



Pacific Association of Supreme Audit Institutions

Communiqué from the 18th Congress

Port Vila, Vanuatu

16 October 2015

Securing independence of SAIs to improve the effectiveness of audit findings

Independence is the raison d'être of SAIs

The Pacific Association of Supreme Audit Institutions (PASAI) has five strategic priorities: independence, strengthen advocacy, promoting good public financial management, conducting and reporting high-standard audits, building capability, all supported by a strong Secretariat. The first strategic priority — independence — was chosen by the Vanuatu Audit Office to be the focus of PASAI's 18th Congress hosted in Port Vila on 13 to 16 October 2015.

Independence for audit institutions in both developed and developing nations is essential to: provide information to allow politicians to do their job of scrutinising public accounts, improve public management, allow citizens to have confidence in how public funds are being spent, and fight corruption. People can take comfort from the knowledge that SAIs have no "barrow to push" and are independent of their governments.

International insights

The Congress was opened by Vanuatu's Prime Minister, the Honourable Meltek Sato Kilman Livtunvanu. Mr Livtunvanu said that national audit offices are one of the key pillars of a healthy democracy with an important focus on fraud and corruption.

Mr Bao Shuowang, Director General of the China National Audit Office (CNAO) presented on behalf of the Chairman of INTOSAI. The importance of global cooperation to achieve good governance was stressed.

Ms Archana Shirsat from IDI noted how valuable IDI's partnership with PASAI has been, particularly the success of the cooperative audits and IDI's relationship with PASAI will continue to grow through the IDI's new portfolio of capacity building that will be implemented from 2015–2018 creating more global and regional synergies.

Progressing towards independence

SAI member presentations have always been an important part of the Congress, and members shared their individual successes, as well as the challenges, facing them in their quest for independence, accountability and transparency as they relate to the eight principles of the 2007 *Mexico Declaration on the Independence of Supreme Audit Institutions* and the recent United Nations declarations supporting independence.

SAI Heads affirmed that every country is now clear on their position in relation to independence standards and all demonstrated a high degree of knowledge of these principles as they apply in their own jurisdictions.

Broadly, across all members, SAIs have the ability to undertake financial, compliance and performance audits that can be tabled in the legislature and made public; reasonable appointment and dismissal processes are in place for SAI Heads; SAIs generally have appropriate relationships with their legislatures; follow-ups mechanisms of audit findings are starting to be put in place in some countries; SAIs mostly have good access to information; and SAIs have the autonomy to establish their own work plans and can, if necessary, contract out audits.

But more can be done

A key issue emerging from the presentations was a lack of financial and human resource independence. Many SAIs in the Pacific region were originally established as government agencies to audit and report on government accounts. Their budgets were set as part of the executive government, and their staff were members of the civil service and subject to civil service controls and terms of employment. Public sector auditing in the modern era bears little resemblance to that approach. SAIs now follow a professional, risk-based approach to their audits, using international standards. At the same time, citizens and their elected representatives increasingly demand that their SAI goes beyond judgments of compliance and reasonableness of public resources, to also evaluate government performance and the value for money obtained through government transactions. The mechanisms for the funding and staffing of SAIs are now out of step with these requirements.

There is a need to change the approaches used for the funding and staff arrangements of Pacific SAIs, both developed and developing, to bring them more into line with the international standards and, in particular, to reduce the element of executive control over, and the ability to direct, the SAIs access to reasonable and necessary resources to perform their role.

Leading by example

The Samoa SAI demonstrates the kind of progress SAIs in the Pacific are pursuing. The Audit Act of 2013 establishes the independence of the SAI. Samoa's legislative reform has removed its staff from the control of the Public Service Commission and made the appointment and termination of the Controller and Auditor

General subject to the input of Parliament. This is the situation in Tonga and Fiji as well. The New Zealand SAI's independence is respected globally.

PASAI's development partners acknowledged the significant achievements towards independence that have been achieved to date. The representatives of the Australian Department of Foreign Affairs and Trade welcomed the progress that has been made in implementing *PASAI's Long-Term Strategic Plan*, and the significant increase in the numbers and quality of independent audits now being undertaken.

The Asian Development Bank (ADB) stated that the work of PASAI is one of the few successful regional initiatives that showcases to donors how much their investment has achieved. The ADB said that these accomplishments must be sustained and that the ADB is willing to enhance its partnership and continue to find ways of working with PASAI and its members to that end.

The Congress thanked our development partners for their support, including the Australian Department of Foreign Affairs and Trade, the New Zealand Ministry of Foreign Affairs and Trade, IDI and the ADB under the Japan Fund for Poverty Reduction-supported technical assistance.

The reach of regionalism

PASAI is a good example of what regionalism can achieve. PASAI's cooperative audits are world-renowned and PASAI's upcoming Accountability and Transparency report will outline that SAIs can promote accountability and transparency in the use of funds in the Pacific, by leading by example; but they cannot do it alone. The main messages of the report will be that SAIs must work with legislatures to improve accountability and transparency and that SAIs must work in collaboration with other important institutions to be effective.

The Congress also welcomed Chuuk and the Australian Capital Territory as new members of PASAI.

Concluding remarks

PASAI members also discussed the UN's Sustainable Development Goals, in particular the importance of public auditing as a part of Sustainable Development Goal 16 — peace, justice and strong institutions.

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