PASAI Bulletin

1.0 Australian National Audit Office

1.1 Pacific Regional Audit Initiative (PRAI) - Cooperative Performance Audits

This year’s PASAI congress focussed on progress being undertaken by PASAI under the Pacific Regional Audit Initiative (PRAI) which seeks to build the capacity of audit institutions in the region. Australia, through AusAID, is currently the principal funder of PRAI activities along with support from New Zealand, the Asian Development Bank and INTOSAI.

One of the main activities under the PRAI is the Cooperative Audit Program in which Claire Kelly, from the Australian National Audit Office (ANAO) has been instrumental. Under this program, in 2009-10, ten jurisdictions undertook and completed performance audits on Solid Waste Management. At the 2009 PASAI Congress, Auditors General from 10 Pacific Island Countries and one Territory (Guam) agreed on the audit objective for the first cooperative performance audit carried out by PASAI members. Following this decision, audit teams came together from each jurisdiction to cooperatively plan the audit. Each team returned to their jurisdictions to undertake fieldwork and analysis and finally came together to refine draft reports. After eight months of project work, audit reports were cleared by the respective Auditors General. To support the regional perspective, Claire Kelly drafted a regional overview report. This report will be published once all individual SAI reports are in the public domain.

Claire Kelly attended the 2010 PASAI Congress to brief members on the progress of this program and to ‘kick off’ the second cooperative performance audit. The audit topic for 2010 is Access to Safe Drinking Water. Auditors General from ten Pacific Islands Countries decided to participate. This included a number of SAIs who had participated in the first audit as well as a number of SAIs who have not previously conducted a performance audit.
1.2 ANAO support for Samoa

The ANAO will again host officials from the Samoa Audit Office in November 2010. Their participation in a four-day performance audit skills training program will be funded as part of the Samoa Audit Office Institutional Strengthening Project. One of the participants was Dennis Chan Tung, Team Leader for Samoa’s involvement in the first cooperative performance audit, while another is Sinaroseta Palamo-Iosefo, Team Leader for Samoa’s involvement in the second cooperative performance audit.

1.3 Strongim Gavman Program (SGP) brings IT Network for PNG Auditor General’s Office

Through the Strongim Gavman Program (SGP) the Australian National Audit Office has assisted the PNG AGO to successfully establish its first IT Local Area Network (LAN). ANAO SGP Senior Advisor, John Hawley coordinated this project from his base at the Papua New Guinea (PNG) Auditor General’s Office (AGO). The result is an IT network and a fleet of new wireless network-capable laptop computers for AGO staff. PNG Auditor-General, Mr George W Sullimann is very pleased with the outcome of the first stage of this important capacity building project.

The change has been significant for AGO staff. Very old, stand-alone laptops that broke regularly, stored files locally and did not have the capacity to easily share documents were replaced.

The new networked computers allow staff to access and share documents, send emails from their desktop, access their email from any internet connected computer, print to large networked printers (Multi Function Devices) and access the internet from their desk. A comprehensive training program for staff on the new IT network has resulted in much improved productivity.

The ANAO’s involvement in this project dates back to 2003 when a donation of stand-alone gateway laptops, supplemented by a range of second-hand working computers from other Australian Government agencies, were delivered to PNG with funds provided by AusAID, the Australian Government’s overseas aid program.

In 2008 ANAO Chief Information Officer, Gary Pettigrove visited the PNG AGO to review its business requirements for information architecture and information management, analyse local IT vendor capability and document relevant PNG Government regulations and security requirements.

Mr Pettigrove observed that IT vendor capability in PNG is growing rapidly due to mature IT service infrastructure that is evolving around large scale liquefied petroleum gas projects in the region. This capability was core to the success of the project.

Malcolm Winga, IT Technician and Krishna Yasam, IT Director now manage the new laptop computers and the LAN network which was purpose built on site and was commissioned in early 2010. The current configuration is a single server rack with four servers, one of which was donated by the ANAO. Due to the climate in PNG the data centre is fitted out with its own air conditioner. AGO corporate staff are known to occasionally drop by the data centre, a comfortable escape from the heat of the office!

Mr Winga undertook a two-week work-experience visit to the ANAO in early 2009. He worked closely with the ANAO’s IT support contractor, Unisys to gain knowledge of IT networks and IT service delivery over a LAN. The next stage of the program is to set up a wide area network from the Central AGO Office in Port Moresby to service the four Regional Offices. Mr Pettigrove is scheduled to visit the regional offices in late 2010 to review the business requirements and analyse connectivity options and local IT vendor capability for support in each region.

If you would like further information please contact: webmaster@anao.gov.au or ag1@anao.gov.au by email
2.0 New Zealand - Office of Auditor General

2.1 INTOSAI Working Group on Environmental Auditing (WGEA): June meeting in China

The WGEA assembly held its 13th meeting in Guilin, China from 7-11 June 2010. This was the first time that the WGEA assembly met in the ASOSAI region. The meeting was hosted by the Chinese National Audit Office, which did a superb job in organising and running the meeting and related events.

One hundred and twenty seven participants from 56 countries participated, including 11 Heads of Supreme Audit Institutions (SAI). From the ACAG/PASAI region, the SAIs of New Zealand and Tuvalu attended the meeting. The SAI of New Zealand is the coordinator of the ACAG/PASAI regional WGEA and a member of the WGEA steering committee.

The WGEA meeting had two main purposes – first, it was an opportunity for project leaders to present the six new guidance products developed in the 2008-10 working period to the wider WGEA membership. Second, the meeting was an opportunity to present the WGEA work plan for 2011-13 and for SAIs to sign up to take part in projects of interest.

2.1.1 New guidance documents

The Assembly approved all six new documents prepared during the 2008-10 work period:
• Environmental Accounting - Current Status and Options for SAIs
• Auditing Government Response to Climate Change - Guidance for SAIs
• Auditing Sustainable Energy - Guidance for SAIs
• Auditing Mining - Guidance for SAIs
• Auditing Forests - Guidance for SAIs
• Auditing Sustainable Fisheries Management - Guidance for SAIs.

The project leaders will prepare training materials for use in INTOSAI regions for each of the guidance documents.

2.1.2 Work Plan 2011-13

The work plan approved in China will be presented to the 20th INCOSAI in South Africa in November 2010. The WGEA Assembly agreed that the WGEA steering committee should broaden the range of guidance products to include shorter, research-based products as well as the more detailed guidance documents.

Highlights of the 2011-13 work plan include:
• updating the 2004 guidance material on Auditing Water Issues: Experiences of Supreme Audit Institutions (lead, USA);
• developing guidance material on fraud and corruption in environmental and natural resource management (lead, Norway);
• preparing five research projects on the following topics,
  - land use/land management practices from an environmental perspective (lead, Morocco),
  - the importance of good environmental data (lead, Canada),
  - environment and sustainability reporting (lead, Finland),
  - environmental issues associated with infrastructure (lead, United Kingdom),
  - wildlife conservation and tourism (lead, Lesotho),
• encouraging cooperative environmental audits regionally;
• fostering information exchange and learning, including training/e-training in environmental auditing; and
• developing a compendium of SAI country papers focusing on the topics in RIO +20 agenda (Rio + 20 is to be held in 2012 to mark 20 years since the Rio de Janeiro earth summit).
The SAI of New Zealand will take part in several of the above projects, including the project to update the guidance on auditing water issues. The PASAI cooperative performance audit on access to safe drinking water should be a useful input into updating the WGEA guidance.

The work plan requires each regional coordinator to encourage and support a cooperative regional audit in their region (in PASAI this will be the cooperative audit on safe drinking water that is underway).

2.1.3 Regional update at the WGEA meeting

Regional coordinators from six INTOSAI regions gave updates to the meeting. Jonathan Keate gave a presentation to the WGEA Assembly on activities in the ACAG/PASAI region, including the RWGEA meeting held in Brisbane in April 2010, an overview of the first cooperative performance audit in the PASAI region (on solid waste), and on planning for the second PASAI cooperative audit (on access to safe drinking water).

Attendees were impressed with the level of activity in the ACAG/PASAI region, and that environmental auditing is now a reality in PASAI.

The guidance documents from the 2008-10 work period, and the 2011-13 work plan, are available on the WGEA website (www.environmental-auditing.org).

2.2 Tongan secondee to New Zealand

The OAG of New Zealand is currently hosting two secondee from the Audit Office in Tonga. The secondments have been facilitated by NZ AID.

Utu’one Vena is working in the Performance Audit Group of the OAG, and is involved with the an audit of freshwater quality. She is also using this secondment to prepare for and sit the Foundations exam of the New Zealand Institute of Chartered Accountants. Kolopeaua (Kolo) Tonga is working in the Accounting and Auditing Policy team, and is focused on the Quality Assurance function.

Both Utu’one and Kolo will be working at the OAG until the end of 2010, after which, they will return to the Audit Office of Tonga and pass on to their colleagues the benefits of their experience in New Zealand.

If you would like more information about WGEA activities please contact Jonathan Keate, either by email jonathan.keate@oag.govt.nz or phone +64 4 917 1544.
3.0 Queensland Audit Office

3.1 Key Developments

3.1.1 Inquiry into an Evaluation of the Effectiveness of the Performance Management Systems (PMS) audit mandate

On 2 September 2010, the Queensland Public Accounts and Public Works Committee (PAPWC) tabled Report No. 5, September 2010: Inquiry into an Evaluation of the Effectiveness of the Performance Management Systems (PMS) audit mandate.

The committee has made six recommendations to government including that the Auditor-General Act 2009 be amended to allow for the conduct of a performance audit of government agencies with the exception of government owned corporations.

The committee also recommended that the Auditor-General Act 2009 be amended to:

• include a requirement for the QAO to prepare a three year Strategic Audit Plan for performance audits and to update the plan each year
• the Auditor-General consult with the PAPWC and consider their feedback, prior to finalisation of the Strategic Audit Plan
• the Auditor-General consult with potential audit clients and affected parties and consider their feedback, prior to finalisation of the Strategic Audit Plan
• following the passage of appropriation, the Auditor-General finalise the Strategic Audit Plan and publish it on the QAO website
• in undertaking performance audits, the Auditor-General to take into consideration performance management standards and guidance issued by government.

Furthermore, the committee recommended that sufficient additional funding be provided to QAO to enable preparation of the Strategic Audit Plan.

3.1.2 QAO 150 Year Celebrations

This year represents an important milestone in the history of the Queensland Audit Office, as the QAO recognise 150 years since the first Auditor-General of Queensland was appointed. In recognition of this milestone the Office is holding an official event at Queensland Parliament House. Her Excellency the Governor of Queensland and the Premier of Queensland are expected to attend, along with Members of the Public Accounts and Public Works Committee, the Speaker of the Legislative Assembly and previous Auditors-General of Queensland. A staff celebration to commemorate the 150th anniversary of the commencement of Mr Francis Orr Bryant as the first staff member of the Audit Office is being held on 1 October 2010.

3.1.3 Overseas Delegation

A visit by a delegation of 25 auditors from the Inspectorate General, Ministry of Public Works, Republic of Indonesia occurred on 15 July 2010. Presentations were given to the delegation on QAO, audit planning, quality assurance and infrastructure audits. It was well received with numerous questions being asked of each of the speakers about QAO’s audit processes. The delegation appreciated the opportunity to visit the QAO Office during their week’s visit to Brisbane and while here were visiting a number of other government departments and Griffith University.
3.2 Auditor-General reports to parliament

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

- No. 8 for 2010 – Results of audits at 31 May 2010 (tabled 6 July 2010)
- No. 9 for 2010 – Sustainable Management of National Parks and Protected Areas (to be tabled October 2010)
- No. 10 for 2010 – Nation Building – Interim Report at 31 August 2010 (to be tabled October 2010)
- No. 11 for 2010 – Results of audits at 31 October 2010 (to be tabled mid November 2010)
- No. 12 for 2010 – Implementation of Local Laws (to be tabled mid November 2010)
- No. 13 for 2010 – Follow-up of 2009 Health audit (to be tabled November 2010).

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

4.0 Samoa Audit Office

4.1 Controller and Chief Auditor General - Mr Fuimaono Camillo Gafatasi Afele

The Head of State of Samoa has appointed Mr Fuimaono Camillo Gafatasi Afele as its new Auditor General, replacing Mr Tamaseu Randy Warren who held the position since 1998.

Mr Afele joined the Samoa Audit Office in 1996 as an Audit Examiner and progressed through the ranks until he was appointed Deputy Controller and Chief Auditor in September 2006. Prior to this, he held the position of Audit Consultant for 6 years.

His experience over the years has included providing accounting/auditing, financial reporting and investigation services and advice to clients in different industries and sectors in Samoa. He also coordinated: the update of reports to Parliament; the design and implementation of the Audit Office institutional strengthening project; design of organizational structure and recruitment of staff. He also assisted the Controller and Chief Auditor in the development of the organizational structure, budget preparation and monitoring.

Mr Afele obtained a Bachelor of Commerce from the University of Otago (New Zealand) in 1995 and a Master of Public Policy and Management from Monash University (Australia) in 2007. He is currently pursuing a Bachelor of Laws degree with the University of the South Pacific (Fiji). He is a member of the New Zealand Institute of Management (1998), Samoa Institute of Accountants (1999) and New Zealand Institute of Chartered Accountants (2009).

He was attached to Audit New Zealand in 2002 and was involved with the audits of performance measures. More recently, he was attached to the United States Government Accountability Office and graduated as an International Fellow of the GAO.

Mr Afele is married and has a 9 year-old daughter.
4.2 “Farewell Tamaseu Randy Warren”

Mr Tamaseu Randy Warren term as the Controller and Chief Auditor of Samoa ended on the 24th September 2010. Mr Warren was first appointed to the position in 1998 for an initial term of 3 years and this was extended for further three terms.

Mr Warren was instrumental in the changes in the Audit Office which rested on three performance drivers: strategy, structure and staff. He started with a staff of 14 and this increased over the years, to 50 to date. Mr Warren also initiated institutional reforms of the Audit Office including the current Institutional strengthening project. One of the initiatives is an effective succession plan which saw two key staff rising to top positions in the Government of Samoa, one of whom is the new Controller and Chief Auditor Mr Fuimaono Camillo Afele.

Mr Warren is an avid and active supporter of PASAI regional activities. He hosted the PASAI Congress in 2004 and as Chairman led a delegation of PASAI Auditors General to an Audit Training to the People’s Republic of China in 2005. Mr Warren was also a member of the PASAI Transitional Working Group, which was involved in the consultation process during the design of the Pacific Regional Audit Initiative (PRAI), and a member of the Governing Board in his final year as Controller and Chief Auditor.

The PASAI Secretariat takes this opportunity to thank Tamaseu sincerely for his contribution to the Government of Samoa and to the PASAI region over his term as Controller and Chief Auditor. The PASAI community wishes him success in his future endeavours and a well deserved retirement.

*If you would like further information please contact Samoa Audit Office: by phone: +685 27751 ; or fax +685 24167.*

5.0 Solomon Islands - Office Of Auditor General

5.1 Solomon Islands National General Election

Solomon Islands has a four year Parliament. Governor General, Sir Frank Kabui declared 4th August as a public holiday to enable the nation to participate in the National General Election of the 9th 50 member Parliament. Interestingly 50% of the old members did not retain their seats as accurately predicted the then Speaker of the Parliament, Sir Peter Kenilorea. Two prominent members of the previous government, the former Deputy Prime Minister, Mr. Alfred Fono and a former Prime Minister (of the Parliament before last), Sir Allan Kemakeza did not retain their seats. A new Member of Parliament, Mr. Danny Philip was appointed Prime Minister of a minority Government with 25 and the opposition 24 after one of the government members died on the night of the celebration of the appointment of the Prime Minister.

Sir Allan Kemakeza replaced Sir Peter Kenilorea, as Speaker of the National Parliament. Sir Peter Kenilorea was the first Prime Minister of Solomon Islands 32 years ago.

Dr. Derek Sikua, the last Parliament Prime Minister who was outspoken to strengthen the Solomon Islands Audit Office is now in the opposition. It is uncertain whether the new government will give similar support for the draft National Audit Office Act for tabling in Parliament.
5.2 Annual Audit Report - 2008/2009
For the first time in many years the National Government submitted the 2008 accounts for auditing within one year after the end of the financial year of 31 December 2008 in September 2009. With this improvement the Office of the Auditor General (OAG) was able to complete its audit of the 2008 accounts within one year and issued the Audit opinion on the 2008 accounts in December, 2009. This momentum has been improved with the 2009 National Accounts submitted for auditing by June 2010. The audit of the 2009 National accounts is currently underway with the plan to complete and issue an audit opinion on the 2009 accounts by 31 October, 2010.

The Annual Audit Report for 2008 has been signed and delivered to the Speaker of the National Parliament by the Auditor General in early September, 2010.

Sir Allan Kemakeza is yet to appoint a new Public Accounts Committee to deliberate on the Auditor General’s reports to Parliament.

5.3 Accountability Program Annual Plan
OAG is one of the three institutions (Office of the Auditor General, Office of Ombudsman Solomon Islands and Leadership Code Commission) that are supported under the Accountability Program (AP) under RAMSI/SIG Partnership Agreement. Auditor General and Deputy Auditor General participated in the drafting especially of the annual plans and strategies for the AP for the next 12 months from July 2010 to June 2011.

5.4 Recruitment of Performance Audit and Financial Audit Advisor
A new Performance Audit Advisor has been appointed to develop the capacity of the OAG to undertake performances audits. He is Mr Peter Robinson who previously spent over 20 years in the Australian National Audit Officer, much of that as a Senior Director in performance audit. He was also the Team Leader of the Working Group which developed the ASOSAI Performance Audit Guidelines in 2000 so his experience will be of great assistance to the Office in this developing function. This is a key component in achieving the Auditor-General’s objective of greatly improved accountability in the Solomon Islands public sector.

Recruitment for a new Financial Audit Adviser is also underway.

5.5 Provincial Government Interim Audit
For the first time, the OAG has sent teams out to undertake interim audits of Provincial Governments. In the past only a final audit has been done but the Auditor-General decided that the conduct of interim audits, and thus visits from OAG staff twice a year, would provide greater support to the Government staff in improving their accounting processes and internal controls. This will also provide a better basis for the Auditor-General to form an opinion on the provincial financial statements.

5.6 China Visit
At the invitation of the Auditor General of China National Audit Office (CNAO), Solomon Islands Auditor General Mr. Edward Ronia with two of his staff, Gerbera Oso and Minnie Ora, joined other Pacific Region SAI Auditor Generals and staff in a ten days trip to China from 30 August to 8 September. They first visited Dalian city where they attended a 3 days Seminar held on China’s Economy, Political Systems and Auditing Systems in China. The rest of the trip involved learning visits to importance modern, cultural and historical sites in China, like the IT City in Dalian, the World Expo in Shanghai and the Great Wall of China in Beijing. The arrangements and treatment of Pacific Region SAI participants by CNAO and the Government of China was excellent and received with many thanks.
Group photo of the PASAI participants at the seminar on China’s Economy, Political and Auditing Systems
30 August to 8 September, China

If you would like further information please contact Edward Ronia: by email; eronia@oag.gov.sb or phone +677 28 695; or fax +677 22 006.

6.0 Tuvalu Audit Office

The Tuvalu National Audit Office has engaged an Audit Technical Advisor for a period of 12 months from 2 September 2010. Mr Tony Prcevich, a financial auditor at the ANAO (Australia National Audit Office), is funded by AusAID under the Pacific Technical Assistance Mechanism (PACTAM ) managed by the Australian Volunteer International (AVI). He is accompanied by his partner Kaitlyn. Mr. Prcevich replaces Steve Bonnor of the New South Wales Audit Office who spent two and a half years at the Office.

The audit office is embarking on a second cooperative performance audit on Access to Safe Drinking Water. Ms Aiga Ampelosa Tehulu and Ms Toligi Osia are conducting this audit. Ms Tehulu was also involved in the first cooperative audit on Management of Solid Waste.

If you would like further information please contact Isaako Kine by email: i_kine@yahoo.com
7.0 Asian Development Bank

Developing Internal Audit in the Pacific - Complementing the work of Pacific audit institutions”

External audit is more established in the Pacific region than internal audit, however many Pacific countries are taking steps to implement and strengthen internal audit. This can be attributed to:

- Progress made in the implementation of other public financial management reforms in recent years;
- The current economic climate which has placed a strain on limited financial resources;
- Delayed reports from external audit, as external audits are based on historical financial information and are dependent on the executive producing financial statements in a timely manner; and
- A move in some countries towards partial decentralisation of financial management which is placing greater emphasis on the need for strong internal controls in government Ministries.

In countries with weak internal controls there is increased emphasis on ensuring that financial resources are safeguarded with irregularities captured early to reduce the loss of limited financial resources. This is a role performed by the internal auditor and if completed satisfactorily can complement the work of external audit.

7.1 What internal audit activity is currently happening in the Pacific?

The Asian Development Bank has been supporting the strengthening of internal audit in Samoa, and is supporting the establishment of internal audit in Tonga and the Cook Islands. This initiative is being undertaken in conjunction with the Pacific Financial Technical Assistance Centre (PFTAC) and commenced in October 2009 at the Pacific Islands Financial Managers Association meeting in the Cook Islands.

There are other internal audit support activities currently underway within the region. PFTAC is supporting internal audit in the Ministry of Finance in the Fiji Islands; in Vanuatu, support is provided by the Australian Agency for International Development and the European Union; and the Commonwealth Secretariat is providing assistance to the Solomon Islands in implementing internal audit reforms.

7.2 Can external audit make use of the work of internal audit in the Pacific?

It will be some time before internal audit in the Pacific is developed to the same level of capability as external audit.

The external auditor may decide to use the work of internal audit to reduce unnecessary duplication of effort and therefore the cost of the audit activity. Before making this decision it will be necessary to assess if the work of internal audit is likely to meet the standards of the external auditor. This assessment will involve a review of:

- Objectivity of the internal auditor,
- Technical competence of the internal auditor, and
- Ensuring that due professional care had been exercised.
7.3 What role can external audit play in strengthening internal audit in the Pacific?

As external audit is more advanced in the region than internal audit it can play a significant role in strengthening internal audit capacity and building awareness. This is an important role as both audit functions working together should ultimately lead to improvements in public financial management therefore resulting in mutual benefits. The main benefits for a cooperative approach between internal and external audit are:

- maximising the use of limited audit resources; and
- taking advantage of training and capacity building opportunities.

7.3.1 Maximising the use of limited audit resources:

Internal and external audit can work together to maximise audit coverage and prevent duplication of audit effort and therefore waste of audit resources. There could be procedures in place which allow access to each other’s audit plans and work programmes to ensure consistency in audit approach and benefit from specific skill sets that each office may have, for example, an employee from the audit office may have an information technology specialization – they could be swapped for a short period to the internal audit section to allow for some information technology audit skills transfer to internal audit.

The external auditors should review the performance of the internal auditors as required by international best practice to ensure that the work performed by the internal auditors is of the desired standard and quality to enable them to place some reliance upon it. When completing their review the external audit may make proactive suggestions on how internal audit can improve the overall quality of their audit work if required. The external audit should also support and strengthen the position of internal audit by reviewing action (or the lack of action) taken on internal audit reports.

7.3.2 Taking advantage of training and capacity building opportunities:

When the opportunity arises for technical audit training, it could be delivered to internal and external audit simultaneously, as the both sets of staff require similar skills sets. It would also help to promote understanding of the different roles which both sets of auditors have.

Sharing of training materials, audit methodologies and work practices, for example, audit programmes, software or other common materials would result in positive benefits to both sets of auditors. This would provide scope for review of and further understanding and clarification of the audit reports produced. In addition some consideration may be given to staff exchanges of extended periods of time to help facilitate the transfer of limited skills sets. Such practice would help build long term relationships and communication as well as capacity between the internal and external auditors.

*If you would like further information please contact Conleth Heron, either by email, conlethheron@hotmail.com.*

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

Email: enquiry@pasai.org

Telephone: +64 9 304 1275

Fax: +64 9 307 9324