A REFLECTION ON THE SUB-REGIONAL AUDIT SUPPORT PROGRAMME (SAS)  
2009 – 2016
The sub-regional audit support program (SAS) is one of PASAI’s success stories. The program was designed to support some of our smaller and most vulnerable members that were facing similar challenges with their people capability, audit methodologies and systems. SAS has benefited those nations, namely Kiribati, Nauru, Solomon Islands and Tuvalu. Some of the key achievements include professional development and capability improvement for the staff in those offices; completion of audits particularly whole of government accounts; relationship building; and reporting of value adding recommendations.

The Auditors General have agreed that the improvement is such that these SAIs can be ‘mainstreamed’ into PASAI’s standard programmes. A fine result.

Thank you to everyone who worked so hard to make this program a success. They include the Auditors General and their staff, the PASAI secretariat, the consultants and the Asian Development Bank.

We have reached a key milestone but there is more to do. In the words of one of the Auditors General “We can now do audits and report on time. Our next challenge is audit quality.” A shared challenge.

Lyn Provost
Chair SAS Committee
Secretary-General of PASAI and Controller and Auditor-General of New Zealand
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ROUND 1, ROUND 2 & ROUND 3

Pacific Island Forum leaders have long recognised that the serious challenges facing Pacific island countries could be met through sharing scarce resource and aligning policies to strengthen national capacities to support their people. In 2005, the Pacific Plan for Strengthening Regional Cooperation and Integration formed the basis for further development of Pacific public auditing through the development of the Pacific Regional Audit Initiative (PRAI).

The PRAI’s overarching objective is to raise Pacific public auditing to uniformly high standards and one of the key capacity building programmes for the Secretariat is the sub-regional audit support (SAS) programme. This SAS programme approach was developed as in Figure 1 below and was introduced in July 2009. Initially the Supreme Audit Institutions (SAIs) in Kiribati, Nauru and Tuvalu were chosen as they faced similar challenges in the areas of human resource capacity and the efficacy of their audit methodologies and audit systems. The SAS team is made up of secondees from each participating country and supported by Asian Development Bank (ADB) consultants on a 9-12 month rotation in each country to conduct the audit of public accounts. The SAS team helped complete financial audits, train SAI personnel, and improve harmonisation and information sharing.

The common challenges faced by these SAIs include the small number (non-existence) of trained and qualified personnel, the disproportionate effects of staff turnover or absences, difficulties in attracting and retaining staff and weak Public Financial Management (PFM) systems. These issues mean that public accounts are often not prepared for audits to be conducted and in cases where public accounts are produced, they are not audited to high standards in a timely manner.

**Figure 1: The Sub-regional Audit Support Approach**

**SUBREGIONAL AUDIT SUPPORT (SAS) TEAM**

- 2 experienced auditors
- Secondees from Kiribati, Nauru and Tuvalu

**Kiribati** → **Nauru** → **Tuvalu**

- Secondments to the SAS Team (for 9-12 month periods)
- In-country support to conduct financial and performance audits
SAS PROGRAM ENTERS A NEW ERA – ROUND 4 & ROUND 5

During the Round 3 phase and planning for Round 4 it was noted that Whole of Government accounts or public accounts are generally being done and the audits are up to date in these countries. However the audits of state owned enterprises or entities controlled by the government were not being audited in a timely manner. Therefore the Heads of SAIs aimed to focus on the backlog of these type of audits.

Furthermore another major change in the SAS program was the exclusion of Nauru SAI in Round 4. The PASAI Governing Board received a report about Nauru SAI and decided, together with the members of the SAS committee that the SAS program in its current form did not provide the required assistance to meet the specific capacity needs of Nauru SAI. Instead, the PASAI Governing Board acknowledged the request by Nauru for technical assistance and has incorporated this into operational plan of the PASAI 10 year Strategic plan.

PASAI Secretariat circulated an expression of interest to all other SAIs who may benefit from joining this SAS program and the Office of the Auditor General in Solomon Islands was interested to participate. The SAS committee accepted the inclusion of Solomon Islands and a revised Memorandum of Understanding was signed at the 7th SAS Committee Meeting held at PASAI Secretariat Office in NZ on 26-27 May 2015 before fourth round commenced in June 2015.

The Committee also reflected that since Round 1 (2009/2010) one of the key issue faced by the consultants was trying to motivate staff and improve team spirit within offices to come to work to conduct the audit. The program has come a long way with visible positive results where staff are motivated and audits are being conducted. However the key focus for all the participating SAIs is the question of “high audit quality”.

ROUND 4 SAS TEAM

Secondees from Solomon Islands, Kiribati and Tuvalu

<table>
<thead>
<tr>
<th>Country</th>
<th>Timeframe</th>
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<tbody>
<tr>
<td>Solomon Islands</td>
<td>June-July 2014</td>
</tr>
<tr>
<td>Kiribati</td>
<td>Sept-Oct 2014</td>
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<tr>
<td>Tuvalu</td>
<td>Nov-Dec 2014</td>
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Secondments to the SAS Team (6 weeks)

In-country support to conduct financial audits
OVERALL STATISTICS

NUMBER OF STAFF INVOLVED AND THE GENDER BALANCE

TOTAL
47 STAFF INVOLVED

53% FEMALES
25 / 47

47% MALES
22 / 47

CAPABILITY DEVELOPED

One of the key objectives of the SAS program is to strengthen capability of SAI staff and following is a summary of these achievements:

1. Developed good supervisory skills and experience
2. Increased knowledge and audit skills on how to audit complex industries - insurance and investments
3. Strengthen staff in audit planning and reporting skills
4. Improved ability to carry out more complex audits
5. Gained understanding of international standards of supreme audit institutions (ISSAIS)
6. Improvement in audit methodology to align better with ISSAIS.
7. More confidence in conducting and supervising an audit
8. Staff are more confident to identify audit issues and discuss them
9. Audit team were confident to discuss audit findings and issues with the auditee
10. Strengthened management skills of audit supervisors to lead an audit team
11. Staff were empowered to be confident in the work they do due to the training, mentoring and coaching. This was observed in positive body language and the staff speaks up more during meetings.

“Management accepted audit recommendations and the consultants used secondees for the exit interview.” Mr Eli Lopati Tuvalu Auditor General – Round 3 and 4

“After Round 4 the staff were able to pass on skills to staff” Ms Matereta Raiman Kiribati Auditor General – Round 4

“The impact on the secondees is the increase in their confidence” Mr Robert Cohen Solomon Islands A/Auditor General – Round 4
17 FINANCIAL AUDITS CARRIED OUT

TOTAL 10 CONSULTANTS USED
FROM: UK, NEW ZEALAND, AUSTRALIA & INDIA

AUDITS COMPLETED

<table>
<thead>
<tr>
<th>ROUND 1</th>
<th>2009 2010</th>
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<tbody>
<tr>
<td>Kiribati Provident Fund – 31 Dec 2006</td>
<td></td>
</tr>
<tr>
<td>Tuvalu Whole of Government - 31 Dec 2008</td>
<td></td>
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<tr>
<td>Ronphos Limited – 30 June 2006</td>
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<tr>
<th>ROUND 2</th>
<th>2011 2012</th>
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<tbody>
<tr>
<td>Kiribati Provident Fund</td>
<td></td>
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<tr>
<td>Kiribati Utilities Board</td>
<td></td>
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<tr>
<td>Tuvalu Whole of Government Accounts</td>
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<td>Nauru public utilities</td>
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<tr>
<th>ROUND 3</th>
<th>2013</th>
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<tbody>
<tr>
<td>Kiribati Oil Company - 2012</td>
<td></td>
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<tr>
<td>Falekaupule Trust Fund - 2012</td>
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<tr>
<th>ROUND 4</th>
<th>2014</th>
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<tr>
<td>Kiribati Shipping Services Limited 2012 and 2013 audit.</td>
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<tr>
<td>Falekaupule Trust Fund (FTF) for 2013</td>
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<tr>
<td>Audit of internal controls of Honiara City Council</td>
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<th>ROUND 5</th>
<th>2015</th>
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<tr>
<td>Kiribati Insurance Corporation (KIC) for year ended 2014</td>
<td></td>
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<tr>
<td>Tuvalu Maritime Training Institute (TMTI) year ended 30 June 2013</td>
<td></td>
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<tr>
<td>Solomon Islands Postal Corporation (SIPC) for year ended 2014</td>
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**OUTPUTS**

**MOU**
- Signed for Round 3 onwards

**REGIONAL REPORTS**
- 3 published

**COUNTRY REPORTS**
- (R3 and R4 and R5) produced for each country

**NUMBER OF SAS COMMITTEE MEETINGS HELD**
- 10 meetings held

**2009-10**
1. Wellington, New Zealand (February 2009)
2. Pacific Island Forum Secretariat (October 2009)
3. Nauru (May 2010)

**2013**
4. Auckland NZ - PASAI Secretariat Office (April 2013)
5. Auckland NZ PASAI Secretariat Office (August 2013)
6. Guam Congress (September 2013)

**2014**
7. Auckland NZ PASAI Secretariat Office (May 2014)
8. Samoa Congress (August 2014)

**2015**

**2015**
9. PASAI Secretariat Office, Parnell, NZ (April 2015)
10. Auckland, NZ (February 2016)
1. **Nauru SAI**

Recommended for Nauru to start at a point of time given WOG backlog of 15 years. Nauru SAI is a focus and include in the PASAI Strategic Plan. Efforts are being made to provide technical support.

2. **SAS Program Round 3**

Focus: “LEARNINGS, CAPACITY BUILDING”

3. **SAS Program Round 4**

Focus: “EMBED LEARNINGS”

4. **SAS Program Round 5**

- No Secondees however regional training provided to encourage use of templates in PASAI FAM.

**PASAI FACILITATOR**

- Used first time for Tuvalu phase.

**PASAI**

- Carried out a QA process during post country visits and identified the need for a regional QA mechanism.

SAS Committee Meeting at Pacific Island Forum Secretariat, October 2009

5th SAS Committee Meeting, April 2013, Auckland NZ - PASAI Secretariat Office
Round 4 SOLOMON ISLANDS
The SAS secondees and ADB consultants in Solomon Islands

Round 4 TUVALU
SAS secondees, ADB Consultant, PASAI Executive Director, Tuvalu Auditor General & Tuvalu Staff

Round 4 - SAS secondees are presented with Certificates of participation in the 4th SAS Round.
For more info contact:

Pacific Association of Supreme Audit Institutions
Suite 7, Level 2 Heards Building
168 Parnell Road
Auckland 1052, New Zealand

PO Box 37276
Parnell
Auckland 1151, New Zealand
Telephone: +64 9 304 1275
Fax: +64 9 307 9324

www.pasai.org