor implementation for legislature Guam, Northern Mariana Islands

The Northern Mariana Islands and Guam SAIs issue follow-up notification letters to the heads of audited entities every six months to ascertain the status of the entity's corrective action and completion date for the applicable audit recommendations. The results are then compiled into a summary report. Periodically a report is compiled on recommendations not implemented which is provided to the Legislature.

17 **Review of public performance management system links public servants' salaries and implementation of audit recommendations**
Tonga

The Tongan Public Service Commission sought to improve the quality of its public governance by initiating a review of public sector salaries pursuant to their public performance management system. In the review, the Commission linked extension of CEO contracts and salary increases to CEO performance. Annual salary reviews now include evaluation of whether the CEO's public entity actioned audit recommendations identified in the year under review. It also links complaints received by the Ombudsman. While these steps were not popular initially across the public sector, making these linkages has demonstrably lifted the importance of public integrity and public accountability in Tonga.

18 **Public sector integrity agencies collaborate**
Samoa

In 2017, SAI Samoa introduced an informal network known as the Samoa Integrity Organisation Network (SION), co-led with the Office of the Ombudsman. This network includes other government integrity agencies such as the Office of the Attorney General, Public Service Commission, Ministry of Finance, Central Bank of Samoa, Ministry of Customs and Revenue, Office of the Electoral Commission, Ministry of Justice and Courts Administration, Office of the Clerk and Legislative Assembly, Ministry of Police, Ministry of Public Enterprises. The SION meets at least quarterly to share intelligence. SAI Samoa also partners with these agencies to provide educational awareness and training about upholding integrity and combating corruption.

The SAO has also developed an MOU with the Ministry of Police enabling the SAI's Special Audit Unit and Certified Fraud Examiners to do forensic audits to assist Police prosecute financial crimes.

19 **Collaborative efforts with Public Sector Integrity Agencies**
American Samoa

The Acting Territorial Auditor heads the Government's Ethics Committee.

Strengthening collaboration with enforcement agencies

20 **Enforcement agencies act on audit report finding of ministerial fraud**
Tonga

Irregularities reported by the Tonga Office of the Auditor-General (TOAG) from a routine audit of a technical and vocational institute resulted in the Supreme Court of Tonga finding a couple guilty of defrauding more than T\$500,000 of government grants. The case involved a serving Cabinet Minister, a former Cabinet Minister with a previous bribery conviction, forgery, false pretenses, systemic fraud, witness tampering, a private school, and a beauty pageant. The SAI supported the Police's further investigation, and the couple were charged in 2018. The trial in the Supreme Court concluded in June 2021. The SAI Head was pleased with the court's case being completed, saying "This outcome sends a message that we bring transparency to public financial management to achieve good governance."

21 **Development partner and SAI promote legal process to effect change**
Marshall Islands

As part of the SAI's new Strategic Plan, one of the country's development partners commended the work of the SAI and requested that the SAI conduct more performance and compliance audits of their funded programs. They also acknowledged the SAI using its subpoena power to compel the supply of accounting records from one non-cooperative government entity.

22 **SAI effort supports enforcement agencies to deliver**
Palau

The SAI works closely with the Office of the Special Prosecutor (OSP) on prosecuting corruption in government and the public is very supportive of this work. The OSP often uses the SAI office to interview witnesses and suspects. The SAI also assists OSP investigators by explaining financial documentation. In addition, the SAI has on multiple occasions been summoned to testify in court as an expert witness in cases of corruption.

PART 4

Public participation

Ensuring that government works for the public good requires informed, organised, active, and peaceful citizen participation. Citizens must, therefore, understand ideas about citizenship and the role they play to support good governance and accountability.

Citizens need information to assess the proper use of authority, along with the skills (and safety) to voice their concerns, either individually or collectively, to hold public officials to account.

Given their mandates, SAIs are natural allies of citizens exercising public scrutiny. The work of a SAI provides the necessary technical and financial information for citizens to voice their preferences and influence government decisions that affect public welfare.

Citizen engagement can strengthen independent oversight institutions and enhance accountability. SAIs recognise that locally led, issue-driven, citizen-centric voices are a powerful transformative force.

Learning to work together, to respect the rights and responsibilities of both citizens and SAIs, and to play complementary roles, takes time.

For Public Auditors to be effective, SAIs require citizen participation, citizen educators (such as the media), as well as citizen advocates, mobilisers, and researchers (such as Civil Society Organisations).

"Transparency is the vaccine for corruption.

The rules of governance work when citizens can see who's breaking them.

In countries, companies, communities."

Bono

Widening our reach

Ready access to public information is fundamental to promoting a culture of transparency and enabling civic engagement.

In 2016, 74% of SAIs did not have a communication strategy and lacked channels and tools to engage in productive communication with the legislature, the media, or with society. To date, PASAI has supported 13 SAIs to develop key messages for citizens in their Stakeholder Engagement Strategies.

We found that, in 2022, 90% of SAIs use their website as the primary place for the public to learn about what they do or to access an audit report.³⁰ This growth, from 68% in 2016, is impressive when we consider that 75% of SAIs do not have a communications budget, and for the five SAIs that do, the communications budgets range between 2.5–4% of SAI total budget.³¹

Websites continue to be the primary mechanism for SAIs to share information, although since 2016 there has been growth in the number of SAIs using other communication platforms or channels. We found average growth of communications channels used by SAIs to disseminate audit reports has increased by 155% since 2016 (see Figure 3). A critical consideration is the timing of when the SAI’s audit findings can be shared with the public. For 47% of SAIs, statutory rules prevent the publication of audit findings until after the audit report has been tabled in Parliament.³²

Ideally, submission of SAI reports to the Speaker of the House/Senate would trigger the information becoming publicly available. In practice, a citizen’s access to information may be delayed by the audited public entity, the PAC, or the practice of government officials.

For example, in Vanuatu, the Right to Information Act empowers public entities to manage the release of audit recommendations to the public. The risk of this practice is that it raises concern for the integrity of information provided by the audited public entity. The Cook Islands example set out on page 13 of this report provides a good example of how a SAI has dealt with this issue.



90% of SAIs have their own website.



53% of SAIs have authority to publish audit results immediately.



21% of respondents said they experienced publication delays due to parliamentary processes.



25% of SAIs have a communications budget.

ZERO SAIs surveyed public perceptions of effectiveness.

30 Only two SAIs (Chuuk and Nauru) have not established their own websites. The source of the 2016 data is PASAI’s SAI PMF Report released in November 2022. In 2022, 19 out of 21 SAIs, including French Polynesia and New Caledonia, have SAI websites.
 31 Fiji, Kiribati, the Marshall Islands, Tuvalu, and Vanuatu have set aside budget for communications.
 32 Or where applicable, by the governing body of the auditee.

Figure 3

Channel of communication	% of SAI usage in 2016 ⁱ	% of SAI usage in 2022	% Increase
Platform			
Social media ⁱⁱ	11%	47%	327%
Press release/press conference ⁱⁱⁱ	16%	37%	131%
National radio ^{iv}	11%	26%	136%
TV broadcast	Not recorded	3 SAIs ^v	N/A
SAI's website ^{vi}	68%	84% ^{vii}	24%
Monitoring			
Client stakeholder survey ^{viii}	11%	16%	45%

- i Data sourced from SAI PMF report 2022. Note this report excludes French Polynesia and New Caledonia. On this basis, these two SAIs are excluded from the percentage increase comparison.
- ii Two out of 19 SAIs used social media in 2016, including Chuuk and Yap. By 2022, nine out of 19 SAIs use social media. The additional seven SAIs are American Samoa, FSM National, Chuuk, Pohnpei, Yap, Fiji, Guam, Kiribati, and Samoa.
- iii Three out of 19 SAIs made press releases or held press conferences in 2016, including the Cook Islands, Papua New Guinea, and Solomon Islands. In 2022, this grew by four out of 19 SAIs, including FSM National, Chuuk, Pohnpei, Guam, the Northern Mariana Islands, Palau, and Tuvalu. It is interesting to note that the three SAIs that did this in 2016 were not in a position to continue to hold press conferences in 2022. Key personnel changes and budget limitations may account for this.
- iv Two out of 19 SAIs used radio to publicise audit findings in 2016, including Yap and Solomon Islands. In 2022 this grew to seven out of 19 SAIs, including Chuuk, Pohnpei, Guam, Kiribati, and Tuvalu.
- v Fiji, Nauru, and Samoa provide live broadcasts of their Parliamentary sessions.
- vi In 2016, 13 out of 19 used their SAI website to publish audit reports, including FSM National, Pohnpei, Yap, Fiji, Guam, Kiribati, the Marshall Islands, the Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, and Tuvalu. This grew to 16 out of 19 in 2022, including three additional SAIs: American Samoa, the Cook Islands, and Tonga.
- vii Data sourced from SAI PMF report 2022. Note this report excludes French Polynesia and New Caledonia. On this basis, these two SAIs are excluded from the percentage increase comparison.
- viii In 2016 two out of 19 SAIs carried out client stakeholder surveys, including Fiji and Guam. This grew by one SAI in 2022 to include Fiji, the Northern Mariana Islands, and the Marshall Islands.



Citizen engagement

Pacific Islanders can report allegations of corruption directly to a SAI through their website, by email, or by post. Dedicated fraud hotlines are common throughout the Micronesian sub-region, where citizens can contact the hotline directly to report instances of wrongdoing.³³ The other sub-regions encourage citizens to use the feedback options on the SAI website.³⁴ However, SAIs are increasingly aware of the need to engage citizens in proactive, rather than reactive, ways.

Community outreach events featured in many SAIs Stakeholder Engagement Strategies as a valuable way to enhance community awareness and engagement in fighting corruption. The Office of the National Public Auditor (ONPA) of the Federated States of Micronesia conducted four outreach activities in Pohnpei state in 2022. The events took place in local churches, immediately after the morning church services, and consisted of a slideshow presentation on the duties, responsibilities, and outputs of the ONPA. Community feedback was invited on findings from recent audits. A summary of these events can be found on the ONPA Facebook page.

We found several examples of SAIs proactively seeking citizen input in the annual audit planning phase. For example, via SAI Guam's website, citizens are invited to submit potential audit topics and prioritise particular matters of concern. In cases where SAI Guam anticipates the publicly selected matters will produce findings or recommendations that might affect the wider public, these issues are built into their audit programs and resourcing plans.

Of the SAIs that reported they do not proactively engage citizens in their audit process, 63% plan to do so in the future, but this is dependent on adequate resourcing and available communications capability.³⁵

³³ American Samoa, FSM National, Pohnpei, Yap, Guam, the Marshall Islands, the Northern Mariana Islands, and Palau operate corruption hotlines. French Polynesia and New Caledonia operate two citizen platforms for participation and reporting.

³⁴ The Cook Islands, Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

³⁵ Nineteen out of 21 SAIs do not proactively engage with citizens. Twelve out of those 19 wish to proactively engage with citizens in the future (including French Polynesia, FSM National, Chuuk, Pohnpei, Kiribati, the Marshall Islands, New Caledonia, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Tuvalu).

Media

SAIs reported that what is reported on in the media is a key source of information to help them find out what issues are of importance to the public.

Of the SAIs we surveyed, 43% have direct contact with the media in publicising audit findings.³⁶

Two SAIs (Samoa and Tonga) reported that they provide training to the media on the interpretation and use of audit reports. This is an effective way to assist the media to understand how to interpret the technical aspects of audit findings.

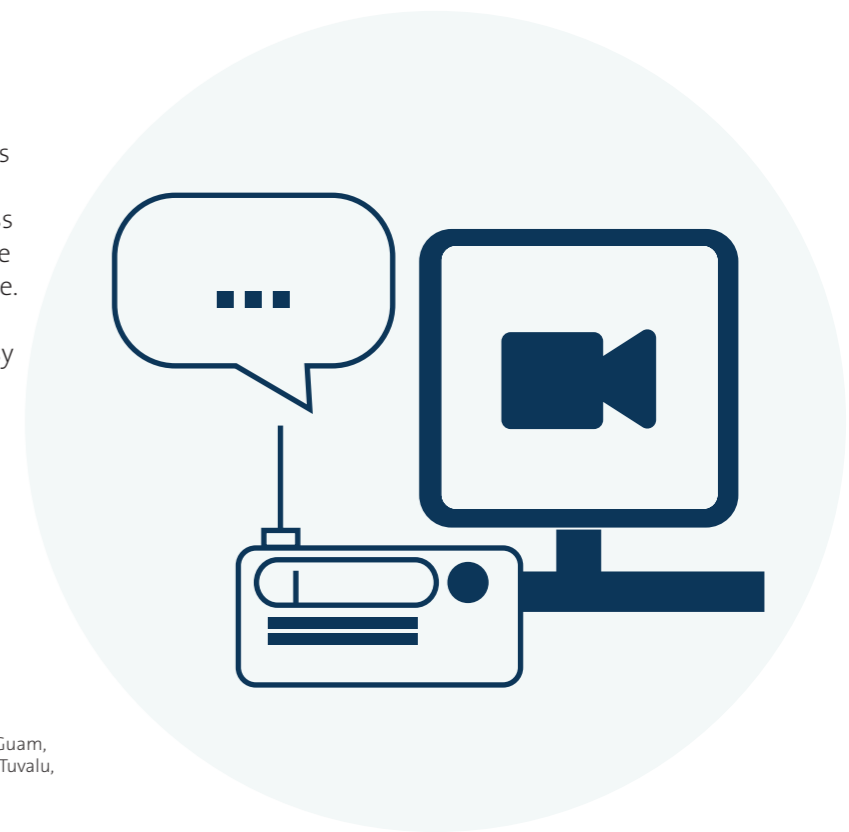
We found that 70% of the 21 SAIs surveyed seek to stay informed of issues being debated by local or international media and consider the issues identified when designing their work program.

Some SAIs are also engaging directly with the media to inform their work program. For example, SAI Marshall Islands recently sought feedback from the media in the development of their five-year strategic plan. The head of the main newspaper was requested to fill out a questionnaire outlining their expectations and the issues that they view as important to the public. The response to the questionnaire showed the value placed by this stakeholder in the work of the SAI, both in respect to financial and performance audits. They noted that they found performance audits particularly helpful to identify how public money is spent by government ministries, whether these programs provided the results that were expected of them, and whether the funds were used for the specific purposes they were approved for.

Those from the media who provided feedback on SAI work programs found the process to be an extremely beneficial way to engage directly with the SAI and were impressed that the SAI was taking the time to genuinely engage with stakeholders. Their view was that through two-way engagement the strategic plan could be communicated clearly and mutual accountability and transparency goals could be identified.

New Caledonia's Chamber of Accounts goes a step further and holds a press conference to present their annual activity report. They also produce a press statement and a summary for each of their audit reports, which is sent to press contacts by mail at the same time as the SAI publishes the report on their website. They have found that this is a good way to ensure that the key messages are easy for the media to find, and the issues identified are well understood by the media.

³⁶ Nine out of 21 SAIs: FSM National, Pohnpei, Guam, Chuuk, the Northern Mariana Islands, Palau, Tuvalu, French Polynesia, and New Caledonia.



Civil Society Organisations (CSOs)

We found that only 24% of SAIs currently collaborate with at least one CSO.³⁷

As we investigated why engagement with CSOs is so low, it became apparent that SAIs felt time-poor, overstretched, and under-resourced when asked to consider what effective engagement with CSOs might look like. Like the media, CSOs play a vital role in promoting a culture of accountability and transparency in our societies. Transparency can be enhanced through the engagement of CSOs at various levels, including in the budget process and through the delivery of services to the community on behalf of government.

SAI Pohnpei said that it surveyed the effectiveness of their engagement with CSOs. The SAI reported that this helped them to better understand how the CSO perceives their engagement and the value of the work of the SAI. It also enables them to better respond to the needs of these stakeholders, and find out how their work might have greater impact.

However, the level of engagement by CSOs and the private sector with the budget process is an area that requires awareness, involvement, and strengthening. CSOs and Non-Governmental Organisations with a good understanding of the principles of accountability and transparency significantly influence the extent to which an open culture exists in Pacific jurisdictions.

We are pleased to report that there is increasing interest by SAIs to engage CSOs in the accountability chain and to empower CSOs with information that helps to activate more public discussion about government and its relationships with citizens. While collaborations between SAIs and CSOs remain low, SAI understanding of the importance of these interactions is evident and many SAIs expressed a desire for training in order to undertake such engagement effectively.

Case study: The Civil Society Forum of Tonga

On 19 May 2022, the Tonga Office of the Auditor General (TOAG) participated in a polokalama talatalanoa (discussion forum) on the country's public finance management (PFM) system. The Civil Society Forum of Tonga (CSFT) organised and hosted the forum, which was a closing event for the Strengthening of Public Finance Management and Governance in the Pacific project. This project was funded by the European Union and implemented by the United Nations Development Programme in close consultation with the Pacific Islands Association of Non-Government Organisations (PIANGO). Twenty-four participants from community organisations, NGOs, and a women's group attended the forum. Its purpose was to gather and engage all the stakeholders for them to have a better understanding of the PFM system, share the lessons learnt from assessing the system, and discuss methods for improvement.

It was an important forum for the CSFT as it seeks to engage more with key public sector organisations in the PFM system, such as the Auditor-General, Members of Parliament, and the Prime Minister's Office. It was also an opportunity for CSOs and community groups to better understand their right to public finance information and having their voice heard on matters related to public funds. The forum was livestreamed on Facebook and broadcast on radio. The question and answer session was a critical part in leading participants to a more thorough understanding of Tonga's Parliament Constituency Fund (these are funds allocated to Parliamentarians to use at their discretion). TOAG considers this opportunity to engage more with CSOs and community groups a huge success.

“Civil society organizations (CSOs) are a vehicle through which citizens can aggregate their interests, voice their preference, and exercise the power necessary to affect sustained change. However, this requires CSOs learning to work together and to play a variety of complementary political roles that include acting as watchdogs; advocates; mobilizers; educators; researchers; infomediaries; and policy analysts.”

The National Democratic Institute

Case study: Pohnpei collaborates with Youth 4 Change on anti-corruption and fraud detection

The Pohnpei Office of the Public Auditor (POPA) partnered with Youth 4 Change Inc. (Y4C) to deliver an Anti-Corruption project in 2020.

It started when Y4C received a grant to implement an anti-corruption project. The Y4C Director approached POPA's Investigative Advisor to assist in the project. POPA's role is to collaborate and join with civil societies on anti-corruption measures and on their fraud awareness and prevention program. The SAI's part focused on training and awareness activities, mentoring, and advocacy work on anti-corruption. It includes training and bringing awareness to young people on the impacts of corruption and POPA's role in fighting and reducing corruption in government. The following are some of their joint activities during the first phase of the project:

1. Advisory work on training the trainers.
2. Education against corruption – visiting all schools, including private schools, to conduct advocacy and anti-corruption awareness. This is also part of building ethics and integrity in the next generation.
3. Team up at the FSM Government Conferences as part of empowering youth participation in Government.
4. Join other youth groups in marking International Anti-Corruption Day, where they raised awareness through talent competitions, such as songs, skits, or video clips.
5. Promotional materials – Y4C assisted POPA in updating their hotline flyer – POPA has an existing Fraud Hotline where citizens can call suspicious activities of fraud, waste, and mismanagement in the Pohnpei State Government.

The world needs young leaders. Engaging young people's awareness on corruption issues creates community responsibility. As stated by POPA's Investigative Advisor, “Partnering with Y4C was a great experience working with the leaders of tomorrow. The greatest impact of the joint work was being able to observe the members implement what they learned in real life. The moral attitudes and capabilities they acquire from the program will enable them to succeed.” The project turned out to be a great success among the community and the youth.

(Source: From SAI Pohnpei 2020 highlights: Fraud awareness and prevention: collaborating with civil societies on anti-corruption and fraud detection article featured in the PASAI December 2020 newsletter).

“Pacific auditors working together”

