



“Pacific Auditors Working Together”

# PASAI

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Pacific Auditors Working Together

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## Twinning partners SAIs Cook Islands and New Zealand meet face-to-face

In mid-May, staff from the Office of the Auditor-General New Zealand (the OAG) headed to the beautiful tropical island of Rarotonga in the Cook Islands. They were warmly welcomed at the airport by colleagues from the Cook Islands Audit Office (CIAO).



It had been more than two years since these twinning partners had met face-to-face. For some, the relationships had been built purely online. But it’s true what they say, “you can’t beat meeting each other in-person”.

The following days were filled with lots of catching up and a busy work programme.

The CIAO leadership team spent the first three days together with OAG colleagues working on a few key governance documents. Together the group worked on the annual report, developing a new strategic plan, and planning for a new communications strategy.

The second half of the trip focused on audit quality assurance. The team from the OAG spent five days reviewing Cook Islands audit files, working with the Cook Islands leadership team to prioritise focus areas, and presenting their findings to the wider staff.

This is part of a three-year programme of work between the twinning partners which focuses on improving the quality of the Cook Islands core financial audit function through quality assurance reviews.

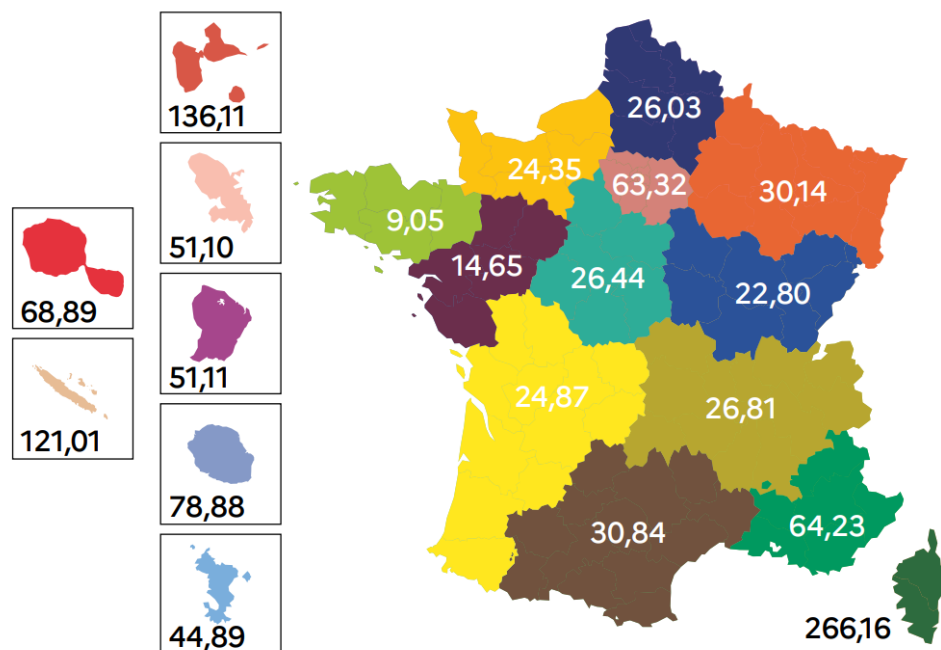
With the OAG team now back to winter in Wellington, New Zealand, they look forward to continuing to work closely with their Cook Islands colleagues on these important work programmes.



Nicole Ayo von Thun, Anne McMahon, Desmond Wildin, Sarah Markley and Allen Parker.

## SAI New Caledonia co-organises colloquium on the fight against corruption

In its 2021 activity report, the French Anti-corruption Agency reveals the prevalence, by region, of offences against probity that led to a conviction between 2014 and 2020. New Caledonia is in third place after Corsica and Guadeloupe.



Total number of probity offenses convicted between 2014 and 2020 per million inhabitants in France. Source: [Rapport d'activité 2021](#).

There are a few factors contributing to New Caledonia's unfortunate position on this podium. It has an insular nature with a population concentrated in the greater Nouméa area. Its institutional framework favours elected officers with a plurality of mandates who frequently participate in the governance bodies of public institutions and private companies. This leads to permeation between the public and private sectors – a source of increased risk.

The University of New Caledonia and the Territorial Audit Office co-organised a colloquium on 20 May 2022 in Nouméa. It provided an opportunity to exchange views on issues related to the detection, prosecution, punishment and prevention of breaches of probity that undermine citizens' trust in their elected representatives and in their democratic institutions.

The first university speaker launched the colloquium with a brief historical overview of the evolution of these offences which, according to the penal code, constitute attacks on the authority of the State.

The second speaker described two procedures for prosecuting these offences, one in which there is a prior acknowledgement of guilt for physical persons and another which constitutes a judicial public interest agreement for legal persons.


The Public Prosecutor insisted cases are detected thanks to alerts from institutions and even come out of local political rivalries. The public Prosecutor gives priority to asset investigations and the most solid incriminations due to the limited means of investigation within the territory.

The representative from anti-corruption organisation Anticor New Caledonia denied acting as a private prosecutor's office and recalled some recent cases brought before the courts, such as a conflict of interests in urban planning matters, favouritism and misappropriation of public funds in awarding a public contract. A case on a submarine telecommunication cable is still pending. Some cases stemmed from the Territorial Audit Office's reports, for example on the supply of drinking water to Nouméa.

A law reinforcing protection for whistle blowers took effect this March and should make it possible to improve the transparency of public management. Elected officials and agents are therefore facing an increased risk of prosecution. However, the President of the Administrative Court recalled that functional protection can only be granted if the facts do not have the character of a personal fault, which is illustrated by case law.



Président de la chambre territoriale des comptes, Florence Bonnafoux (far right) on the colloquium panel.



An academic from French Polynesia reminded the attendees of the convergences between French Polynesia and New Caledonia. Although French Polynesia seems to have made a greater use of its legislative powers (such as a new Public Procurement Code and control of cabinet employment), the territories share the problem of clientelism<sup>1</sup> due to the combination of insularity and cultural pluralism.

The Deputy Secretary-General of the High Authority for the Transparency of Public Life reminded the audience of obligations to declare assets or interests and the recent evolution in the definition of conflicts of interest whose local application requires a legal extension, outlined in a new law that took effect in February.

This colloquium was an opportunity for the Territorial Audit Office to present the new responsibility regime for public managers taking effect in January 2023 and its coherence with the fight against breaches of probity.

The presentation, made with the financial prosecutor, illustrated with examples how the repression of offences this infra-criminal regime provides will contribute to the protection of financial public order, and thus to the reinforcement of citizens' confidence in democratic institutions.

A round table of local authority representatives highlighted there is some way to go before probity issues are really taken into consideration. Elected representatives are more attentive but the fact remains that the main organisations have not established maps of risks or put in place local guidance and mitigation measures, notably through training.

The Territorial Audit Office, together with the university, can raise awareness by bringing the new responsibility regime for public managers to life and by participating, if necessary, in other events on the subject.

## **Audit Office of NSW's audit impacts public sector integrity change**

The funding arrangements for state integrity agencies are changing, partly in response to a report from the Audit Office of New South Wales (AONSW).

The Special Minister of State requested an audit which was tabled in October 2020 and titled '[The effectiveness of the financial arrangements and management practices in four integrity agencies](#)'. Those four agencies were the:

- Independent Commission Against Corruption (ICAC)
- NSW Electoral Commission
- NSW Ombudsman and
- Law Enforcement Conduct Commission.

It also included NSW Treasury (Treasury) and the Department of Premier and Cabinet (DPC) given their involvement in decision processes about integrity agencies' funding.

<sup>1</sup> Distributing benefits to targeted individuals or interest groups in return for political support.

AONSW made three recommendations in its audit report:

1. Treasury and DPC should implement a funding model for the integrity agencies based on the following principles:
  - The integrity agencies are required to demonstrate their accountability as prudent managers of their financial resources.
  - Parliament's role in the budget process should be expanded to ensure Cabinet is provided with more independent advice on the funding requirements for the integrity agencies.
  - There should be transparency to Parliament and the relevant agency for decisions made about funding for the integrity agencies.
  - There should be structured oversight by Parliament of the performance and financial management of the integrity agencies.
2. Treasury and DPC should reassess whether the process used to apply efficiency dividends to the integrity agencies is consistent with appropriation legislation and the independence of the integrity agencies.
3. Treasury and DPC should ensure that the use of cluster-based financial management arrangements does not diminish the independence of the integrity agencies and is consistent with the requirements of appropriation acts and other relevant legislation.

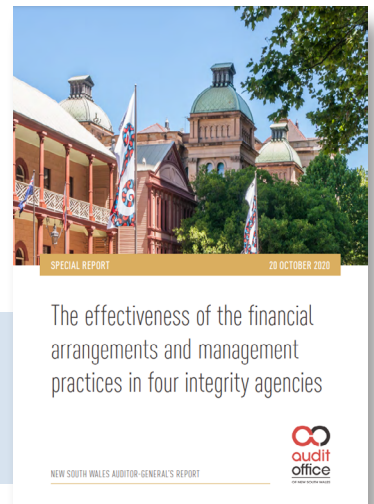
The NSW Parliament's Public Accountability Committee (PAC) also considered integrity agencies' funding in its 2020 inquiry titled 'Budget process for independent oversight bodies and the Parliament of NSW' with a February 2021 report. The ICAC tabled two reports in the NSW Parliament on its funding arrangements as well.

This May, the NSW Premier announced changes to the funding arrangements of the integrity agencies in NSW that addressed some recommendations from the AONSW and PAC reports.

These include:

- Integrity agencies can review Treasury advice on their funding bids and provide their own advice directly to the Expenditure Review Committee. The agencies and relevant parliament oversight committees will be provided with funding decisions in writing that include reasons for any variation from the funding requested.
- Efficiency dividends would no longer be applied to integrity agencies.
- Integrity agencies will be removed from the DPC cluster for financial management purposes. A specialist unit will be established within Treasury to assess funding requests.
- Contingency funding will be included in appropriations for integrity agencies. This can be accessed on request with the approval of the Treasurer.
- A 'charter of independence' will be issued under a Treasurer's Direction to codify the new arrangements.

The outcome is an example of how an audit can impact change in the public sector.



## Audit Office of NSW examines integrity of grant programme administration

On 3 June 2022, Deputy Auditor-General for New South Wales, Ian Goodwin, participated in a forum at Parliament House that the NSW Independent Commission Against Corruption (ICAC) hosted to examine whether the practice of 'pork barrelling' is lawful and ethical, or if it constitutes corrupt conduct under the ICAC Act.

Mr Goodwin joined subject matter experts Professor Anne Twomey, the Hon Joseph Campbell, Dr Simon Longstaff AO, Professor AJ Brown and the ICAC Chief Commissioner, Peter Hall QC.

ICAC will produce a report outlining the conclusions from the forum in July 2022.



Deputy Auditor-General, Ian Goodwin (third from left) at ICAC's [Forum on Pork Barrelling](#). Source: [YouTube](#).

For the Audit Office of New South Wales (AONSW), the forum represents the latest in the wide-ranging impacts of its '[Integrity of grant program administration](#)' performance audit report that was tabled in February.

The audit assessed the Stronger Communities Fund Round 2 (tied grants round) which was administered by the Office of Local Government and provided \$252 million (USD175,000,000) for councils that were merged or subject to a merger proposal. It also assessed the Regional Cultural Fund administered by Create NSW, which awarded \$100 million (USD 69,000,000) for cultural infrastructure projects in the state's regional areas.

The report found that the assessment and approval processes for the Stronger Communities Fund lacked integrity, the programme guidelines were deficient, and 96 per cent of available funding was allocated to projects in government held electorates.

As for the assessment process Create NSW used for the Regional Cultural Fund, the report found it was robust and produced transparent and defensible recommendations to the then Minister for Arts. However, the Minister, in consultation with the then Deputy Premier, did not follow the recommendations of the independent assessment panel in multiple cases nor were the reasons for making changes documented by the Minister's office or Create NSW. This compromised the integrity of the approval process.

The AONSW report recommended the Department of Premier and Cabinet (DPC) develop a model for grant administration to be used for all NSW grant programmes that:

- is based on ethical principles outlined in the Government Sector Employee Act (2013) such as impartiality, equity and transparency

- ensures assessments and decisions can be made against clear eligibility criteria, and limits politically biased outcomes
- ensures accountability for decisions and actions of all those who are involved in the programme including public servants, elected representatives and political staff
- includes minimum mandatory administration and documentation standards including for interactions between ministers, ministerial staff and public servants
- requires any ministerial override of recommendations to be documented, with transparent consideration of probity and conflict of interest.



DPC accepted the audit report's recommendations and stated it would consider the findings and recommendations as a part of a review of grants administration. The NSW Productivity Commissioner conducted the review with DPC and published a report in April.

The NSW Government stated that it is considering the recommendations of the review.

The AONSW's 'Integrity of grant program administration' report continues to contribute to public debate on the topic, attracting attention from NSW parliamentary committees and receiving extensive coverage in the media.

## SAI Nauru celebrates Constitution Day

Nauru became an independent nation and adopted its own Constitution in 1968. Although it came into force in January of that year, it was altered just a few months later on 17 May 1968, hence the recent public holiday celebrating Constitution Day.

Each year Nauru commemorates Constitution Day with a sports carnival between districts, an official banquet hosted by the President and other celebrations.

Article 66(1) of the Constitution states, "There shall be an Auditor General, whose office is a public office."



Subsections 2 to 5 further describe the powers and functions of the Auditor General.

The Nauru Audit Office joined the festivities this year with a small lunch hosted by the Auditor General in honour of the Constitution.

Auditor General, Manoharan Nair (second from left), with SAI Nauru staff.

## SAI Queensland's forward work plan

Public sector entities across the globe are facing a range of risks and challenges when it comes to delivering their services for the community. These include growing and ageing populations, climate change, overseas trade and political tensions, increasing government debt and emerging technology, to name a few. We only need to consider the extraordinary events brought about by COVID-19 to recognise that all organisations need to be responsive and adaptable.

Each year, the Queensland Audit Office (QAO) carefully plans its work to ensure it audits the right matters at the right time. It anticipates and responds to the risks and challenges impacting public sector entities and local governments to help drive positive change in the way public services are delivered.

It considered these risks in preparing its [Forward work plan 2022–25](#), just published in May. This three-year plan of upcoming audits is refreshed yearly to ensure the QAO is examining the most important topics for the community, is focusing its efforts where it can best support entities to improve performance, and to enhance accountability to parliament.

Some of the risks entities face are emerging, and some are long standing. Based on these risks, the insights from audit work across its clients, and various other intelligence sources, QAO identifies focus areas to guide its audit services. These focus areas umbrella QAO's work in its financial audits, performance audits and other assurance activities, which work together to provide a full picture of state and local government performance and accountability.

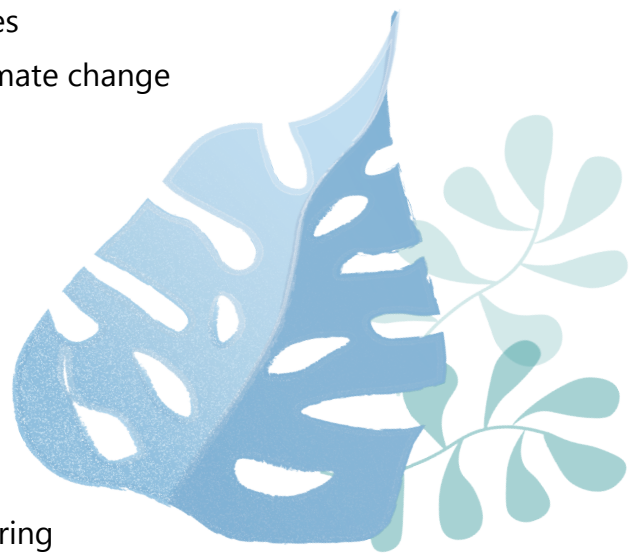
For 2022–25, the forward work plan provides details on eight focus areas:

- Technology risk and opportunities
- Sustainable environment and climate change
- COVID-19 recovery
- Governance of government
- Healthy and safe Queenslanders
- Infrastructure investment
- State savings and debt
- Sustainable communities

QAO expects its audit focus areas to remain generally consistent over the three-year life of its plan. However, during any year, government priorities may change through the introduction of new legislation, new initiatives, or the emergence of new risks. QAO ensures it informs its clients if required to revise its audit focus areas.

QAO circulates a draft plan to parliamentary committees, ministers, departments, local governments, universities, relevant statutory bodies, and government owned corporations. This captures any feedback they may have on the selected topics or the timing of the audits.

It also welcomes and values input into its work—including suggested audit topics—from members of the public, members of parliament and councillors, entity management, and other integrity offices. They can contribute via the forms on the website or can make a formal request for audit by writing to the Auditor-General.





Legislation requires QAO to publish its plan before 30 June each year. It aims to do so as early as possible to provide transparency around its planned work, and to give entities notice about upcoming audits.

When QAO publishes the plan, its communications include writing to the clients and stakeholders who provided input to the draft plan, updating briefing papers for clients and audit committees, emailing its large number of subscribers, posting via social media and informing the media.

Of course, QAO also updates its staff and contracted audit service providers, ensuring they can talk to their audit clients about the plan so they understand QAO's risk assessments and focus areas. It does this via 'lunchbox' training sessions, intranet posts, presentations at staff seminar events, and emails to all staff from the Executive Management Group.

The [Our forward work plan](#) fact sheet has further information on how QAO selects its audit topics.

## SAI Tonga explains public finance at important CSO forum

On 19 May, 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 ways forward for improvement.



Acting Auditor General, Kelepi Makakaufaki Jr, speaking at the event.

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, Parliament, Members of Parliaments and the Prime Minister's Office. It was also an opportunity for civil society organisations (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 Speaker of the Parliament of Tonga, Lord Fakafanua, opened the event and talked about the government budgeting process, the parliament budget scrutiny role and the desired future for PFM in Tonga.

The Acting Auditor General, Kelepi Makakaufaki Jr, next presented on four key points:

- a brief overview of the PFM system
- a framework for assessing the PFM system
- the role of the Auditor General in the PFM system and
- the assessment of Tonga's PFM system.

In discussing the role of the Auditor General in the PFM system, Mr Makakaufaki talked about the external scrutiny done by the Auditor General, his mandate to audit public funds (including the public accounts as stipulated in the legislation) and the timeline of his reporting protocol.

Afterwards, Mr Makakaufaki and a Parliament representative were invited to join in a question and answer session with the participants. They asked about applying for, releasing, using and reporting on the government constituency fund.

Mr Makakaufaki described to participants the protocol used by Parliament in disbursing funds to constituencies, the requirement to submit constituencies' work plans, the accounting and record-keeping requirements and lastly the reporting. The Q&A session was critical part in leading participants to a more thorough understanding of the parliament constituency fund.

TOAG considers this opportunity to engage more with CSOs and community groups a huge success.



Event participants at the forum venue, Ancient Tonga. Source: Civil Society Forum of Tonga [Facebook page](#).

## Upcoming events / online training

28 June	Human Resources Management programme
6 July	Leadership programme for SAI heads
19, 20 and 22 July	Stakeholder engagement workshops
1 August	Human Resources Management programme
23 September	31 <sup>st</sup> Governing Board meeting

Dates may change. Find updated information about our events on the [eLearning calendar](#).

## Matariki signals a new year

For the first time, Aotearoa New Zealand celebrated Matariki with a national public holiday on Friday 24 June 2022.

Matariki is the Māori name for the cluster of stars many know as the Pleiades (of the constellation, Taurus). Its mid-winter reappearance in the pre-dawn sky heralds the start of a new year for many iwi (tribes/communities) across the Land of the Long White Cloud.

PASAI Secretariat staff members have been busy preparing for their own new (financial) year starting on 1 July and look forward to resuming many more in-person meetings than the last couple of years have allowed.



The Matariki star cluster.  
Modified from source: [pbkwee, CC BY 2.0](#), via Wikimedia Commons.



For further information contact PASAI's Communications Advisor:

Email: [luke.eaton@pasai.org](mailto:luke.eaton@pasai.org) Phone: +64 9 304 1275



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