



# ANNUAL REPORT 2019-20

for year ended  
30 June 2020



*“Pacific Auditors Working  
Together”*

PACIFIC ASSOCIATION  
OF SUPREME AUDIT  
INSTITUTIONS (PASAI)



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# SECRETARY-GENERAL'S MESSAGE

In many ways, this year has been defined by the response to, and recovery from, Covid-19. We have dealt with challenges that we never expected to face. I am proud of the way Supreme Audit Institutions (SAIs) in the Pacific have supported their staff and their families during this time. I am also proud of the work SAIs do to support public trust and confidence in their governments' responses to the pandemic. Although the work of SAIs is important at all times, it is fundamental during times of national crisis when people need trust and confidence in the public services that support and protect them.

There is a long way to go before we have a clear pathway after Covid-19. Although some countries have avoided the direct health impacts of Covid-19, all our people, families, work, and economies have been affected in some way by the pandemic. Plans that we had at the start of the year have had to be redone, and assumptions about the future are uncertain. In this environment, it is critical that we are agile in how we deliver while also maintaining our focus on the end goals we want to achieve.

Considering this, PASAI has much to be proud of. The main finding of the mid-point review – to shift the focus of programmes to better align to SAI needs – is well underway. At the PASAI Congress in 2019, we described this shift as:

- **At the right time** – everyone is ready.
- **With the right programme** – to address your identified priorities.
- **In the right way** – best style of delivery to achieve the greatest impact.

Working together in this way has been successful during the last year, including since Covid-19 affected our delivery options. However, this shift is still a work in progress. We need to keep the Secretariat focused on this change and ask that SAIs continue to engage positively with the Secretariat to define their needs and the best ways of meeting them. The challenges that Covid-19 brings to our delivery are significant. However, if we focus on good communication and embrace the exciting developments of the PASAI online learning management system, I am confident that we can continue the strong momentum we have built.

I was delighted to represent PASAI at the XXIII International Congress of Supreme Audit Institutions (INCOSAI) in Moscow in September 2019. Sometimes it is only when you look back on the past three years that you recognise how much we have achieved. PASAI is recognised for our many accomplishments, our strong commitment to working to support each other, and our ongoing contribution to the broader SAI community. It was a privilege to represent PASAI's achievements at INCOSAI.

None of our work would be possible without the support of our development partners. We value each of our partners, whether they are providing expertise, funding, or other support. We have progressed our funding arrangements with the EU-UNDP this year, which is a positive development. However, I particularly want to recognise the New Zealand and Australian Governments (through the Ministry of Foreign Affairs and Trade and the Department of Foreign Affairs and Trade respectively). They have continued to show their confidence in PASAI by committing to funding arrangements through to the end of our current Strategy in 2024 and remain staunch supporters of all that we do.

During the last year, we have increased the capacity in my Office to support PASAI. As well as recruiting extra staff dedicated to this work, we have provided support to PASAI in areas of professional auditing expertise, human resources, legal and administrative systems. We maintain a strong interest in this work and will support it where we can.



I also acknowledge the expertise and dedication of our Secretariat team. We have seen some significant changes to this team in the last year. In October 2019, we welcomed Annie Subactagin-Matto to the newly created role of Director Monitoring, Evaluation and Reporting. Annie is supporting important changes to enable more effective measurement of the impacts of our work.

In June, we farewelled A'eau Agnes Tuiai-Aruwafu, Director Technical Support. Agnes made a great contribution to PASAI, in particular she will be remembered as the architect of the FASTS programme. This drew on experience from across our region to support our smallest SAIs to complete financial statements of government audits.

At the end of June, Tiofilusi Tiueti's five-year term as Chief Executive came to an end. Tio has successfully steered PASAI through the last five years. The mid-point review of the Strategy confirmed that Tio is leaving PASAI in good heart. I recognise Tio's extraordinary knowledge of the public financial management system across the region and his humble and dedicated leadership during his five-year term.

In June, we welcomed Esther Lameko-Poutoa as the new Chief Executive for PASAI. Esther is a well-respected Pacific leader who has the experience and drive to help lead PASAI through its next stage of development.

I thank all the staff of PASAI for their efforts in a challenging year. I also thank and acknowledge the PASAI Governing Board, Grant Hehir and Ajay Nand for their board chairmanship, SAI heads and their staff for supporting the work of PASAI and each other. I believe that the values of PASAI – Pacific Auditors working together – remain strong and will hold us in good stead as we face future challenges together.



“ PASAI is recognised for our many accomplishments, our strong commitment to working to support each other, and our ongoing contribution to the broader SAI community. ”

**John Ryan**

Controller and Auditor-General,  
New Zealand

Secretary-General, PASAI

7 August 2020

# REPORT FROM THE CHIEF EXECUTIVE

“ Throughout the first five years of this journey, PASAI has achieved success, faced challenges, and seized opportunities. ”



I am pleased to submit the PASAI Annual Report for the year ended 30 June 2020.

The first part of the PASAI journey on its long-term strategy 2014-2024 completes in this period. Throughout the first five years of this journey, PASAI had achieved success, faced challenges, and seized opportunities. The 2019-20 year was no exception: a year of opportunities for PASAI that include:

- The rebase of PASAI programmes to focus on SAI needs provides an excellent opportunity for members’ input at the 2019 PASAI Congress towards future direction and reshaping of PASAI programmes. Scoping these SAI needs into 11 concept notes were endorsed by Governing Board in August 2019 and in February 2020, together with a new delivery approach (B.L.U.E (Build, Liaise, Undertake, Evaluate) SAI) approved for implementing these needs-based programmes.
- The Covid-19 pandemic created opportunities for PASAI to reassess its delivery mode even more and respond to SAI needs at times of adversity. PASAI has considered innovative ways to deliver support and build capacity amidst challenging situations and limited resources, thus remain relevant to SAIs. PASAI response includes seizing the opportunity for improved use of technology and seeking benefits provided by this digital era, especially in communicating within the Secretariat, and with SAIs and other stakeholders, and also the designing of future programmes.
- The signing of new funding agreements positioned PASAI to move forward with certainty. It also provided an opportunity to check in on our systems and processes and ensure we are well positioned to serve the region. This led to a review and upgrade of some of PASAI’s operational policies, in particular the Procurement Policy and the Risk Management Policy, to align to current best practice and international standards.
- PASAI has also started to establish itself as a learning and knowledge institution regarding public auditing in the region while supporting SAIs.

There were opportunities created and seized in challenging times as well as some necessary deferrals due to funding and pandemic-related restrictions. However, PASAI delivered 55 activities during the year. About 275 SAI staff, members of the legislature, and officials from government ministries and other public sector entities (overall 54% female) participated in one

or more of our capacity-building programmes, conducted and facilitated to benefit our member SAIs. Main programmes conducted during the year were:

- *Strengthening SAI Independence* providing support to SAI Fiji, SAI FSM National and States, and the Marshall Islands to modernise and reform their audit legislations.
- *Enhancing high-quality audit* by further support for SAI Kiribati, SAI Solomon Islands, and SAI Tuvalu to develop and improve their audit methodologies, ensuring compliance with the International Standard of Supreme Audit Institutions (ISSAIs). This support was also provided jointly with IDI.
- *Strengthening SAI performance* through continuing phase II of our SAI PMF assessment programme. Four SAIs (Fiji, Chuuk, Kiribati, and Northern Mariana Islands) completed their assessments during the period. At the time of writing this report, four of the six SAIs in phase II had finalised their reports while others have made good progress and should be finalised soon.
- *Advocating to strengthen governance and accountability* through the collaboration of regional partners to improve the public financial system of governments in the region. In November 2019, PASAI and UNDP jointly conducted a regional workshop for Parliamentarians, especially the Public Accounts Committee (PAC) members. Eleven Pacific countries were involved.
- *Building PASAI as Learning and Knowledge Institution* with some of the PASAI resources were revised or developed during the period including: the Independence Resource Kit (IRK) revision, the PASAI audit manuals (financial, compliance, performance) revised and aligned to ISSAIs, Financial Statement of Government (FSG) audits database developed, and also an independent assessment of PASAI location completed.

PASAI has been blessed in past years by the support and services of capable people through their talents, technical knowledge, and professional experience and skills. Unfortunately, all good things must come to an end with some of these staff and consultants completing their engagement during the year.

PASAI will always be grateful for the professional services rendered by A'eau Agnes Tui'ai-Aruwafu (Director Technical Support), Jill Marshall (Communication Advisor), Eroni Vatuloka (PFM Consultant), Robert Buchanan (Legal Consultant), and Claire Kelly (Performance Audit Advisor). All have made tremendous contributions to the operation of the Secretariat. In particular, supporting PASAI's strategic priorities by developing the capability of SAIs and building the capacity of SAI staff in critical areas. We extend our utmost gratitude for all their untiring efforts, and wish them well in their future endeavours.

Despite these changes, PASAI is ready to sail the second part of its journey towards the 2014-24 strategic goals. We welcomed PASAI's new Chief Executive, Ms. Esther Lameko-Poutoa, in June 2020. We are confident that

the knowledge and experience Esther brings from both the public and private sectors and across the region will navigate PASAI successfully in its cause. The recruitment of the new Director – Monitoring, Evaluation, and Reporting (MER), Ms. Annie Subactagin-Matto, in November 2019, had also proven to add value to improving the PASAI MER system and also preparing PASAI to continue seizing the opportunities of this digital age. Going forward, PASAI is well prepared to take current and future opportunities with exciting times ahead.

Indeed, it's the right time for change at the helm. As this is my final annual report as Chief Executive of PASAI, it has been a great honour to be involved with this esteemed organisation, working with excellent people, and contributing to improving accountability, integrity, and transparency in the Pacific.

I salute the Secretariat team that I have been privileged to work with in the past five years – Agnes, Sina, Annie, Natalie, Jill, and, recently, Esther and Ahmed. Also, Eroni, Robert, Claire, Justine, and Tina. I am especially grateful for the professional support provided by the Office of the Secretary-General – Lyn, Martin, Greg, John, Jenifer, Nicole, and wish to expressly acknowledged and thank Sarah for her great patience and always useful advice and guidance.

Further, I would like to thank all heads of SAIs and staff, regional, and development partners, INTOSAI global bodies, and all colleagues and friends of PASAI for their unconditional support and assistance during these years.

For all the achievements in the past five years, I give full credit to the team that I have been blessed to be part of and who had the same purpose at heart. As I leave this role and extend my best wishes for PASAI, I reflect on this inspiring passage that guided me in my working life:

*'So you also, when you have done everything you were told to do, should say, 'We are unworthy servants; we have only done our duty.' (Luke 17:10)*

Mālō 'aupito mo e 'ofa atu.

**Tiofilusi Tiueti**

Chief Executive

20 June 2020

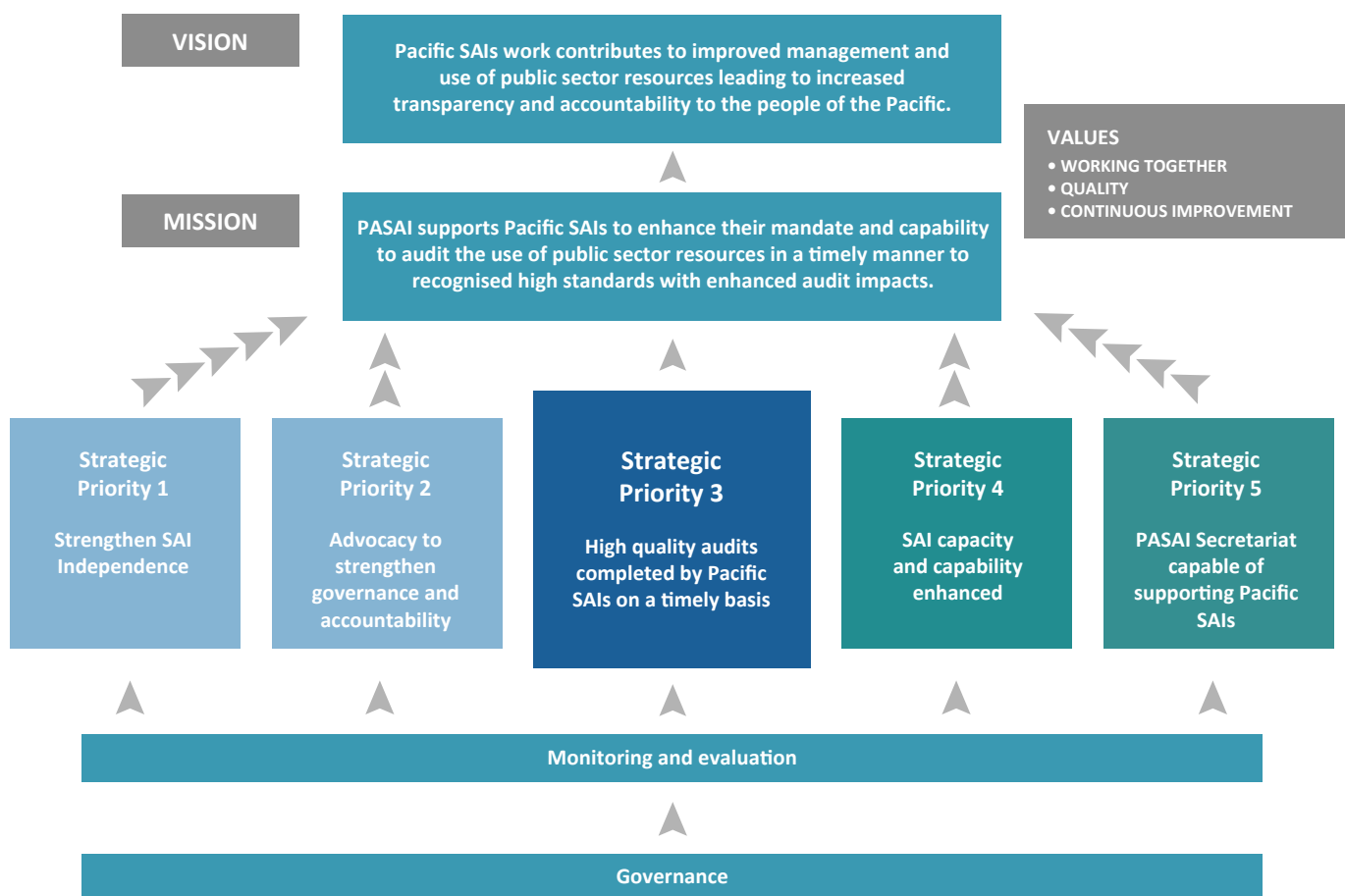




# VISION, MISSION, VALUES

## PASAI STRATEGIC PLAN 2014-2024

PASAI's programme of work aims to promote transparent, accountable, effective, and efficient use of public sector resources in the Pacific. Programme activity focuses on providing support to Supreme Audit Institutions (SAIs) in the Pacific region to enhance their capacity and capability and to ensure that high-quality audits are completed in a timely manner.



# OUR MEMBERS



As “Pacific Auditors Working Together”, we collaborate to pave the way forward with more targeted programs that meet SAI needs and make a lasting impact on the lives of citizens in our region.



American Samoa



Marshall Islands



Australia – ANAO – National Office



Nauru



Australia – New South Wales



New Caledonia



Australia – Victoria



New Zealand



Australia – Queensland



Northern Mariana Islands



Cook Islands



Palau



Federated States of Micronesia (FSM)  
– National Office



Papua New Guinea



FSM – Chuuk State



Republic of Fiji



FSM – Kosrae State



Samoa



FSM – Pohnpei State



Solomon Islands



FSM – Yap State



Tonga



French Polynesia



Tuvalu



Guam



Vanuatu



Kiribati

# OUR PARTNERS

The success of PASAI programmes throughout the years is attributed to the invaluable support of our member SAIs, development and regional partners, the International Organization of Supreme Audit Institutions (INTOSAI) community, Pacific citizens, and other stakeholders.

The Secretariat acknowledges our funding contracts with the Ministry of Foreign Affairs and Trade (MFAT), the Department of Foreign Affairs and Trade (DFAT), and EU-UNDP that will support the continuation of our program through to the completion of the 2014-24 strategy.

## FUNDING



## CAPACITY BUILDING



## REGIONAL



# THE SECRETARIAT TEAM



**Ajay Nand**

Chairman of the PASAI Governing Board and Auditor-General of Fiji

**John Ryan**

Secretary-General of PASAI and Controller and Auditor-General of New Zealand

**Sarah Markley**

Deputy Secretary-General of PASAI and Director of International Engagement – Office of the Auditor-General of New Zealand

**Tiofilusi Tiueti/Esther Lameko-Poutoa**

Chief Executive

**Sinaroseta Palamo Iosefo**

Director Practice Development

**A’eau Agnes Aruwafu**

Director Technical Support

**Annie Subactagin-Matto**

Director Monitoring, Evaluation and Reporting

**Natalie Price**

Office Coordinator



# AT A GLANCE

In **2019-20**, we delivered a total of **55** programme activities to **275** people (M 127; F 148), impacting **27** SAIs.

**Capacity building activities** included:

- 5** SAI-PMF assessments
- 1** workshop and training event
- 7** SAI development support activities, each tailored specifically to the need of the SAI



PASAI actively promotes **gender equality** in program participation

**54%** rate of participation by women achieved.

We participated in: **4** regional and international forums,  
**4** governance meetings,  
and submitted **5** development partner progress reports.  
**19** communication activities and **4** Learning and Knowledge activities.

## OPERATIONAL SUSTAINABILITY 2019-20 FOCUS AREAS

### PASAI Roadmap implementation

The implementation of the PASAI Roadmap raised in the PASAI mid-point review report progressed well during this reporting period. Implementation progress reports were presented to the Governing Board in their meetings of August 2019 and February 2020.

### SAI Needs and delivery approach

PASAI responded to the significant finding of the mid-point review that a shift in the focus of programmes to better align to SAI needs and more effectively embed capacity development results. Information on SAI needs was collected at a workshop during the 2019 PASAI Congress. This shift goals were described as:

- **At the right time** – everyone is ready.
- **With the right programme** – to address your identified priorities.
- **In the right way** – best style of delivery to achieve the greatest impact.

Concept notes outlining redesigned programmes based on SAI needs were developed and endorsed by the Governing Board in February 2020. Further, the

new delivery approach - known as B.L.U.E SAI (Build, Liaise, Undertake, Evaluate) – was also endorsed. The acronym and concept of 'BLUE' also signifies the objective of building trustworthy, committed, and dependable SAIs.

### Funding agreement

PASAI is very grateful for the ongoing support of its main donors – Australia DFAT, New Zealand MFAT, and the EU-UNDP. A new five-year funding agreement with MFAT was signed in August 2019. Funding for PASAI strategy is now secured to the end of the PASAI strategic plan in 2024, through the commitments made by DFAT and MFAT.

### PASAI operational policies

Two foundational PASAI policies were refreshed during the year. The new Risk Management Policy was approved and adopted at the 2019 August GB meeting, while the new PASAI Procurement Policy was approved and adopted in September 2019. These new policies to align to current best practice and international standards.

# PASAI PROGRAMMES IMPLEMENTED JULY 2019-JUNE 2020

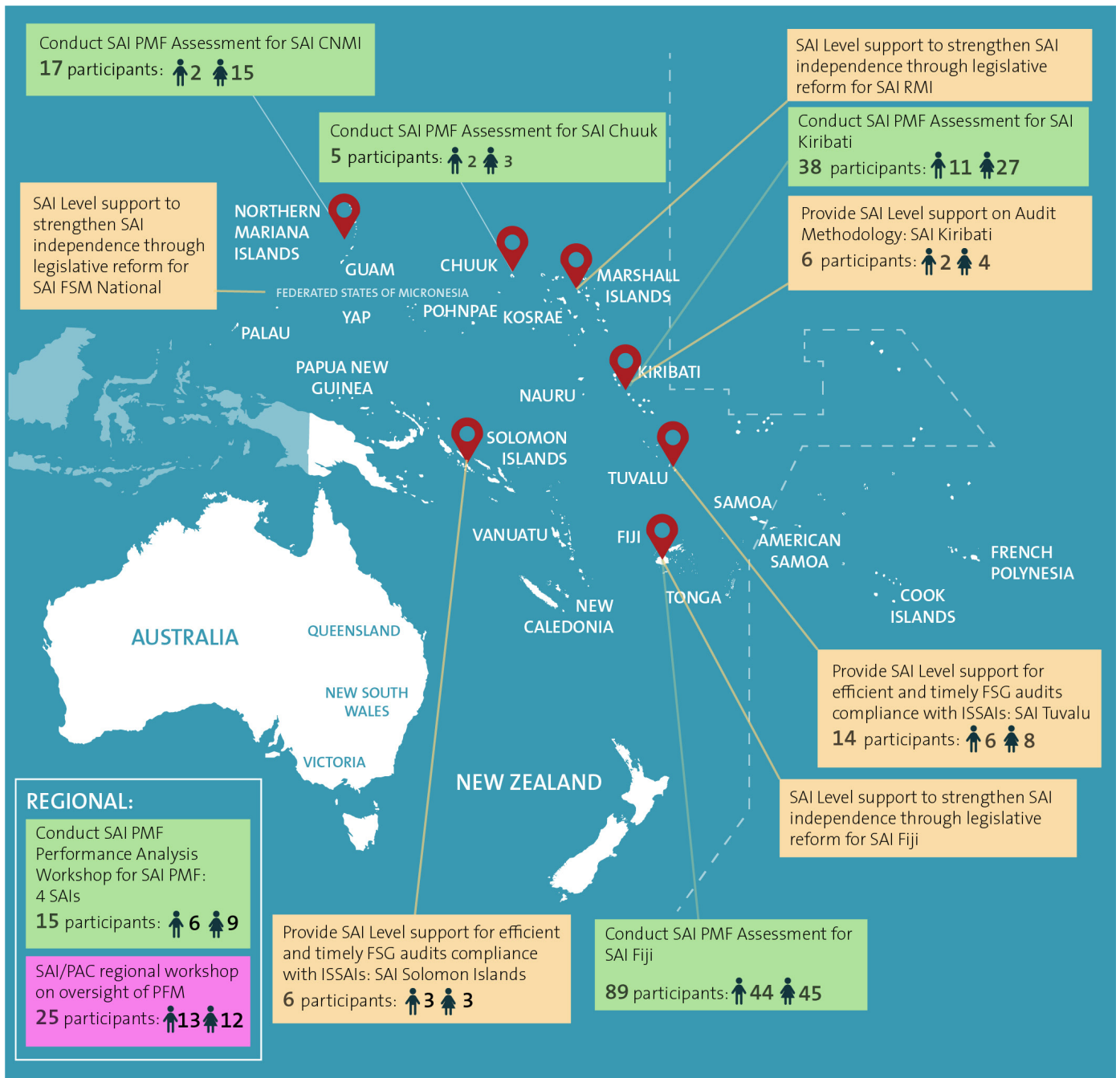
## CAPACITY BUILDING PROGRAMME ACTIVITIES

### Type of programme

SAI PMF Assessments and Programmes

Development Support for SAIs

Training and Workshops



### PASAI: Learning and Knowledge Platform

Engage 2 SAI staff to review, refine, and update the PASAI FSG audits database.

2 attendees: 1 man, 1 woman

TA to review the Independence Resource Kit.

Engage TA to review/develop PASAI Regional Audit Manuals (Financial Performance, and Compliance Audits)

Engage TA to assess the Secretariat location

## OTHER ACTIVITIES

|   |   |
|---|---|
| <b>Development partner reports (7)</b>        | <ol style="list-style-type: none"> <li>1. DFAT Completion Report (previous funding);</li> <li>2. MFAT Completion Report (previous funding);</li> <li>3. DFAT Progress Report (new funding);</li> <li>4-6. United Nations Development Programme (UNDP) Quarterly Reports (September 2019, December 2019, March 2019);</li> <li>7. UNDP Annual Report (March 2020)</li> </ol> |
| <b>Regional and international forums (4)</b>  | <ol style="list-style-type: none"> <li>1. INTOSAI CBC/IDSC Meeting (Tokyo, Japan);</li> <li>2. UN-IDI meeting on SAIs making a difference: Auditing the implementation of the SDGs (New York, USA);</li> <li>3. APIPA 2019 (Guam);</li> <li>4. SAI PMF Independent Reviewer Training (Oslo, Norway).</li> </ol>   |
| <b>Governance meetings (4)</b>                | <ol style="list-style-type: none"> <li>1. 21st PASAI Governing Board Meeting;</li> <li>2. 22nd PASAI Congress (Fiji);</li> <li>3. XXIII INCOSAI (Moscow, Russia);</li> <li>4. 22nd PASAI Governing Board Meeting.</li> </ol>  |
| <b>Strategy monitoring and evaluation (2)</b> | <ol style="list-style-type: none"> <li>1. Annual Report 2018-19;</li> <li>2. CE Report (February-July 2019);</li> <li>3. CE Report (August 2019-January 2020).</li> </ol>   |
| <b>Communication activities (12)</b>          | <p>12 media releases on programs implemented during the period.</p>   |



# OUR SERVICE

As at 30 June 2020, 55 (16 capacity building; 39 others) of the 170 planned programmes/activities were delivered including:

- 55 activities conducted – 55 completed with 275 SAI staff and officials participating (148 females (54%) and 127 males (46%)); and
- four regional and global forums attended by SAI and Secretariat staff.

**Table 1: Summary of activities carried out and participation numbers**

| Types of programmes support                  | Planned full year<br>(July 2019-June 2020) | Performed year-to-date<br>(July 2019-June 2020) | Number of SAIs involved | Number of participants (PASAI) |
|--|--|---|-------------------------|--------------------------------|
| <b>A. Capacity Development Programmes</b>    |  |   |                         |                                |
| Training and workshops                       | 12   | 1   | 18                      | 25<br>(M 13, F 12)             |
| Development support for SAIs                 | 35   | 7   | 7                       | 26<br>(M 11, F 15)             |
| SAI PMF assessments and programmes           | 5  | 5   | 6                       | 164<br>(M 65, F 99)            |
| Twinning                                     | 5  | -   | -                       | -                              |
| Learning and Knowledge Platform              | 9  | 4   | 2                       | 2                              |
| <b>Total Capacity Development Programmes</b> | <b>66</b>                                  | <b>17</b>                                       |                         | <b>217</b><br>(M 90, F 127)    |
| <b>B. Other activities</b>                   |  |   |                         |                                |
| Development partner reports                  | 7  | 5   | -                       | -                              |
| Regional and international forums            | 11   | 4   | -                       | -                              |
| Governance meetings                          | 3  | 4   | All                     | 64<br>(M 40, F 24)             |
| Strategy monitoring and evaluation           | 13   | 2   | All                     | -                              |
| Communication activities                     | 60   | 19  | All                     | -                              |
| Secretariat staff development                | 10   | 6   | -                       | -                              |
| <b>Total other activities</b>                | <b>104</b>                                 | <b>40</b>                                       |                         | <b>64</b><br>(M 40, F 24)      |
| <b>TOTAL PROGRAMMES AND OTHER ACTIVITIES</b> | <b>170</b>                                 | <b>57</b>                                       |                         | <b>281</b><br>(M 130, F 151)   |

# IMPACT OF THE COVID-19 PANDEMIC ON PASAI OPERATIONS

The Covid-19 pandemic has greatly affected PASAI operation and the implementation of its planned programmes for 2019-20 and future years. When the global pandemic was declared in mid-March, the Secretariat took all precautionary measures necessary to ensure that the health and safety of its staff remains paramount. These actions include:

- **Issue work and personal health and safety instructions to staff:** The Chief Executive issued health and safety instructions to staff by email. These instructions and guidance aligned with New Zealand government and health guidelines during the lockdown period, and those from the Office of the Secretary-General. The Secretariat office was equipped with necessary sanitisers for staff and labelled with appropriate health and safety notices and instructions. Staff followed the physical distancing instructions and provided contact tracking details throughout alert levels 2-4.
- **Recall staff from overseas duty:** The Director Technical Support was providing technical support on FSG audit compliance with ISSAIs to SAI Solomon Islands during 9-20 March. Because of the New Zealand border closure announcement that became effective at midnight Friday 20 March, the Director Technical Support was instructed to end the mission and return to Auckland. The Solomon Islands Auditor-General was informed of the situation and travel arrangements were made. The Director Technical Support arrived Auckland on the night of 20 March before the New Zealand border was closed. She was checked by health authorities at Auckland International airport and cleared of coronavirus symptoms.
- **Secretariat office went into lockdown:** The New Zealand national lockdown period commenced on 24 March, when New Zealand moved to alert levels 3 and 4. The Secretariat complied with the lockdown instructions and staff took work equipment and furniture so that they could work from home. All staff returned to work on 8 June 2020, when New Zealand's alert level shifted to level 2. This was the same day that the new PASAI Chief Executive assumed duty, having completed her quarantine period after arriving from Samoa a fortnight prior.
- **Regular virtual meetings and catch up with staff and Office of the Secretary-General:** Weekly catch-up meetings were held with staff of the Secretariat. Alternate two-weekly catch up meetings were also held by the secretariat staff with the Deputy Secretary-General, and with the Secretary-General and staff. These meetings allowed a regular check-in with staff as they worked from home, and was a way to provide assistance that staff might need during the lockdown period. These catch-up meetings were held over Zoom, with frequent contact with staff through other virtual platforms such as Skype, Messenger, telephone, and email.

The travel restrictions and border closures caused by the pandemic presented a unique set of challenges that meant that PASAI was unable to deliver 46 programmes and activities that were scheduled for delivery in the Pacific region during the period up to June 2020. These programmes have an estimated cost of NZ\$1.3 million with over 95% to be funded by PASAI core fund (DFAT/MFAT).

In response to this unprecedented situation, PASAI reviewed and reassessed the mode of delivery and timeline of planned programmes for current and future years taken into account any conditions and limitations imposed by authorities that have a direct impact on programme delivery.

The Secretariat fast-tracked its planned **Digital Transformation programme**. We then liaised and sought advice from our IT service provider (Elite), INTOSAI Development Initiative (IDI), and the Office of the Secretary-General. Staff also conducted online research for information and potential software programmes to be considered for the PASAI online platform and identified resources needed for the initial set up of a platform.

Key components of the Digital Transformation programme include: (i) the transition of programme delivery to a **blended learning** format, and (ii) the digitalisation of PASAI's in-house **Business Intelligence** function. This programme is expected to have positive impacts on PASAI's programme delivery options and operations in the long term, with a focus on achieving the delivery of a range of training modalities to optimise positive training outcomes and spend.

With a short- to medium-term focus on online learning, work is in progress to convert our existing face-to-face learning and capability development resources into a suitable online learning format. The development of assessments and supplementary materials is also underway. This material will be placed on a Learning Management System (LMS), which has been developed with the support of IDI. The Secretariat will transition its material to an independently managed LMS within six months. The recruitment of a fixed-term eLearning Specialist is underway to support the Secretariat team with this transition and to strengthen instructional design expertise within the team.

The transformation programme also includes the digitalisation of PASAI's in-house Business Intelligence function. This initiative is on track to establish data flows and capture data resulting from the implementation of the Monitoring, Evaluation and Reporting Framework into a scalable database linked to an interactive reporting dashboard. This initiative will result in improvements to data and reporting quality, a streamlined reporting process, and an increased capability to report on outcomes in the long term. A fixed-term Data Specialist has been recruited for this work.

PASAI was aware that the delay in implementing the proposed programmes is a major concern for all its donors. This is because of a possibility that the agreed grant fund could be reduced if PASAI is not able to justify continued funding by presenting details of programmes to use the funds within a given timeframe. Although there is concern, there is also support and encouragement for the activities we have been doing, and for the planned changes the Secretariat is working on to pivot delivery in a Covid-19-impacted environment.

Despite the inability to travel and run in-person activities, the Secretariat remained active during this period. While developing our online resources, the Secretariat continued to build SAI capability and share knowledge by publishing a series of blogs on technical and general topics – including the critical role of SAIs in strengthening procurement practice and monitoring the unprecedented public expenditure in an emergency situation. To enable SAI business continuity during lockdown, we published blogs on core ICT tools and cybersecurity requirements to ensure that there were effective and secure remote work arrangements.

The Secretariat also acknowledges the impact of the pandemic on gender equality. In response, we published a blog on the strategic role of SAIs in promoting gender equality in the public sector and the wider community through their work and by modelling behaviour and policies supporting gender equality. These blogs have been made available to a global audience as part of a collection of resources compiled by the INTOSAI PFAC Covid-19 initiative.

We continue to use our social media and other communications channels to regularly share reports and best practice guidelines in governance and accountability matters related to the Covid-19 pandemic.



# OUR ACTIVITIES

## 1. ENHANCING SAI PERFORMANCE

The SAI Performance Management Framework (PMF) enables SAIs to voluntarily assess their performance against the International Standards for Supreme Audit Institutions (ISSAIs) and other international public auditing best practice. Using a continuous improvement lens, results add value to the SAI strategic and operational planning enabling the development of impactful strategies and initiatives to improve SAI performance. Reporting on progress against PMF results provides key stakeholders with an insight into how SAIs make a difference to the lives of citizens by strengthening public financial management, reducing corruption, and promoting good governance and accountability in the public sector.

The PASAI Secretariat provides training and ongoing support to SAIs on the use of the PMF assessment tool. A regionally coordinated approach to peer assessments is used, in which participating SAIs assess each other's performance using the SAI PMF Tool. Assessment teams are led by PASAI staff or consultants and consist of SAI staff with prior experience in using the tool. A regional pool of SAI PMF experts has been successfully created through this programme. The SAI PMF Independent Reviewers' training was held by Secretariat staff in Oslo from 23 to 25 September 2019, with a focus to strengthen regional capabilities on strategy, performance measurement, and reporting in order to support SAIs.

The programme is on track to achieve a 100% completion rate by participating SAIs by 2024. Key achievements include the provision of in-country SAI assessments and a regional workshop on the reporting and analysis of assessment results. Since the commencement of the SAI PMF pilot programme in 2016, 70% of SAIs in the Pacific region have completed an assessment – a 14 percentage point increase from 56% noted in June 2019.

Participants of the Reporting and Analysis Workshop in November 2019 rated the workshop as being highly effective (90%) in developing an understanding of key concepts and their application. Participants greatly valued the regional and knowledge-sharing approach used and reported that the cross-assessment aspect of the SAI PMF programme enabled a greater understanding of similarities, differences, and challenges of audit practice across the Pacific region. This approach enabled SAI staff to draw on their peers' expertise as they plan how to address areas of improvement in their own SAI.

The Secretariat continues to work with assessment teams to finalise outstanding reports, which will contain the results of the indicator-led analysis. Final reports will be submitted to the IDI for an independent review. An independent review statement will be issued to confirm whether the report has complied with the SAI PMF methodology.



CNMI SAI PMF Assessment team with the CNMI Public Auditor, Mr Michael Pai.



The SAI PMF Performance Analysis Regional Workshop is opened by the Auditor-General of Vanuatu, Mr Caleb Sandy.



The SAI PMF Performance Analysis Regional Workshop participants.

## 2. ACHIEVING HIGH-QUALITY AUDITS

High-quality audits supported by effective quality control and quality assurance practice and processes support a SAI to effectively fulfil their mandate. To accurately provide a record of the government's financial performance and position, audit activity must comply with recognised auditing standards and guidelines.

The Secretariat supports its participating SAIs through SAI-level workshops and provides ongoing support to improve audit quality and achieve efficient and timely completion of audit reports. Workshops with SAIs Kiribati, Tuvalu, and Solomon Islands focused on building capability around conducting audits in accordance with the ISSAIs. These interventions are part of an overall programme supporting SAIs to conduct audits on the Financial Statements of Government (FSG). The programme focuses on building individual and institutional capacity to conduct high-quality audits that comply with international standards. Other intended programme activities include a review and update of existing SAI audit methodology and system documentation, developing templates and processes, and completing FSG audits in compliance with ISSAIs (including any backlogs).

A Quality Assurance (QA) peer review will be carried out following the workshop to assess whether learnings have been applied to the audit, and identify the needs for further capacity development and training in this area. Through the review process, this programme will build regional peer review capability and develop a pool of QA reviewers for the Pacific region. Auditors-General of participating SAIs will select two QA review personnel to act as QA champions. Selected staff will attend a QA refresher course and will form a peer review team to QA the completed Financial Statements of Audits of participating SAIs.



SAI Tuvalu Workshop participants.



SAI Kiribati Workshop participants.

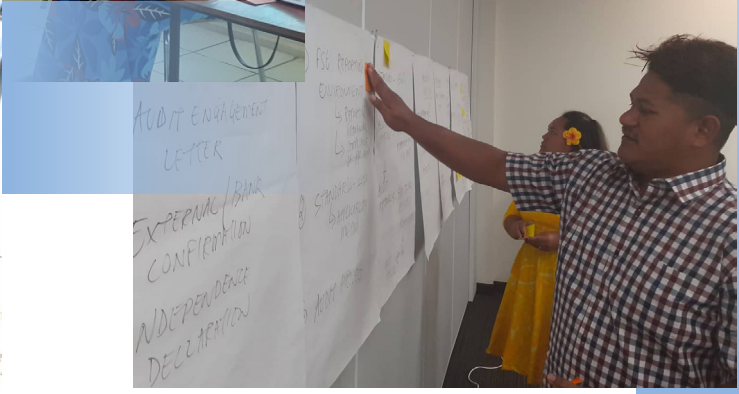
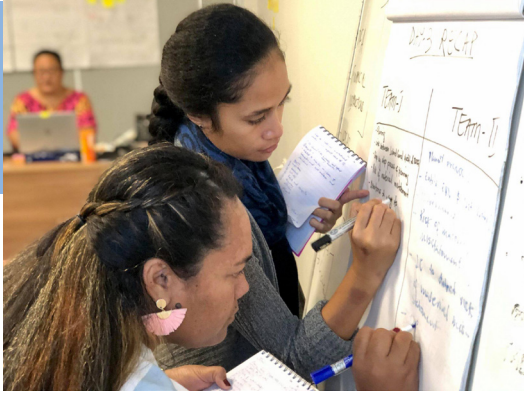
We are close to finalising the update of our Regional Audit Manuals for Financial, Compliance, and Performance Audits. The objective of this work is to refresh and expand the suite of PASAI regional resources and guidelines that can be used by SAIs to develop customised audit manuals specific to their SAI's requirements and reflecting their audit practice.

The Financial Statements of Government dataset was reviewed and updated for the years 2019 to 2020. Secondees from SAI Guam and SAI Tuvalu completed this work and developed a dashboard to run preliminary analysis on the data. Further work is being undertaken to integrate this dataset into the PASAI database and link it to an interactive reporting dashboard that is being developed as part of our Digital Transformation programme.



SAI Solomon Islands Workshop in progress.





### 3. STRENGTHENING SAI INDEPENDENCE

PASAI has been supporting our member SAIs in their endeavours to strengthen their independence, as a key element of PASAI’s long-term strategy for the Pacific region. Our advocacy has improved the capability of Public Accounts Committees (PACs) across the Pacific, increased the awareness of senior government and public sector agency officials and stakeholders, and led to joint courses with regional partners. The Secretariat provides support to SAIs to strengthen their independence through the PASAI Legal Consultant. During 2019-20, this workstream included support on legislative reforms for SAIs Fiji, FSM National, and some State Public Auditor offices, and the Republic of the Marshall Islands (RMI).

Technical legal assistance provided to SAI Fiji in August 2019 was related to the proposed modernisation of the Fiji Audit Act 1969 (the Act). The mission followed an earlier review of the Act and associated constitutional and legislative provisions, including those relating to the funding of the SAI. A set of proposed amendments to the Act were developed following a day-long workshop with the Auditor-General and senior leader. The key elements of the proposed reform were discussed with the Office of the Solicitor-General and at the PASAI Congress with the Chair of the Public Accounts Committee of the Fiji Parliament. Broad support for the proposed reform was indicated.

SAI-PMF assessments carried out in 2016 identified considerable differences between the respective constitutional and statutory mandates of the SAIs FSM National, Kosrae, Pohnpei, and Yap state Public Auditors. There was a clear need for reforms to bring their legislation into line with modern practices and independence standards.

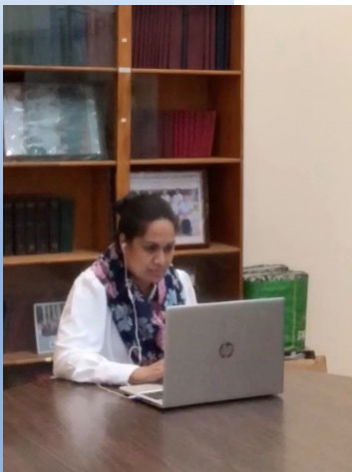
In response to these findings, a comparative analysis and review of the legislative provisions in national and state legislation of SAIs FSM National, Kosrae, Pohnpei, and Yap was followed by the preparation of a comparative table of provisions. Proposed amendments were prepared for each jurisdiction with explanatory material and “talking points” as a resource for Public Auditors to advance discussions with their respective government and congress. This work resulted in broad support for the need for targeted reforms of the respective legislation.

PASAI provided SAI Republic of the Marshall Islands (RMI) with renewed assistance to modernise the Auditor-General Act 1986. This followed work done in 2017-18, which was not accepted at the final hurdle. The October 2019 work involved a full review of the Act in relation to the Auditor-General's independence, mandate, and powers. A set of proposed amendments and a draft policy paper were prepared and discussed with the SAI's leadership team.

The PASAI Legal Consultant undertook a consultation with key stakeholders (including the Public Service Commission and the Ministry of Finance) in relation to the SAI's resourcing and staffing. The Consultant also provided assistance in the form of two option papers for further discussion with key stakeholders, with the aim of strengthening these elements of the SAI's independence within the constraints of the existing constitutional limitations.

In addition to this work, the Secretariat completed a review of the PASAI Independence Resource Kit (IRK). The PASAI IRK was developed in 2016 and has proven to be a useful resource for SAIs to self-assess their independence and develop and implement an independence strategy aligned with their overall independence goals and strategic plans.

The review found the IRK to contain useful information for SAIs to self-assess their independence and develop and implement an independence strategy aligned with their overall independence goals and strategic plans. We will continue to enhance and refresh this resource over time to ensure its content remains up-to-date and relevant.

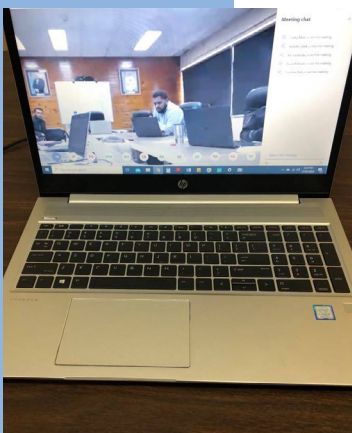


## 4. PARTNERING TO BUILD SAI CAPABILITY

### 4.1 PERFORMANCE AUDIT TRAINING

One of the capacity development needs identified by SAIs during the 2019 Congress was training in conducting Performance Audits. As the Secretariat is in the process of reviewing and updating its Tier Training course material, it used its existing partnership with the Australasian Council of Auditors General (ACAG) to coordinate an opportunity for PASAI member SAIs to participate in performance audit training.

In February 2020, ACAG confirmed its plans to conduct two face-to-face performance audit workshops in May and November 2020. The Secretariat informed interested SAIs of the scheduled ACAG trainings. Budget estimates were prepared by the Secretariat once SAIs confirmed their interest in participating. The onset of the Covid-19 pandemic removed the ability to deliver training in-person so the Secretariat confirmed SAI IT readiness and ability to participate in online training. The Secretariat also confirmed SAI IT readiness and ability to participate in online training. The training was delivered online on 25-28 May 2020 to eight participants (3 M, 5 F) from three SAIs (Fiji, Solomon Islands, and Tonga).



### 4.2 MENTORING PROGRAMME

ACAG identified a need to establish a mentoring programme to support employees in developing offices that are members of either ACAG or PASAI. With ACAG's support, the Australian National Audit Office (ANAO) commenced a pilot programme to assist SAI Tonga audit practitioners with their knowledge, skills, and career development through a group mentoring programme. The programme commenced in June, covering topics on financial audit, performance audit, corporate management, and leadership, as identified by a SAI needs analysis exercise conducted by the Secretariat in January 2020.



The sessions have been well received by both SAI Tonga (mentees) and ANAO (mentors) employees with lots of “virtual” discussion about many aspects of the four topics mentioned above. A key outcome will be the development of professional relationships that will see everyone involved continue to share information and learn from each other long after the formal programme finishes. An evaluation of the programme will be conducted later this year.

### 4.3 HUMAN RESOURCE MANAGEMENT PROGRAMME

The Secretariat sought the support of the Swedish National Audit Office (SNAO) to develop a programme in the area of Human Resource (HR) management and processes for SAIs in the region, based on the concept note on “*Strengthening SAI Human Resource Management*” in PASAI – as endorsed by the Governing Board at its meeting in February 2020.

Prior to the Covid-19 pandemic, the Secretariat had planned for a design meeting to be held in May 2020 to develop course materials for a face-to-face regional workshop providing an overview of the HR function and various processes. The proposed workshop could not be held because of Covid-19 travel restrictions and border closures.

In response to the situation, an online training programme was developed to be delivered over a period of four months commencing August 2020. The programme design team consisted of SNAO and AFROSAI-E representatives. The Secretariat supported the design team by providing input regarding SAI HR learning and development needs and the IT readiness of SAIs in the Pacific region to participate in online learning programmes. The Secretariat communicated plans for the online course to interested SAIs and confirmed their interest to attend. Programme communication for the online course has been finalised and includes the following: announcement for the HR programme implementation, overview of the online course and timelines, SAI Statement of Commitment, and SAI HR Team requirements.

SNAO has previously worked with PASAI in its SAI Young Leaders’ Symposium in 2017 with the focus on performance management skills. The HRM programme presented another opportunity for PASAI to partner with the SNAO and live the INTOSAI motto: “*mutual experience benefits all*”.

### 4.4 TWINNING – PEER-TO-PEER COOPERATION

Establishing positive mutual long-term working relationships with developed SAIs through twinning partnerships has benefited some of our developing member SAIs.

A peer-to-peer arrangement to support the growth of the SAI Solomon Islands was organised by the Auditor-General of Solomon Islands, PASAI Secretariat, and the Office of the Auditor-General New Zealand, with support from MFAT and DFAT.

This arrangement involved the coordination and recruitment of a one-year secondment for the position of Deputy Auditor-General Solomon Islands to provide direct support to the Office, mentor, and coach staff, develop an effective quality control system for the Solomon Islands Office of the Auditor-General, and to liaise with other strategic partners to embed strengthening audit practices.



Other twinning arrangements in place include:

- the Office of the Auditor-General New Zealand and Samoa Audit Office;
- the Office of the Auditor-General New Zealand and Cook Islands Audit Office;
- Australian National Audit Office and Papua New Guinea Auditor-General's Office;
- Australian Capital Territory Audit Office and Kiribati National Office;
- Queensland Audit Office and Vanuatu Office of the Auditor-General;
- Tasmanian Audit Office and Fiji Office of the Auditor-General; and
- Victoria Auditor-General's Office (VAGO) and Nauru Department of Audit, Tuvalu Office of the Auditor-General.

We are working to extend the scope of twinning relationships in the region. Member SAIs are able to obtain additional support from participating SAIs in addition to existing arrangements.

## 5. ESTABLISHING A KNOWLEDGE AND LEARNING HUB

As a Knowledge and Learning Institution, we continue to act as a development hub providing updated resources to meet SAI learning and development needs. We build capability by sharing technical expertise and information on general matters of interest. As part of this initiative, we carried out a range of activities during the last year.

We published a fortnightly blog series in response to the Covid-19 pandemic, to share knowledge and build SAI capability. Examples of blog topics include the critical role of SAIs in monitoring unprecedented public expenditure in an emergency situation and strengthening procurement practice. To enable SAI business continuity and adequate crisis response during the Covid-19 lockdown, we published blogs on core ICT tools and cybersecurity requirements required for effective and secure remote work arrangements.

We used our social media and other communications channels to regularly communicate reports and best practice guidelines in governance and accountability matters related to the Covid-19 pandemic, including:

- the Office of the Auditor-General New Zealand's independent review of the Ministry of Health's management of Personal Protective Equipment (PPE);
- a World Bank report on the role of SAIs in government's response to Covid-19: emergency and post-emergency phases;
- other Covid-19 blogs published by regional bodies – such as OLACEFS;
- an article in the International Journal of Government Auditing titled *COVID-19: Putting a Gender Lens on Auditing*;
- a *Summary of COVID-19 Audit Considerations by the International Federation of Accountants (IFAC)*;
- Covid-19-related Guidance for Auditor Reporting by the International Auditing and Assurance Standards Board (IAASB); and
- accountability in a time of crisis (INTOSAI Development Initiative).

## 6. OUR REGIONAL AND GLOBAL OUTREACH

We develop strong working relationships with stakeholders and actively participate in regional and global events to ensure that we provide our members with current technical and general guidance.

In 2019-20, we participated in four regional and global events.

### 6.1 PASAI CONGRESS 2019

The 22nd PASAI Congress was held 13-16 August 2019 in Natadola, Fiji. Hosted by the Fiji Office of the Auditor-General, the Congress theme was “SAIs’ Contribution to Sustainable Development Goals’ (SDGs)”. Over 60 participants from 19 member SAIs gathered for a four-day event to share ideas and resources in formal and informal settings. Attendees included representatives of 19 member SAIs, development partner organisations, and subject matter experts on global issues and initiatives such as climate change, gender equality, and the UNDP SDG implementation. The 21st Governing Board meeting was also held on the margin of the Congress, 12 August 2019.

Building on the July 2019 submission of the global Cooperative Audit on Preparedness to the United Nations (UN) in New York City, PASAI’s Congress provided a strategic platform to discuss priorities and recent developments related to the UN 2030 Agenda. A key area of interest was developing SAI capability to implement SDGs and to audit their implementation. Attendees heard from organisations, innovators, and SAIs from around the region on the many initiatives being undertaken to implement far-reaching SDG strategies, particularly those relating to the region’s biggest challenges – Gender Equality (SDG 5) and Climate Change (SDG 13).

Key challenges were acknowledged, in particular how the implementation of the 17 SDGs represents cross-cutting issues that might require an innovative and collaborative cross-government audit approach. SAIs acknowledged the reality of fitting in SDG audits with current SAI priorities, as well as difficulties in accessing and obtaining data that is held in multiple forms and locations and with different stakeholders. PASAI’s efforts to help its member SAIs to meet these challenges were highlighted.

A workshop was held to discuss SAI learning and development needs to inform PASAI programmes for the next five years. PASAI is developing programmes that address and meet these needs as approved by the Governing Board in October 2019. In addition, the Congress approved PASAI’s *Annual Report 2018-19* and the audited *PASAI Financial Report for the year ended 30 June 2019*.





One of the strategic decisions made by the Governing Board was to engage a consultant to conduct an independent business case assessment of the PASAI Secretariat location. The recruitment process begun in November 2019 and a consultant had been selected and commenced the work in January 2020.

PASAI will continue to follow up on the issues raised in the 2019 Congress Outcome Statement to support SAIs, enhance relationships with stakeholders, and strengthen the resources of the Secretariat.



## 6.2 XXIII INCOSAI

The XXIII triennial INTOSAI Congress (INCOSAI) 2019 was attended by PASAI in Moscow, Russia Federation from 23 to 29 September 2019. Seven heads of SAIs from the Pacific representing Fiji, Cook Islands, Samoa, Kiribati, Tonga, New Zealand, and Australia joined more than 600 delegates from the 194 country members of INTOSAI and their stakeholders. The PASAI Regional Report was presented to the 72nd INTOSAI Governing Board by the Head of SAI for Samoa (PASAI representative on the INTOSAI Governing Board) and to the Congress by the PASAI Secretary-General.

At the margin of the Congress, PASAI conducted a bilateral meeting with the Comptroller of the US Government Accountability Office (GAO), Mr. Gene Dodaro, to discuss additional GAO support for PASAI members from the North Pacific (who operate under the Congressional system of government). A positive outcome of the meeting was the agreement for PASAI to collaborate with the GAO International Officer to explore opportunities to achieve this. This work is currently in progress in consultation with the SAIs in the North Pacific. Further, a meeting was held with IDI Director-General and the Deputy Director-General on the appropriate approach for PASAI to effectively participate in IDI programmes in the future.

To increase the global visibility and awareness of PASAI activities and achievements, a PASAI information booth was set up and managed by the PASAI Secretariat and representatives of Pacific SAIs. Videos and slideshows were used to showcase key activities – including a video of PASAI Congress, slideshow of events, a kit for independence journey, and other highlights of achievements. This information was received positively by conference attendees.



(Above) Fuimaono Camillo Afele (The Auditor-General of Samoa and member of the INTOSAI Governing Board) presents the PASAI Regional Report to the 72nd INTOSAI Governing Board.

(Left) Pacific Heads of SAIs and PASAI Chief Executive attend represent the region at INCOSAI XXIII.

### 6.3 APIPA 2019

We attended the Association of Pacific Island Public Auditors (APIPA) 30th Annual Conference in Guam in August 2019, hosted by Guam’s Office of Public Accountability (OPA). Twenty-one courses were provided during the conference in four training tracks: Audit, Audit Supervisory, Finance, and Advanced Finance and Management. We engaged with SAI Heads to discuss SAI learning and development needs, and to update them about upcoming PASAI events and training. The conference provided a useful platform to network with the United States Graduate School and explore how efforts in building capacity of auditors can be aligned to PASAI’s work.

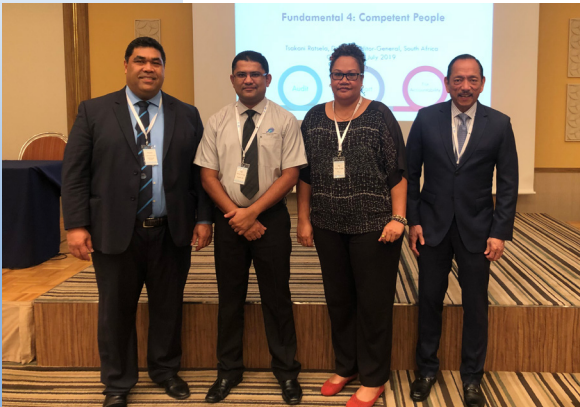


Participants of the 30th Annual APIPA Conference.

### 6.4 INTOSAI CAPACITY BUILDING COMMITTEE MEETING

The annual meeting of the INTOSAI capacity building committee (CBC) was held in Tokyo, Japan, from 1 to 3 July 2019, and focused on the theme “Exploring our capacity to support SAI professionalism”. PASAI was represented at these meetings by the Chief Executive, SAI Fiji by Ms. Finau Nagera, Director of Audit and Mr. Mosh Ali, Director of Audit, and Mr. Benjamin Cruz, Public Auditor of Guam was one of the speakers and a panel member in the session on “Fundamental 4: Assessment – the value of performance measurement and the steps that follow”.

Participation in this event provided the Secretariat with the opportunity to strengthen its global network and enhance its relationship with various INTOSAI bodies to work towards enhanced capacity of key players in public financial management. The CBC has encouraged INTOSAI members and stakeholders to make a statement of commitment on how to continue, and improve on, supporting SAI professionalism and enhanced performance. The PASAI Secretariat continues to commit to implementing its strategy to ensure independent, professional, well-managed, and relevant SAIs.



### 6.5 INTOSAI DONOR STEERING COMMITTEE MEETING

We participated in the 12th INTOSAI-Donor Steering Committee meeting, held on 4 July 2019, Tokyo, Japan. The Steering Committee comprises all donor signatories to the Memorandum of Understanding (MoU) and SAIs appointed by INTOSAI including regional organisations. During the meeting, the Steering Committee approved the new INTOSAI-Donor Cooperation Strategy for 2020-30, and provided strategic guidance and counselling in the implementation of the MoU, coordination of activities and monitoring of progress.



The Annual INTOSAI CBC meeting 2019 participants.



## 6.6 SDG COOPERATIVE AUDITS

In 2016, 73 SAIs and one sub-national audit office from six INTOSAI regions signed up to participate in an ISSAI-based cooperative performance audit of preparedness for implementation of the Sustainable Development Goals (SDGs). The purpose of the cooperative performance audit was to highlight the ongoing relevance of SAIs by their contribution through high-quality performance audits of country preparedness to implement the SDGs.

PASAI supported member SAIs to participate in this cooperative audit by joining with IDI to facilitate the planning and reporting meetings and provided dedicated on-site support to audit teams where required. Across the Pacific region, 13 SAIs participated in the cooperative audit – Cook Islands, Fiji, Federated States of Micronesia (FSM) National, FSM Pohnpei, FSM Kosrae, FSM Yap, Kiribati, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Tuvalu. A regional report on the results of the SDG audits is at the final stage of the internal review process, and contains cross-cutting insights and opportunities to maintain the SDG auditing momentum in the Pacific region.

## 6.7 INTOSAI GLOBAL BODIES

Member SAIs participated in the following Global Bodies:

- Working Group on Environmental Auditing (SAI New Zealand, SAI Fiji).
- Forum for INTOSAI Professional Pronouncement (SAI New Zealand).
- Working group IntoSAINT (SAI New Zealand).
- XXIII INCOSAI 2019 and INTOSAI Governing Board (SAI Samoa, PASAI).
- INTOSAI Capacity Building Committee (CBC) meeting (SAI Fiji, PASAI).
- Regional Working Group on Environmental Auditing (SAI New Zealand).
- Working Group on IT Audit (SAI Fiji).
- Working Group on Extractive Industries (SAI Fiji).
- Working Group on Public Debt (SAI Fiji).
- Working Group on Big Data (SAI Fiji).
- Working Group on Fight Against Fraud, Corruption and Money Laundering (SAI Fiji).

## 6.8 UN-IDI SAI LEADERSHIP AND STAKEHOLDER MEETING – SUPREME AUDIT INSTITUTIONS MAKING A DIFFERENCE: AUDITING THE IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS

The Chief Executive represented PASAI as a speaker in the meeting on “Supreme Audit Institutions making a difference: Auditing the implementation of the Sustainable Development Goals”. The meeting, jointly organised by the United Nations Department of Social and Economic Affairs (UNDESA) and the INTOSAI Development Initiative (IDI), was held on 22 and 23 July 2019 at the United Nations Headquarters in New York.

The meeting took stock of three years of experience (2017-19) in conducting performance audits of government preparedness for the implementation of the Sustainable Development Goals (SDGs), and to foster discussions on how to audit the implementation of the SDGs in coming years.

PASAI shared its perspective regarding the engagement of SAIs in the region with the SDGs, regional plans related to auditing SDGs, and how to strengthen strategic collaboration with other stakeholders to support auditing the implementation of SDGs going forward. SAI Fiji and SAI Solomon Islands were also among the speakers at the meeting, sharing their respective experience on audit of SDGs. Other PASAI members who also attended the meeting were: New Zealand, Palau, Samoa, Tonga, and Vanuatu.





## 7. USING INNOVATION TO DELIVER PROGRAMMES AND SERVICES

In response to the Covid-19 pandemic and related travel restrictions, we have fast-tracked our previously planned Digital Transformation programme. This programme of work is expected to have positive impacts on PASAI's programme delivery and operations in the long-term and includes three key elements:

### 7.1 Adopting a blended learning approach

The Secretariat will focus on delivering online learning in the short- to medium-term and will progress towards a blended learning approach (consisting of a mix of online and face-to-face learning) when travel restrictions are lifted. The Secretariat has completed an environment scan of existing Learning Management Systems (LMS) and online learning solutions that would be most relevant to the Secretariat, given the reality of variable internet connectivity in the Pacific region.

A fixed-term eLearning Specialist is being recruited to apply instructional design expertise, adult learning best practice, and EdTech methodology to rapidly convert existing material into an online learning format, including online assessments and supplementary material. The Specialist will also build Secretariat staff capability in instructional design and LMS administration enabling Secretariat staff to continue with this work following the end of their contract. Our programme prioritisation and delivery continues to respond to and meet SAI learning and development needs. In the future, the Secretariat will work towards leveraging the talent available within a pool of trained eLearning Specialists across SAIs in the Pacific region.

### 7.2 Developing Business Intelligence architecture and capability

We are working to build the in-house Business Intelligence (BI) capability of the Secretariat. This includes mapping data flows and automating data capture mechanisms to ensure the validity and reliability of data. Work is in progress to stabilise existing data sources and store them in a secure and scalable database, which will be linked to an interactive dashboard. This will provide the Secretariat the BI capability to strengthen evidence-based programme planning and prioritisation in the near future.

### 7.3 Developing evidence-based programmes and support

We continue to embed our Monitoring, Evaluation and Reporting (MER) Framework into our programme design and delivery. The Secretariat team is embedding MER activity into relevant points of the programme lifecycle – for example, developing a programme intervention logic during the programme design phase and designing relevant intermediate and higher-order outcomes and indicators.

The subsequent development of a Data Monitoring and Management Plan clearly identifies data sources for each indicator, type of data, data collection methods, frequency of data collection, and person responsible for data collection. Our Data Specialist's work to map out data flows and establish data capture mechanisms, and develop a database and interactive reporting dashboard, is intended to lift the BI and MER capability of the Secretariat. Over time, these activities will establish MER as a business-as-usual activity to support and inform evidence-based programme planning, management, and decision-making.



# CROSS-CUTTING ISSUES

## PROMOTING GENDER EQUALITY

We recognise and celebrate the contribution of women in Audit Offices across the Pacific region. On average, almost 54% of Pacific SAI staff are women. We have achieved a similar rate of female participation in our PASAI programmes.

We continue to play a role in building awareness, changing social norms, and creating greater gender equality in the Pacific region. Our International Women's Day 2020 social media and communications messaging included images of senior SAI leadership figures as gender equality champions in Pacific SAIs. Some of our participating SAIs responded by celebrating the day and deliberating its significance in their respective offices, with some organising events and subsequent social media releases to further promote these important messages in their communities.

To encourage SAIs to apply a gender lens into their strategic and operational planning and management processes, we published a blog titled *Gender Equality and Inclusion: A Strategic Priority of SAIs*. Practical suggestions to strengthen gender equality and inclusion in the workplace included developing a Gender Strategy and Action Plan, a gender-responsive budget, and using disaggregated gender data to conduct gender-based analysis to monitor, evaluate, and improve the effectiveness of SAI policies and initiatives aimed at reducing gender inequality.

A follow-up blog on gender-focused Performance Audit best practice was in progress in early August to further build SAI capability in this area. In the interim, a copy of the recent SAI Fiji Gender Performance Audit focusing on the effectiveness of the implementation of the Women's Plan of Action on social media channels has been circulated to SAIs to increase the visibility and significance of this work.

## ENHANCING OUR ENVIRONMENTAL SUSTAINABILITY

Our programmes and activities are intended to help SAIs to meet their reporting requirements on climate change risks relevant to their audit activities. Our move towards a blended learning approach in which training will be delivered through a combination of online and face-to-face learning will result in a reduction of travel and carbon footprint.

We consider the environment in our business-as-usual operations – for example, (1) eliminating printing to adopt a paper-free environment, focusing on the electronic distribution of documents, and (2) using virtual meeting platforms (Skype/Zoom) to reduce travel and our carbon footprint.

# OUR STAFF

The Secretariat welcomed our new PASAI Chief Executive, Esther Lameko-Poutoa on 8 June 2020. Following a handover process, the outgoing Chief Executive, Tiofilusi Tiueti, is awaiting visa approval to step into a Specialist Advisor role until an appropriate resourcing strategy is developed to align to a redesigned programme (response to Covid-19) enabling an effective open recruitment process.

The newly created Director Monitoring, Evaluation and Reporting (MER) role was recruited in September using an extensive open recruitment process advertised across the region. The interview panel included a MER expert from MFAT. This role was developed in response to a gap identified in the mid-term strategy review as an area that needed attention in order to move PASAI to the next level of development. A fixed-term Data Specialist has been recruited to work with the Director MER to build the Business Intelligence architecture and in-house capability of the Secretariat, creating a step-change in the data collection and reporting function of the Secretariat.

The Secretariat farewells the Director Technical Support, Agnes Tuiai-Aruwafu, in June 2020 and recognises her commitment to serving and supporting our member SAIs. We also farewelled our Communications Advisor, Jill Marshall, in October 2019. A six-month pilot arrangement for Communications Support is being trialled with the Office of the Auditor-General New Zealand, starting July 2020. A Memorandum of Understanding has been signed to facilitate this arrangement.

The Secretariat continues to work with Consultants to meet SAI needs – including capability and resource development and legal activities and support. PASAI acknowledges our Consultants who completed their contracts with the Secretariat on the following dates – Eroni Vatuloka (PFM Advisor, June 2020), Robert Buchanan (Legal Advisor, April 2020), and Claire Kelly (Performance Audit Advisor, March 2020).



# ANNEX I - PERFORMANCE ACHIEVEMENT 2019-2020

| OUTPUT   | DIMENSIONS   | PLANNED ACTIVITIES       | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS  |        |
|--|--|--------------------------|---|---|--------|
| <b>STRATEGIC PRIORITY 1: STRENGTHEN SAI INDEPENDENCE</b>   |  |                          |   |   |        |
| <b>OBJECTIVE A: SAIS ARE INDEPENDENT WITH A MODERN MANDATE CONSISTENT WITH THE UN GENERAL ASSEMBLY RESOLUTION ON SAI INDEPENDENCE AND THE LIMA AND MEXICO DECLARATIONS</b> |  |                          |   |   |        |
| 1A1  | Assess SAI independence against eight Mexico principles and report in Accountability & Transparency report | Independence & Reporting | Support SAIs to assess their independence against eight Mexico Principles using the Independence Resource Kit & SAI PMF results to report on their status and provide an action plan for addressing results and challenges.   | <p>Concept note on 'SAI Independence' was approved by the Board in August 2019 and guides the SAI independence journey as per SAI needs.</p> <p>SAI PMF peer review of SAIs Fiji, Chuuk, Kiribati, and Northern Mariana Islands included an assessment of independence.</p>   | 3 SAIs |
| 1A2  | Support SAIs to access expertise to address independence issues  | Training & Support       | <p>1. Review Independence Resource Kit (IRK), and Status of SAIs independence.</p> <p>2. Provide technical support for SAIs to strengthen independence through legislative reform (nine SAIs: Fiji, FSM National, RMI, Solomon Islands, Chuuk, Cook Islands, Guam, PNG, Vanuatu).</p> <p>3. Provide technical support for SAIs to develop an independence strategy according to IDI guidance and/or PASAI's independence resource kit (four SAIs: Chuuk, Tonga, two SAIs to be determined).</p> | <p>1. Review of the IRK completed in January 2020 and reported to the Governing Board in February 2020. Work will continue to revise and update the IRK in 2020-21.</p> <p>2. Legislative support provided for SAI Fiji, Federated States of Micronesia (FSM) and Marshall Islands, including proposed amendments to the Fiji Audit Act 1969 and for SAI FSM National and the states of Kosrae, Pohnpei, and Yap. Support to other SAIs was deferred to 2020-21 due to Covid-19.</p> <p>3. Deferred to 2020-21 due to Covid-19.</p> | 6 SAIs |

| OUTPUT   | DIMENSIONS               | PLANNED ACTIVITIES  | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS |
|--|--------------------------|---|--|----------------------|
| 1A3 SAls advocate to improve independence  | Independence & Reporting | Encourage and support SAls to hold awareness workshops on the role of the SAls and their independence as part of the advocacy programmes.   | Met with the six Head of SAls during the support referred to in 1A2 above and discussed the need to do the advocacy program for PACs and parliamentarians to support legislative reform proposals. This also includes SAI Solomon Islands.   | 7 SAls               |
| <b>OBJECTIVE B: SAI INDEPENDENCE IS SUPPORTED BY ADEQUATE RESOURCES AND CAPABILITY</b>   |                          |   |  |                      |
| 1B1 Identify resourcing and capability shortfalls & advocate for additional capacity needs   | Capability               | Liaise and discuss with SAls on their priority resourcing and capability needs as identified from SAI PMF or other assessments to determine the appropriate form and mode of support to be provided.  | SAI needs were determined through a workshop during the 2019 PASAI Congress in Fiji, the SAI PMF assessments, and also through follow-up with SAls by the Secretariat during the 2019-2020 period.   | All SAls             |
| <b>OBJECTIVE C: SAIS DEMONSTRATE AND EFFECTIVELY COMMUNICATE THEIR INDEPENDENCE AND RELEVANCE TO CITIZENS AND OTHER STAKEHOLDERS</b> |                          |   |  |                      |
| 1C1 SAls report on state of independence, audit findings, follow-up, and other issues  | Independence & Reporting | Obtain SAI annual reports and update database on SAI state of independence, audit findings, follow up on recommendations, and other issues.   | Deferred to 2020-21 when a database for status of SAI independence is developed.   | All SAls.            |
| 1C2 Improved communications & relationships with PACs  | Independence & Reporting | <p>1. Facilitate online discussions on independence and the use of the Independence Resource Kit.</p> <p>2. Coordinate for at least one SAI per month to share information relating to communications and relationships with PACs (or equivalent), audited entities, media, and civil society.</p> <p>3. Follow up with SAls on further developments or actions taken to address issues included in the related PAC (or equivalent) workshop outcome statement.</p> | <p>1. Refer 1A3 above and 2B1 below.</p> <p>2. Deferred to 2020-21 to schedule with SAls their availability, and also because of Covid-19.</p> <p>3. Informal discussions held with individual SAI heads on status of addressing issues from PAC workshop outcome statement. Ongoing work for 2020-21.</p> | All SAls.            |



| OUTPUT |  | DIMENSIONS               | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|--------|--|--------------------------|--|---|----------------------|
| 1C3    | Develop, implement, and report using effective Communications Strategies           | Independence & Reporting | <p>1. Plan for and conduct workshop to support SAIs to effectively communicate and promote the values and benefits of their work to stakeholders. (Integrate to 2C3 programmes including costing.)</p> <p>2. Follow up with SAIs on the status of implementing their communication strategies for issues that require further support, identify lessons learnt, and provide support where necessary.</p> | Determined SAI needs in the Communications area. Concept Note on 'Strengthening SAI Communications and Reporting' was approved by the Governing Board in February 2020. A intervention logic to design communications training and workshops to address SAI needs has been developed. Program design and development is underway and an online Regional Workshop is expected to be delivered in November 2020.                | All SAIs             |
| 1C4    | Develop and maintain effective websites to assist with independence communications | Independence & Reporting | Liaise with SAIs on status of their websites and provide assistance where necessary.   | PASAI website in place and subject to continuous improvement. Similar assistance with SAI websites offered by adding SAI link boxes to member page on PASAI website with their latest report on independence and continuous liaison occurring with SAIs who need assistance on website set up. For example, a discussion held with SAI FSM National and SAI Nauru on assistance to improve/develop their respective websites. | All SAIs             |

| OUTPUT   |  | DIMENSIONS         | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|--|--|--------------------|--|---|----------------------|
| <b>OBJECTIVE D: SAIS SHARE INFORMATION AND PROMOTE INDEPENDENCE WITHIN THEIR SAI AND SUPPORT OTHER SAIS TO MEET CHALLENGES TO THEIR INDEPENDENCE</b> |  |                    |  |   |                      |
| 1D1  | Share experience on independence challenges  | Training & Support | Coordinate with at least one SAI per month to share information relating to independence in their own jurisdictions including challenges in meeting independence.  | Not completed in the current period as the legislative reform of those SAIs supported during the period was still in progress. This work will receive more focus in 2020-21.  | All SAIs             |
| <b>STRATEGIC PRIORITY 2: ADVOCACY TO STRENGTHEN TRANSPARENCY AND ACCOUNTABILITY</b>  |  |                    |  |   |                      |
| <b>OBJECTIVE A: PASAI REGULARLY REPORTS ON THE CONTRIBUTION MADE BY AUDITING PUBLIC RESOURCES TO TRANSPARENCY AND ACCOUNTABILITY IN THE REGION</b>   |  |                    |  |   |                      |
| 2A1  | Complete three-yearly Accountability & Transparency report, plan actions to address findings | Advocacy           | Conduct the 4th A&T study on status of transparency and accountability in the region including follow-up and updates of the previous Accountability & Transparency reports findings and recommendations. | Delayed due to Covid-19 preventing the travel component of the study. We considered that the validity of the research could be impacted if the desk-top research component of the project was completed earlier than the in-person work. Therefore the work has been delayed until a time when all parts of the project can be aligned in order to tie the whole report together. | All SAIs             |

| OUTPUT  | DIMENSIONS   | PLANNED ACTIVITIES                        | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS  |          |
|---|--|---|---|---|----------|
| <b>OBJECTIVE B: SAIS ARE SEEN IN THEIR COUNTRY SYSTEMS AND ACROSS THE REGION AS A CREDIBLE SOURCE OF INDEPENDENT AND OBJECTIVE INSIGHT AND GUIDANCE ON THE MANAGEMENT OF PUBLIC RESOURCES</b> |  |   |   |   |          |
| 2B1   | SAIs increasingly recognised by government and civil society groups as advocates of good public financial management | Governance, Accountability & Transparency | Support and encourage SAIs to hold awareness workshops on their role and the difference it can make to the lives of citizens, including public servants, civil societies, NGOs, and the public. | All PASAI programmes including PASAI Congress always emphasised the Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens (INTOSAI-P-12). All SAIs were given a poster of the ISSAI 12 (now INTOSAI-P-12) diagram at the 2019 PASAI Congress for use in their SAIs and also when conducting workshops or any sessions regarding the role of SAIs in their respective countries. | All SAIs |



| OUTPUT   | DIMENSIONS                         | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS |
|--|------------------------------------|--|--|----------------------|
| <p>2B2 Actions taken to advocate for PFM system improvements to improve governance and reduce corruption</p> | <p>Public Financial Management</p> | <p>Hold discussions with UNCAC to identify ways for collaborative work to support the SAIs to contribute in improving PFM and advocating to reduce corruption.</p> | <p>No discussion held with UNCAC during the period. This work will receive more focus in 2020-21.</p> <p>A SAI/PAC regional workshop on oversight of PFM was jointly conducted by PASAI and UNDP from 21 to 22 November 2019 in Auckland, New Zealand. All other planned PAC workshops have been deferred to 2020-21 due to Covid-19.</p> <p>All PASAI programmes include a session on PFM for SAI staff to understand the importance of a strong PFM systems and the contributions of a quality audit and report to improving and strengthening their respective countries PFM system. PASAI also shared PEFA assessment results with SAIs and encouraged SAIs to find out about their respective countries PFM roadmap to know the proposed actions for the SAI.</p> | <p>10 SAIs</p>       |

| OUTPUT  |  | DIMENSIONS                                    | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS |
|---|--|---|--|--|----------------------|
| <b>OBJECTIVE C: STRONG PARTNERSHIPS ARE DEVELOPED WITH REGIONAL ORGANISATIONS WITH AN INTEREST IN ENHANCED ACCOUNTABILITY AND TRANSPARENCY.</b> |  |   |  |  |                      |
| 2C1   | Examples of impacts and benefits of collaboration with stakeholders collected, assessed and reported | Governance<br>Accountability<br>&Transparency | <p>1. Consult and encourage SAIs to share examples of impact and benefits of collaborative relationships on accountability and transparency within country.</p> <p>2. Continue to work collaboratively with regional partners to enhance accountability and transparency in the region.</p>  | <p>1. SAIs have shared examples and impacts of various work in the PASAI newsletters during the period.</p> <p>2. Held regular meetings with ADB, DFAT, EU/UNDP, MFAT, PFTAC, and the World Bank.</p>  | All SAIs             |
| 2C2   | Develop triennial partnership agreements with regional partners                                      | Advocacy                                      | Work with at least one regional partner to build a collaborative working relationship to advocate enhanced transparency and accountability in the region.  | PASAI held meetings with individual partners at various occasions during the year. Meetings were held individually with DFAT, MFAT, EU, UNDP, WBG, and PFTAC in August 2019 in Fiji and February 2020 in Auckland. Virtual meetings were also held on various occasions with DFAT, MFAT, and UNDP. | All SAIs             |
| 2C3   | Support for SAIs initiatives to strengthen understanding of Accountability & Transparency            | Advocacy                                      | <p>1. Coordinate and Facilitate SAI/PAC regional workshop on oversight of public finance (ten SAIs: Cook Is, Fiji, FSM, Kiribati, Nauru, PNG, Samoa, Tonga, Tuvalu, Vanuatu).</p> <p>2. Provide SAI-level support to advocate for improvement in the PFM cycle (PAC and Stakeholders) and conduct communication workshop (three SAIs: RMI plus two SAIs which are yet to be determined).</p> | <p>1. SAI/PAC regional workshop on oversight of PFM was jointly conducted by PASAI and UNDP from 21 to 22 November 2019 in Auckland, New Zealand.</p> <p>2. Deferred to 2020-21 due to Covid-19.</p>   | 10 SAIs              |

| OUTPUT   |  | DIMENSIONS                  | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS |
|--|--|-----------------------------|--|--|----------------------|
| <b>OBJECTIVE D: SAIS ADVOCATE FOR IMPROVEMENTS IN THE PUBLIC FINANCIAL MANAGEMENT SYSTEMS ADOPTED BY THEIR COUNTRIES</b> |  |                             |  |  |                      |
| 2D1  | Actions to advocate for adoption of good practice financial management systems evidenced by rising relevant PEFA scores and progress against PEFA roadmaps | Public Financial Management | <p>1. Hold discussions with SAIs on their strategy (if any) to contribute to improving their country PEFA scores on PI-30 and PI-31, to inform support needed from PASAI.</p> <p>2. Participate in the Regional PFM Workshop for SAIs alongside PIFS and the UNDP.</p> <p>3. Liaise and work with relevant regional and development partners on ways to improving PFM in the region.</p> | <p>1. No action in the period, to consider in future programmes. However, PASAI participated in the quarterly development partners meeting held in Suva together with our PFM partners and discussed PFM issues.</p> <p>2. Deferred to 2020-21 due to Covid-19.</p> <p>3. Refer to 2C2. Frequent virtual discussions held with PFTAC regarding FSG timeliness and quality.</p> | All SAIs             |
| 2D2  | Work with stakeholders to improve timeliness and scrutiny of Whole-of-Government and Financial Statements of Governments (WoG/FSGs) and audit reports.     | Advocacy                    | Work with SAIs, relevant government ministries, regional bodies, and development partners to advocate for improvement in PFM and promote effective scrutiny of audited financial statements (FSGs) within legislative context.   | <p>Stakeholders informed about the updates on FSG status via the PASAI website and updates provided at the PASAI Congress and Governing Board meetings.</p> <p>The importance of this work was highlighted in an awareness raising workshop, which is referred to in 1A3 and 2B2.</p> <p>Progress to address some FSG audits in arrears through twinning partner support.</p>  | All SAIs             |
| <b>OBJECTIVE E: PASAI IDENTIFIES AND PROMOTES GOOD PRACTICE BY SAIS TO OTHER SAIS</b>                                    |  |                             |  |  |                      |
| 2E1  | Database of good practice examples in place and promoted annually  | Training & Support          | Facilitate sharing of good practice examples from SAIs monthly and annually using the new database and website.  | Newsletter issue method changed to improve access, and newsletters 'themed' to share a particular good practice example throughout.  | All SAIs             |

| OUTPUT   | DIMENSIONS   | PLANNED ACTIVITIES          | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS   |          |
|--|--|-----------------------------|--|--|----------|
| <b>STRATEGIC PRIORITY 3: HIGH-QUALITY AUDITS COMPLETED BY PACIFIC SAIS ON A TIMELY BASIS</b>   |  |                             |  |  |          |
| <b>OBJECTIVE A: UP-TO-DATE FINANCIAL STATEMENT OF GOVERNMENT (FSG) OR WHOLE OF GOVERNMENT (WoG) REPORTS ARE AUDITED (USING STANDARDS APPROPRIATE TO THE INDIVIDUAL SAI) ON A TIMELY BASIS FOR APPLICABLE MEMBER NATIONS.</b> |  |                             |  |  |          |
| 3A1  | Status of FSG/WoG audits known and reported  | Practice Management         | <p>1. Refine and update the FSG database on timeliness, quality (audit opinions, accounting frameworks), and analysing the audit reports and recommendations and to incorporate PEFA indicator results. Including regular technical updates.</p> <p>2. Engage two SAI staff to review, refine, and update the PASAI FSG audits database on timeliness and quality.</p> | <p>1. Concept note on 'Achieving Timeliness - FSG audit' was approved by the Governing Board in February 2020. Ongoing development of database with status of FSG audits provided to the Governing Board during bi-annual meetings. Refined analysis of the database is completed and covers the period 2010-19 (10 years). Further analysis work is ongoing.</p> <p>2. Two staff from SAI Guam and SAI Tuvalu were engaged in November 2019 to update the PSAG audit database. The work is ongoing.</p> | All SAIs |
| 3A2  | SAIs recognised as supporting Ministry of Finance initiatives for timely completion of FSG for audit | Public Financial Management | Refer to 3A1.  | Ongoing discussions with PFTAC on support to improve timeliness of FSGs.   | All SAIs |



| OUTPUT |  | DIMENSIONS     | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|--------|--|----------------|--|---|----------------------|
| 3A3    | Timely audits of FSG are completed and audit findings reported | Audit Delivery | <p>1. Provide SAI Level support on FSG audits (four SAIs: Papua New Guinea, Vanuatu, Solomon Islands, Nauru).</p> <p>2. Provide SAI Level support for efficient and timely FSG audits compliance with ISSAIs (four SAIs: Tuvalu, Tonga, Solomon Islands, Samoa).</p> <p>3. Provide SAI Level support on Audit Methodology (one SAI: Kiribati).</p> <p>4. Provide SAI Level support on Financial Audit (one SAI: Kiribati).</p> | <p>1. Change in the programme approach for this particular programme to be administered by UNDP as agreed between PASAI and UNDP in December 2019 in their meeting at SAI New Zealand office in Wellington. Deferred to 2020-21 due to recruitment of TA by UNDP was still in progress and also due to Covid-19.</p> <p>2. Provided support jointly with IDI to SAI Tuvalu in January 2020 and similar support to SAI Solomon Islands in March 2020. Support to other SAIs deferred to 2020-21 due to Covid-19.</p> <p>Provided support to SAI Kiribati in October 2019.</p> <p>3. Deferred to 2020-21 due to Covid-19.</p> <p>4. Concept notes on 'Building IT Audit skills' and on 'Enhancing the use of TeamMate' approved by the Governing Board in February 2020. These concept notes outline SAI needs in these areas and way forward for relevant SAI support to enhance timeliness and quality of audit. Support is planned to be provided within the next two years depending on SAI availability.</p> | 3 SAIs               |

| OUTPUT   |   | DIMENSIONS          | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|--|---|---------------------|--|---|----------------------|
| <b>OBJECTIVE B: SAIS PRODUCE HIGH-QUALITY FINANCIAL AUDITS IN ACCORDANCE WITH NATIONAL/INTERNATIONAL STANDARDS</b> |   |                     |  |   |                      |
| 3B1  | Financial Audit Manual (FAM) aligned to current ISSAIs as a result of annual review | Training & Support  | <p>1. Engage consultant for the Development of Audit Manuals for PASAI (FA, PA, and CA).</p> <p>2. Provide Teammate Support (two SAIs: FSM Pohnpei and Solomon Islands).</p> | <p>1. Three audit manuals for Financial, Compliance, and Performance audits developed by April 2020, which will be for SAI use.</p> <p>2. Deferred to 2020-21 due to Covid-19.</p>  | All SAIs             |
| 3B2  | High-quality financial audits confirmed by Peer reviews                             | Practice Management | To be considered based on SAI needs.   | The Concept Note on 'Achieving High Quality through Financial Audit, Performance Audit, and Compliance Audit' and the concept note on 'Enhancing Quality Review and Assurance' were approved by the Governing Board in February 2020. Most SAIs expressed a need for quality review and quality assurance support. There is planned for such support in 2020-21 with four SAIs with each carried quality assurance and review on FSG audit and peer review by other SAIs. | All SAIs             |
| 3B3  | Cooperative financial audits undertaken   | Audit Delivery      | To be considered based on SAI needs.   | The identification of SAI needs for cooperative audits is ongoing.  | All SAIs             |
| 3B5  | Financial auditors are trained on accounting standards                              | Audit Delivery      | To be considered based on SAI needs.   | Concept Note on 'Enhancing SAI capability through aligning PASAI Tier Training Materials', which also cover training on Accounting Standards based on SAI needs was approved by the Governing Board in February 2020.   | All SAIs             |

| OUTPUT   | DIMENSIONS  | PLANNED ACTIVITIES | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS   |         |
|--|---|--------------------|---|--|---------|
| <b>OBJECTIVE C: SAIS PRODUCE HIGH-QUALITY PERFORMANCE AUDITS (PA) OF GOVERNMENT AND REGIONAL PROGRAMMES.</b> |   |                    |   |  |         |
| 3C1  | High-quality performance audits completed, quality confirmed by peer reviews            |                    | <p>1. Provide SAI Level support on QA (one SAI: Vanuatu).</p> <p>2. Provide SAI Level support for SDGs Audit Implementation program (two SAIs: FSM National and Tonga).</p> | <p>1. Program deferred by SAI Vanuatu to September 2020 therefore included in the 2020-21 programme.</p> <p>Worked with IDI to deliver the IDI-KSC-ASOSAI Cooperative Audit of SDG Implementation: Strong &amp; Resilient National Public Health Systems for 2020-21 to SAI Fiji and SAI Tonga.</p> <p>Refer also 3B2 on related concept notes which were approved by the Governing Board.</p> | 2 SAIs  |
| 3C2  | Performance Audit manual (PAM) aligned to current ISSAIs as a result of periodic review | Audit Delivery     | Provide SAI Level support on Performance Audit (three SAIs: Fiji, Guam, Kiribati).  | <p>Deferred to 2020-21 due to Covid-19. However, the Performance Audit manual has been revised and is ready for use when in-country work recommences.</p> <p>Refer also to 3B1 and 3B2 on related concept notes which were approved by the Governing Board.</p>  | 3 SAIs  |
| 3C3  | Cooperative performance audits are undertaken   | Audit Delivery     | To be considered based on future SAI needs.   | <p>Reviewed the SAIs report on the 6th CPA on SDGs with issues and lessons learnt to compile into a regional report which will be launched in the first half of 2020-21.</p> <p>The identification of SAI needs for cooperative audits is ongoing.</p>   | 13 SAIs |
| 3C4  | Two or more SAI coordinated performance audits completed every two years                | Audit Delivery     | To be considered based on future SAI needs.   | Deferred to subsequent years subject to the SAI needs  | 2 SAIs  |

| OUTPUT | DIMENSIONS   | PLANNED ACTIVITIES | ACHIEVED ACTIVITIES                 | NO. OF SAIS BENEFITS  |          |
|--------|--|--------------------|-------------------------------------|---|----------|
| 3C5    | Cooperative performance audit approach independently evaluated | Audit Delivery     | Assessment through SAI PMF Program. | Governing Board in August 2019 and Congress in 2019 requested that the cooperative audit approach is reconsidered to ensure any future audits are well positioned to align them with SAI needs. | All SAIs |

**OBJECTIVE D: EACH SAI IS AUDITED ANNUALLY TO SET AN EXAMPLE TO PUBLIC ENTITIES IN THE PACIFIC**

MER : OI 3.7 Percentage of SAIs audited annually

|     |  |                     |                                     |   |          |
|-----|--|---------------------|-------------------------------------|---|----------|
| 3D1 | SAIs own financial statements are audited and recommendations actioned | Practice Management | Assessment through SAI PMF Program. | <p>PASAI has yet to be able to prioritise support in this area. Consideration of the status of SAIs own financial statements using the SAI PMF assessments (relevant indicators) that have been conducted and is still yet to be conducted.</p> <p>SAI NZ is working with SAI Samoa in this area through their twinning relationship.</p> | All SAIs |
|-----|--|---------------------|-------------------------------------|---|----------|

**STRATEGIC PRIORITY 4: SAI CAPACITY AND CAPABILITY ENHANCED**

**OBJECTIVE A: SAIS DEVELOP AND IMPLEMENT THEIR OWN COMPREHENSIVE AND REALISTIC STRATEGIC PLANS**

|     |  |                     |   |  |        |
|-----|--|---------------------|---|--|--------|
| 4A1 | SAIs develop comprehensive strategic plans | Practice Management | Coordinate support to SAIs on implementing activities as part of IDI's SPMR pilot programme in PASAI. | <p>PASAI has provided support to FSM National and Yap who have been able to adopt their Strategic Plan 2021-2025 and Strategic Plan 2020-2024, respectively.</p> <p>Developed Concept Note on 'Enhancing SAI Strategic Management through Improved Internal Governance Systems' based on SAI Needs, which covers supporting SAIs to develop/review their strategic plans. The Concept Note was approved by the Governing Board in February 2020. Work in this area will continue in the coming year.</p> | 2 SAIs |
|-----|--|---------------------|---|--|--------|



| OUTPUT  | DIMENSIONS          | PLANNED ACTIVITIES  | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS |
|---|---------------------|---|--|----------------------|
| 4A2 SAs report publicly against their strategic plans | Practice Management | <p>Support SAs with reporting on their strategic plans.</p> <p>Maintain database on SAI strategic plan and coordinate online support to SAs upon request.</p> | <p>Concept Note on “Enhancing SAI Strategic Management through Improved Internal Governance Systems” also covers support to SAs to report against their strategic plans on their own performance.</p> <p>The Secretariat is maintaining the database of SAI strategic plans using the SAI PMF results. SAI level support will be provided based on SAI needs identified during 2019 Congress and upon request.</p> | All SAs              |

| OUTPUT  | DIMENSIONS   | PLANNED ACTIVITIES  | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|---|--|---------------------|---|----------------------|
| <b>OBJECTIVE B: SAIS ADOPT AND APPLY THE INTOSAI PERFORMANCE MEASUREMENT FRAMEWORK (PMF).</b> |  |                     |   |                      |
| 4B1   | SAIs develop performance measurement framework (INTOSAI model) | Practice Management | <p>Coordinated arrangements for SAI PMF Implementation Phase III; participating SAIs are Fiji, Kiribati, Chuuk, CNMI, and Vanuatu.</p> <p>1. Conduct SAI PMF assessment of SAI Fiji.</p> <p>2. Conduct SAI PMF assessment of SAI Kiribati.</p> <p>3. Conduct SAI PMF assessment of SAI Chuuk.</p> <p>4. Conduct SAI PMF assessment of SAI Northern Marianas.</p> <p>5. Facilitate SAI Performance Analysis Regional workshop (five SAIs: Fiji, Kiribati, CNMI, Chuuk and Vanuatu)..</p> <p>Ongoing review of SAI Performance reports has been provided to enable reports to be sent for independent review by IDI.</p> <p>Since the inception of the SAI PMF program 11 SAI Performance reports have been finalised.</p> <p>(cont. next page)</p> | 5 SAIs               |

| OUTPUT | DIMENSIONS  | PLANNED ACTIVITIES  | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS  |          |
|--------|---|---|--|---|----------|
|        |   | 6. Develop localised indicators – investigation function for SAI PMF. | <p>Developed Concept Note on “Strengthening SAI Performance through adoption of the SAI PMF” as approved by the Governing Board in February 2020. This program covers the roll out of SAI PMF to remaining SAIs which have yet to participate in the first three phases.</p> <p>6. Deferred to 2020-21 due to Covid-19, and also IDI staff to work with PASAI was not available during the period.</p> |   |          |
| 4B2    | SAI results improve through targeted assistance to address issues identified through SAI PMF and Accountability & Transparency report | Training & Support  | Coordinate and target assistance directly to SAIs based on issues identified through PMF assessments, Accountability & Transparency report work and other MER processes.   | <p>Database will be updated once SAI performance reports are finalised and made available to PASAI Secretariat.</p> <p>The Concept Note on the SAI PMF program also covers repeat SAI PMF assessments to monitor improvements in SAI performance since the first assessment.</p> <p>SAI Needs analysis has taken into consideration issues identified in the SAI PMF assessments and PASAI programs will be targeted to these areas subject to agreement with SAIs on their own prioritisation of those issues.</p> | All SAIs |

| OUTPUT   | DIMENSIONS  | PLANNED ACTIVITIES | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS  |          |
|--|---|--------------------|--|---|----------|
| <b>OBJECTIVE C: PARTNERSHIPS AND 'TWINNING' ARRANGEMENTS ARE DEVELOPED BETWEEN SAIS WITHIN PASAI AND GLOBALLY.</b> |   |                    |  |   |          |
| 4C1  | Assist to develop twinning arrangements & reports impact annually | Advocacy           | <p>Coordinate and facilitate existing twinning arrangements between ACAG and PASAI members and share information with Secretariat.</p> <p>Maintain a database of all existing twinning arrangements and coordinate communications between parties regarding needs, support and monitoring of these relationships.</p>  | <p>Six SAIs (60%) have active twinning arrangements with ACAG while the other four SAIs are still in progress. PASAI is working closely with SAIs and ACAG members to make the twinning active and provide support accordingly.</p> <p>The database of ACAG/PASAI members twinning arrangements is updated on a regular basis and reported to the Governing Board meetings in August 2019 and February 2020.</p>              | 10 SAIs  |
| <b>OBJECTIVE D: SAIS PLAN FOR AND USE PASAI TRAINING RESOURCES AND PROGRAMMES.</b>                                 |   |                    |  |   |          |
| 4D1  | Senior and middle management trained for leadership positions     | Capability         | <ol style="list-style-type: none"> <li>1. Conduct a SAI level IntoSAINT program (two-three SAIs: to be determined).</li> <li>2. Conduct a SAI Leadership Strategic Management development program (Regional).</li> <li>3. Provide SAI Level support on Communication/Engagement with Stakeholders (seven SAIs: Cook Islands, Fiji, Guam, Pohnpei, RMI, Solomon Is, Vanuatu).</li> <li>4. Attend and facilitate the first regional workshop for PASAI's SYL Programme.</li> </ol> | <ol style="list-style-type: none"> <li>1. Deferred to 2020-21 due to Covid-19.</li> <li>2. Deferred to future period based on SAI needs.</li> <li>3. Deferred to 2020-21 due to Covid-19.</li> <li>4. Scoping and design meeting for the regional program has been deferred. Discussions to continue with SAI NZ and SAI Australia on support they could provide to meet the objectives of the proposed programme.</li> </ol> | All SAIs |
| 4D2  | SAIs have three-year training plans in place for all staff        | Capability         | Assist SAIs to develop training plans based on needs identified in Strategic Plans and SAI PMF assessment results.   | Not carried out in the current period. SAI PMF results will be analysed to determine the training needs of SAIs. Ongoing work to assist SAIs.   | All SAIs |



| OUTPUT |   | DIMENSIONS | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|--------|---|------------|--|---|----------------------|
| 4D3    | All relevant staff complete ISSAI and Tier training                                   | Capability | Provide SAI support for Performance Audit Training (two SAIs: Fiji, Solomon Islands).                            | Staff from SAIs Fiji, Solomon Islands, and Tonga participated in the online performance audit training facilitated by ACAG in May 2020.   | 3 SAIs               |
|        |   |            |  | Developed a Concept Note on “Enhancing SAI Capability through aligning Tier Training Materials with international public sector auditing practices”, which was approved by the Governing Board in February 2020. This programme will provide training aligned with updated ISSAIs and will be provided online in 2020-21. | All SAIs             |
| 4D4    | All staff requiring current accounting skills complete accounting IFRS/IPSAS training | Capability | Ongoing discussions with USP and other relevant institutions on future support for SAIs on accounting standards. | Discussions took place with USP confirming availability to provide support. No workshop delivered during the year based on an analysis of SAI needs and their priorities as determined during Congress August 2019.   | All SAIs             |
| 4D5    | Increased numbers of SAI staff have recognised certifications                         | Capability | To be considered based on SAI needs.   | Database of SAI staff qualifications was updated during the year with information from the SAIs. This information is useful for PASAI to inform and guide plans on future technical support provided to SAIs, recognizing that SAIs have autonomy and control over the professional development of their staff.           | All SAIs             |

| OUTPUT |   | DIMENSIONS          | PLANNED ACTIVITIES   | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|--------|---|---------------------|--|---|----------------------|
| 4D6    | Manuals and guidelines reviewed (one per year)  | Training & Support  | Monitoring and evaluation content – assess how much these manuals are being used by SAIs.  | <p>Refer to 3B1 for details on review of audit manuals.</p> <p>The review of Human Resource Management (HRM) manual and the Strategic and Management Operational Guidelines are part of the HRM and Strategic Management programmes which will be implemented across 2020-2024.</p>   | All SAIs             |
| 4D7    | SAIs improve capability management by implementing HR and reporting practices based on PASAI guidance | Practice Management | Coordinate preparations and facilitate the design meeting to develop course materials for the regional workshop on Human Resources Management. | <p>Due to Covid-19, the in-person design meeting was cancelled. The Secretariat coordinated development of online HRM support for SAIs to develop their HR strategy. SAIs who requested support on developing their HR strategies will participate in the online training scheduled for August to December 2020.</p> <p>Developed Concept Note on 'Strengthening SAI Human Resource Management' programme, which was approved by the Governing Board in February 2020. This program covers supporting the SAIs on developing their HR strategies and implementing the strategies.</p> | 6 SAIs               |

| OUTPUT  | DIMENSIONS         | PLANNED ACTIVITIES  | ACHIEVED ACTIVITIES  | NO. OF SAIS BENEFITS |
|---|--------------------|---|--|----------------------|
| <b>STRATEGIC PRIORITY 5: PASAI SECRETARIAT CAPABLE OF SUPPORTING PACIFIC SAIS</b>   |                    |   |  |                      |
| <b>OBJECTIVE A: THE SECRETARIAT HAS THE SKILLS AND RESOURCES TO BE EFFECTIVE AND EFFICIENT IN PROVIDING LEADERSHIP OF THIS STRATEGY AND CAPACITY-BUILDING OPPORTUNITIES AND OPERATIONAL SUPPORT TO SAIS</b> |                    |   |  |                      |
| 5A1   |                    | Recruit the Director – Monitoring, Evaluation and Reporting (MER).  | Director MER appointed assumed duty in November 2019.  |                      |
| 5A2   | Training & Support | <p>Develop a PASAI staff training and development plan to ensure currency of technical knowledge and skills required to fulfil roles and responsibilities.</p> <p>Participate in professional competency development programs, executive trainings, technical workshops, various regional and international committee meetings and technical workshops on behalf of PASAI.</p> <p>Participate in APIPA's professional development programmes.</p> | <p>Not completed in current period due to staff changes and Covid-19. It will instead be developed in the 2020/21 year.</p> <p>Director Technical Support attended the APIPA 2019 Conference.</p> <p>All Directors attended the ICAANZ Accounting and Audit 2020 conferences in April 2020. Director Practice Development and Director MER attended the Applying Power BI to Analytical Procedures ICAANZ Workshop in May 2020. The Director MER also attended the Marketing Associations Marketing Bootcamp 12-week online course. The Executive Secretary Global 2020 virtual conference was attended by the Office Coordinator.</p> |                      |

| OUTPUT  | DIMENSIONS  | PLANNED ACTIVITIES              | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS   |
|---|---|---------------------------------|---|--|
| <b>OBJECTIVE B: ADEQUATE FUNDING IS AVAILABLE TO IMPLEMENT THE PASAI STRATEGY</b> |   |                                 |   |  |
| 5B1   | Funding strategy approved, implemented, and monitored | Management, Funding & Reporting | <p>Implement and monitor funding strategy.</p> <p>Conduct collaborative meetings and consultations with development partners and other potential donors and communicate with all stakeholders.</p> <p>Participate in the INTOSAI Donor Forums Steering Committee Meeting.</p> | <p>A low-value funding agreement was finalised with the UNDP towards the end of June 2020 replacing the initial Responsible Party Agreement signed in March 2019.</p> <p>Meetings were held with DFAT, MFAT, EU, UNDP, and WBG at various occasions at the margin of the Governing Board meetings in August 2019 in Fiji in February 2020 in New Zealand and also at the 2019 PASAI Congress in Fiji. In addition, virtual meetings were held with these donors during Covid-19 lockdown period. The 12th IDSC meeting in Tokyo in July 2019 was attended.</p> <p>Progress reports submitted to development partners on time. This includes the June-December 2019 DFAT progress report, April-September 2019 UNDP progress report, October-December 2019 UNDP Progress report, UNDP Annual Report 2019.</p> |

| OUTPUT  | DIMENSIONS  | PLANNED ACTIVITIES              | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS  |          |
|---|---|---------------------------------|---|---|----------|
| <b>OBJECTIVE C: AN EFFECTIVE OPERATIONAL PLAN UNDERPINS THE IMPLEMENTATION OF PASAI'S STRATEGY.</b> |   |                                 |   |   |          |
| 5C1   | Five-year operational plan and budget confirmed annually and reported against | Management, Funding & Reporting | <p>1. Develop five-year operational plan and budget aligned with the long term strategy and funding agreements.</p> <p>2. Organise, prepare and attend the 2019 Congress and 2019-20 Governing Board (GB).</p> <p>3. Attend Regional and International meetings (CBC/IDSC, PSC, INTOSAI Global and Regions Coordination Platform meeting, PFTAC, FEMM, Commonwealth Auditors-General Conference, RWGEA, SIA CPD Event).</p> | <p>1. Five-year operational plan 2019/20-2023/24 and PASAI Forecast 2019-20 endorsed by GB and approved by Congress.</p> <p>2. 2019 Congress and 21st GB meetings completed in August 2019. 22nd GB meeting conducted in February 2020.</p> <p>SAI needs workshop held at the 2019 Congress and obtained details on support needs from SAIs. SAI Needs scoped into 11 Concept notes which were approved by the Governing Board in August 2019 and February 2020. New Delivery Approach (B.L.U.E SAI) endorsed by the Governing Board in February 2020. Designing and developing of future proposed programmes to meet SAI needs commenced and ongoing.</p> <p>3. Attended the INTOSAI-UNDESA SAI Leadership and Stakeholders Meeting on "Supreme Audit Institutions making a difference: Auditing the implementation of the Sustainable Development Goals", and presented PASAIs experience at the 6th CPA on preparedness for implementation of SDGs, 22-23 July, 2019, New York, USA.</p> | All SAIs |



| OUTPUT        |  | DIMENSIONS                      | PLANNED ACTIVITIES  | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|---------------|--|---------------------------------|---|---|----------------------|
| 5C1<br>(cont) |  |                                 | <p>4. Attend 2019 INCOSAI.</p> <p>5. Engage TA to develop PASAI Procurement procedures.</p> <p>6. Engage TA to assess Secretariat Location.</p> <p>7. Engage various professional services - operational activities of the Secretariat.</p>   | <p>Attended the INTOSAI CBC meeting in Tokyo, Japan, 1-3 July, 2019. Most other regional and international meetings were deferred due to Covid-19.</p> <p>4. Attended the XXIII INCOSAI 2019 held in Moscow, 23 - 28 September, 2019. PASAI Representative to INTOSAI Governing Board attended the 72nd and 73rd GB Meeting in Moscow in September 2019.</p> <p>5. TA for PASAI Procurement procedures – deferred to 2020-21.</p> <p>6. Engaged TA for independent assessment of PASAI location in February 2020. Final report provided in early July 2020.</p> | All SAIs             |
| 5C2           | Revised PMF to measure PASAI performance             | Management, Funding & Reporting | Develop PASAI PMF to align with the MER and to the INTOSAI PMF.   | Work in progress – refer to 5D1.  |                      |
| 5C3           | Develop regional communications strategy & implement | Management, Funding & Reporting | <p>Implement PASAI communications strategy (media releases, newsletters, review reports, correspondence of PASAI, update website regularly, etc).</p> <p>A six-month pilot arrangement for Communications Support is being trialled with the Office of the Auditor-General New Zealand, starting July 2020. A Memorandum of Understanding has been signed to facilitate this arrangement.</p> | <p>Two Newsletters issued. Six PASAI blogs published in response to the Covid-19 pandemic to build SAI capability in critical areas and to support SAI business continuity.</p> <p>PASAI blog featured in INTOSAI CBC blog in June and re-shared by the International Journal of Government Auditing, AFROSAI-E, OLACEFS, SAI Serbia and SAI Canada. It is also available in a collection of resources compiled by the INTOSAI PFAC Covid-19 initiative.</p>  | All SAIs             |

| OUTPUT |                                    | DIMENSIONS                      | PLANNED ACTIVITIES  | ACHIEVED ACTIVITIES   | NO. OF SAIS BENEFITS |
|--------|------------------------------------|---------------------------------|---|---|----------------------|
| 5D1    | Strategy monitoring and evaluation | Management, Funding & Reporting | <p>Prepare monthly performance status report to GB members on progress of implementing PASAI's Strategy.</p> <p>Prepare half-yearly report to GB and Annual Report to Congress on progress of implementing PASAI's Strategy.</p> <p>Review the Monitoring, Evaluation and Reporting framework and coordinate and develop a monitoring, evaluation, reporting, and learning strategy, system, process, and mechanisms.</p> | <p>Two reports to the Board on PASAI performance and status of funding.</p> <p>Two Chief Executive reports presented to the Board in August 2019 and February 2020.</p> <p>PASAI Annual Report 2018-19 approved by the Congress in August 2019.</p> <p>Status report on the implementation of the Monitoring, Reporting and Evaluation Action Plan presented to Governing Board in February 2019, and existing MER indicators agreed to.</p> <p>Work is in progress to embed MER activity into relevant stages of the programme cycle, such as intervention logic development (program design phase), Data Monitoring and Management Plan (programme planning phase), and data collection mechanisms (programme delivery phase).</p> <p>Fixed-term Data Specialist recruited to map data flows, develop data conversion and capture mechanisms, design and develop a database and integrated reporting dashboard. This work is currently in progress.</p> | All SAIs             |

| OUTPUT | DIMENSIONS | PLANNED<br>ACTIVITIES | ACHIEVED ACTIVITIES  | NO. OF<br>SAIS<br>BENEFITS |
|--------|------------|-----------------------|--|----------------------------|
|        |            |                       | Internal and external reporting templates have been revised to reflect stakeholders information requirements. The above changes will enable the Secretariat to transition from activity and outputs-based reporting to outcomes-based reporting over time. |                            |



ANNEX II -  
FINANCIAL  
STATEMENTS FOR  
THE YEAR ENDED  
30 JUNE 2020

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# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Directory for the year ended 30 June 2020

|                               |  |
|-------------------------------|--|
| <b>Legal Name</b>             | Pacific Association of Supreme Audit Institutions (PASAI) Incorporated   |
| <b>Nature of Business</b>     | Facilitation of support to audit offices in the Pacific region in order to improve quality and build capacity.   |
| <b>Entity Type</b>            | PASAI is an Incorporated Society, incorporated on 18 November 2009, under the Incorporated Societies Act 1908  |
| <b>Entity's Mission</b>       | PASAI promotes transparent, accountable, effective, and efficient use of public sector resources in the Pacific. PASAI contributes to that goal by helping its member Supreme Audit Institutions (SAIs) improve the quality of public sector auditing in the Pacific to recognised high standards. PASAI works to strengthen understanding, co-operation, and coordination between its members, advocate the interests of good governance, including transparency, accountability, and the need for strong and independent SAIs, to governments and others in the Pacific region, as well as building and sustaining public auditing capacity across the Pacific by sharing knowledge with, and providing support to, its members, and assisting its members to perform their auditing functions, including through co-operative audits and similar activities. PASAI also serves as a regional organisation of International Organisation of Supreme Audit Institutions (INTOSAI), in the interests of all SAIs in the Pacific and beyond and encourages the co-operation with other regional organisations and SAIs. |
| <b>Entity's Structure</b>     | Under the guidance of the annual PASAI Congress, the PASAI Governing Board sets PASAI's direction and oversees the activities of its Secretariat. The Governing Board is responsible for formulating strategies and policies for the organisation. The Board also approves the 3-year work plan and budget and the rules for the conduct of PASAI activities. Membership of the Governing Board is made up of the current PASAI chair, the Secretary General, immediate past PASAI chair and the next PASAI chair. Four representative members are drawn from the Melanesian, Micronesian, Polynesian and Other member states. There is one further representative member, who is PASAI's representative to the INTOSAI Governing Board. The Chief Executive of the PASAI Secretariat is also an ex-officio member of the Board.   |
| <b>Main Source of Funding</b> | PASAI's main source of funds and cash are derived from grants received from governments, development organisations and public and private institutions. Funding is also sourced from membership subscriptions, income from publications, conferences and other activities, the proceeds from the sale of any assets, interest earned from the investment of surplus cash, as well as any other method approved by the Governing Board.   |
| <b>Business Address</b>       | Suite 7, Level 2 Heards Building<br>168 Parnell Road<br>Parnell 1052<br>Auckland   |
| <b>Postal Address</b>         | PASAI<br>PO Box 37 276<br>Parnell 1151<br>Auckland   |
| <b>IRD Number</b>             | 103-852-250  |

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Directory (continued) for the year ended 30 June 2020

|                       |  |
|-----------------------|--|
| <b>Office Holders</b> | <p><u>Chairperson:</u><br/>Ajay Nand, Auditor-General, Fiji</p> <p><u>Secretary - General:</u><br/>John Ryan, Controller &amp; Auditor-General, New Zealand</p> <p><u>Governing Board:</u><br/>Satrunino Tewid, Public Auditor, Palau<br/>Grant Hehir, Auditor-General, Australia National Audit Office<br/>Peter Lokay, Auditor-General, Solomon Islands<br/>Sefita Tangi, Auditor-General, Tonga<br/>Ihlen Joseph, Public Auditor, Pohnpei State<br/>Jean-Yves Marquet, President de la Chambre, New Caledonia<br/>Fuimaono Camillo Afele, Controller and Auditor-General, Samoa</p> <p><u>Chief Executive:</u><br/>Esther Lameko-Poutoa, PASAI Secretariat, New Zealand - Appointed 2 June 2020<br/>Tiofilusi Tiueti - Resigned 3 July 2020</p> |
| <b>PASAI Members</b>  | <p>American Samoa<br/>Australia – ANAO - National Office<br/>Australia – NSW State<br/>Australia – QLD State<br/>Australia – VIC State<br/>Cook Islands<br/>Federated States of Micronesia (FSM) - National Office<br/>FSM – Chuuk State<br/>FSM - Kosrae<br/>FSM – Pohnpei State<br/>FSM – Yap State<br/>French Polynesia<br/>Guam<br/>Kiribati<br/>Marshall Islands<br/>Nauru<br/>New Caledonia<br/>New Zealand<br/>Northern Mariana Islands<br/>Palau<br/>Papua New Guinea<br/>Republic of Fiji<br/>Samoa<br/>Solomon Islands<br/>Tonga<br/>Tuvalu<br/>Vanuatu</p>  |
| <b>Auditor</b>        | <p>RSM Hayes Audit<br/>Chartered Accountants<br/>1 Broadway, Newmarket, Auckland</p>   |
| <b>Bankers</b>        | <p>Westpac New Zealand Limited</p>   |
| <b>Accountants</b>    | <p>Bellingham Wallace Limited<br/>470 Parnell Road, Parnell, Auckland</p>  |

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Statement of Comprehensive Revenue and Expense for the year ended 30 June 2020

|   | Notes | 2020<br>NZD      | 2019<br>NZD      |
|---|-------|------------------|------------------|
| <b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>       |       |                  |                  |
| Development Partner Contributions                   | 5     | 1,609,928        | 1,218,265        |
| <b>Total revenue from non-exchange transactions</b> |       | <b>1,609,928</b> | <b>1,218,265</b> |
| <b>REVENUE FROM EXCHANGE TRANSACTIONS</b>           |       |                  |                  |
| Dividend Income                                     |       | 386              | 405              |
| Membership Subscriptions                            |       | 108,000          | 108,000          |
| <b>Total revenue from exchange transactions</b>     |       | <b>108,386</b>   | <b>108,405</b>   |
| <b>TOTAL REVENUE</b>                                |       | <b>1,718,314</b> | <b>1,326,670</b> |
| <b>EXPENSES</b>                                     |       |                  |                  |
| Personnel Expenses                                  | 6     | 751,204          | 623,078          |
| Consultancy Expenses                                | 6     | 209,404          | 300,057          |
| Depreciation  | 10    | 5,315            | 19,063           |
| Programme Expenses                                  | 6     | 261,270          | 236,207          |
| Secretariat Travel Expenses                         | 6     | 16,663           | 16,217           |
| Secretariat Operational Expenses                    | 6     | 293,810          | 217,376          |
| Governance Expenses                                 | 6     | 73,346           | 50,313           |
| <b>TOTAL EXPENSES</b>                               |       | <b>1,611,012</b> | <b>1,462,311</b> |
| Interest Income                                     |       | 5,919            | 6,780            |
| <b>NET FINANCE INCOME</b>                           |       | <b>5,919</b>     | <b>6,780</b>     |
| <b>OPERATING SURPLUS/ (DEFICIT)</b>                 |       | <b>113,221</b>   | <b>(128,861)</b> |
| <b>OTHER GAINS/ (LOSSES)</b>                        |       |                  |                  |
| Gain/ (Loss) on foreign exchange transactions       |       | (20,243)         | (5,681)          |
| <b>SURPLUS/ (DEFICIT) FOR THE YEAR BEFORE TAX</b>   |       | <b>92,977</b>    | <b>(134,542)</b> |
| Income Tax Expense                                  | 11    | 1,377            | 1,627            |
| <b>SURPLUS/ (DEFICIT) FOR THE YEAR AFTER TAX</b>    |       | <b>91,601</b>    | <b>(136,169)</b> |

*These financial statements should be read in conjunction with the notes to the financial statements and the Auditors Report.*

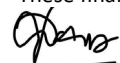


PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI)  
INCORPORATED

Statement of Financial Position  
as at 30 June 2020

|  | Notes | 2020<br>NZD      | 2019<br>NZD      |
|--|-------|------------------|------------------|
| <b>ASSETS</b>                          |       |                  |                  |
| <b>Current</b>                         |       |                  |                  |
| Cash and cash equivalents              | 7     | 1,475,687        | 1,332,571        |
| Term Deposits                          |       | 178,554          | 174,594          |
| Receivables from exchange transactions | 8     | 21,109           | 6,080            |
| Prepayments                            | 9     | 2,645            | 35,470           |
| Income tax receivable                  |       | 348              | 4,596            |
| <b>Total current assets</b>            |       | <b>1,678,343</b> | <b>1,553,311</b> |
| <b>Non-current</b>                     |       |                  |                  |
| Property, plant and equipment          | 10    | 9,721            | 6,663            |
| <b>Total non-current assets</b>        |       | <b>9,721</b>     | <b>6,663</b>     |
| <b>TOTAL ASSETS</b>                    |       | <b>1,688,064</b> | <b>1,559,974</b> |
| <b>LIABILITIES</b>                     |       |                  |                  |
| <b>Current</b>                         |       |                  |                  |
| Payables from exchange transactions    | 12    | 33,269           | 45,033           |
| Employee benefits                      | 13    | 58,888           | 40,635           |
| Grants Received in Advance             | 14    | 1,340,265        | 1,310,265        |
| <b>Total current liabilities</b>       |       | <b>1,432,422</b> | <b>1,395,933</b> |
| <b>TOTAL LIABILITIES</b>               |       | <b>1,432,422</b> | <b>1,395,933</b> |
| <b>NET ASSETS</b>                      |       | <b>255,642</b>   | <b>164,041</b>   |
| <b>EQUITY</b>                          |       |                  |                  |
| Retained Earnings                      |       | 255,642          | 164,041          |
| <b>TOTAL EQUITY</b>                    |       | <b>255,642</b>   | <b>164,041</b>   |

These financial statements have been authorised for issue by the Governing Board on the 4th September 2020.



Ajay Nand  
Auditor-General, Fiji  
Chairman, PASAI

20<sup>th</sup> August 2020

Date



John Ryan,  
Controller & Auditor-General, New Zealand  
Secretary-General

20<sup>th</sup> August 2020

Date



Esther Lameko-Poutoa  
Chief Executive

20<sup>th</sup> August 2020

Date

These financial statements should be read in conjunction with the notes to the financial statements and the Auditors Report.



# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Statement of Changes in Net Assets/Equity for the year ended 30 June 2020

|  | Retained earnings | Total e      |
|--|-------------------|--------------|
|  | NZD               |              |
| Balance 1 July 2019                            | 164,041           | 164          |
| Surplus/ (Deficit) for the year                | 91,601            | 91           |
| <b>Total comprehensive revenue and expense</b> | <b>91,601</b>     | <b>91</b>    |
| <b>Balance 30 June 2020</b>                    | <b>255,642</b>    | <b>255</b>   |
| Balance 1 July 2018                            | 300,210           | 300          |
| Surplus/ (Deficit) for the year                | (136,169)         | (136,        |
| <b>Total comprehensive revenue and expense</b> | <b>(136,169)</b>  | <b>(136,</b> |
| <b>Balance 30 June 2019</b>                    | <b>164,041</b>    | <b>164</b>   |

*These financial statements should be read in conjunction with the notes to the financial statements and the Auditors Report.*





# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Statement of Cash Flows for the year ended 30 June 2020

|   | Notes    | 2020<br>NZD | 2019<br>NZD |
|---|----------|-------------|-------------|
| <b>Cash flow from operating activities</b>                  |          |             |             |
| <i>Cash was provided from/(applied to):</i>                 |          |             |             |
| Membership subscriptions                                    |          | 92,820      | 103,078     |
| Receipts from Development Partners                          |          | 1,619,685   | 1,970,464   |
| Payments to suppliers & employees                           |          | (1,563,512) | (1,471,666) |
| <b>Net cash from/(used in) operating activities</b>         |          | 148,993     | 601,876     |
| <b>Cash flow from investing activities</b>                  |          |             |             |
| <i>Cash was provided from/(applied to):</i>                 |          |             |             |
| Proceeds from/(funds for) term deposits                     |          | (3,960)     | (174,594)   |
| Purchase of property, plant and equipment                   |          | (8,373)     | (1,049)     |
| Interest and dividends received                             |          | 6,456       | 7,144       |
| <b>Net cash from/(used in) investing activities</b>         |          | (5,877)     | (168,499)   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |          | 143,116     | 433,377     |
| Cash and cash equivalents, beginning of the year            |          | 1,332,571   | 899,194     |
| <b>Cash and cash equivalents at end of the year</b>         | <b>7</b> | 1,475,687   | 1,332,571   |

*These financial statements should be read in conjunction with the notes to the financial statements and the Auditors Report.*



# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Notes to the Financial Statements for the year ended 30 June 2020

### 1 Reporting entity

These financial statements comprise the financial statements of Pacific Association of Supreme Audit Institutions for the year ended 30 June 2020.

The financial statements were authorised for issue by the Governing Board on the 4th September 2020.

This set of financial statements are presented in accordance with Tier 2 PBE Accounting Standards.

### 2 Basis of preparation

#### (a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR") and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The entity is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure does not exceed \$30 million.

The entity is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the public sector and has been established with a view to supporting that primary objective rather than a financial return.

#### (b) Basis of measurement

The financial statements have been prepared on a historical costs basis.

The financial statements have been prepared on a going concern basis.

#### (c) Presentation currency

The financial statements are presented in New Zealand Dollars.

### 3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are summarised below:

#### (a) Foreign currency translation

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

#### (b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## Notes to the Financial Statements for the year ended 30 June 2020

### (c) Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation rates have been applied on a basis that reflects the estimated useful life of the asset.

#### Additions and subsequent costs

Subsequent costs and the cost replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

#### Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

#### Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on a straight value (SL) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied at each class of property, plant and equipment:

|                         |                         |
|-------------------------|-------------------------|
| Computer and Technology | 17.5% - 40% (2-6 years) |
| Office Equipment        | 10% - 67% (2-10 years)  |

The residual value, useful life, and depreciation methods of property, plant and equipment are reassessed annually.

### (d) Leased assets

Leases where the Entity assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

### (e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of accounts receivable and other receivables, cash and cash equivalents, other financial assets and accounts payable and other payables.

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are expensed in the period incurred.

Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.



## Notes to the Financial Statements for the year ended 30 June 2020

### **Derecognition of financial instruments**

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the entity transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Subsequent measurement of financial assets**

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition into one of four categories defined below, and re-evaluates this designation at each reporting date.

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

The classification of financial instruments into one of four categories being loans and receivables, financial assets at fair value through surplus or deficit, held-to-maturity investments and available-for-sale financial assets, determines the basis for subsequent measurement and the whether any resulting movements in value are recognised in the reported surplus and deficit or other comprehensive revenue and expense. Below are the classifications relevant to the entity:

#### **(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The entity's cash and cash equivalents, trade debtors and other receivables fall into this category of financial instruments.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **Subsequent measurement of financial liabilities**

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

The Entity's financial liabilities consist of trade and other payables.

#### **(f) Employee benefits**

##### **Short-term employee benefits**

Employee benefits, previously earned from past services, that the entity expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays. These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

#### **(g) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The following specific recognition criteria must be met before revenue is recognised:

##### **Revenue from non-exchange transactions**

Development Partner Contributions are recognised as non-exchange income.

Grants and contributions received from development partners are recognised in the statement of comprehensive revenue and expense when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grant is initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied.

## Notes to the Financial Statements for the year ended 30 June 2020

### **Revenue from exchange transactions**

Interest and dividend income is recognised as exchange income.

### **Interest income**

Interest income is recognised as it accrues, using the effective interest method.

### **Dividend Income**

Dividend income is recognised upon receipt of the dividend received.

### **(h) Income tax**

PASAI is an Incorporated Society and as such can only be taxed on net income from non-members. The first \$1,000 of such net income is exempt.

#### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where PASAI operates and generates taxable income.

#### *Deferred income tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable surplus will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.



## Notes to the Financial Statements for the year ended 30 June 2020

### (i) Goods and Services Tax (GST)

All amounts in these financial statements are shown inclusive of GST.

#### 4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### *a) Judgements:*

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- Revenue recognition: non-exchange revenue (conditions vs. restrictions) generating assets for the purposes of assessing impairment indicators and impairment testing.

The majority of property, plant and equipment held by PASAI is classified as cash generating assets.

##### *b) Assumptions and estimation uncertainties*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. PASAI based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of PASAI. Such changes are reflected in the assumptions when they occur.

##### *Useful lives and residual values*

The useful lives and residual values of assets are assessed using the following indicators:

- The condition of the asset based on the assessment of experts employed by PASAI
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Notes to the Financial Statements for the year ended 30 June 2020

### 5 Development Partner Contributions

|  | 2020<br>NZD      | 2019<br>NZD      |
|--|------------------|------------------|
| Asian Development Bank                         | -                | 64,082           |
| INTOSAI Development Initiative                 | -                | 37,447           |
| The Department of Foreign Affairs and Trade    | 1,020,083        | 517,833          |
| The Ministry of Foreign Affairs and Trade      | 320,192          | 500,000          |
| United Nations Development Programme           | 269,653          | 98,903           |
| <b>Total Development Partner Contributions</b> | <b>1,609,928</b> | <b>1,218,265</b> |

### 6 Expenses

*The following amounts were expensed in the surplus/(deficit) for the year:*

|  | 2020<br>NZD    | 2019<br>NZD    |
|--|----------------|----------------|
| <b>Personnel Expenses</b>                |                |                |
| ACC Levies                               | 1,250          | 1,204          |
| Employer Kiwisaver Contributions         | 9,016          | 5,504          |
| Payroll Processing Fees                  | 818            | 364            |
| Staff Training                           | 5,118          | 415            |
| Salaries                                 | 735,002        | 615,591        |
| <b>Total Personnel Expenses</b>          | <b>751,204</b> | <b>623,078</b> |
| <b>Consultancy Expenses</b>              |                |                |
| Consultancy - Fees                       | 183,772        | 258,679        |
| Consultancy - Airfares                   | 12,155         | 19,297         |
| Consultancy - Accommodation              | 8,240          | 17,625         |
| Consultancy - Per Diem                   | 5,237          | 4,456          |
| <b>Total Consultancy Expenses</b>        | <b>209,404</b> | <b>300,057</b> |
| <b>Programme Expenses</b>                |                |                |
| Programme - Airfares                     | 126,044        | 91,724         |
| Programme - Accommodation                | 73,957         | 53,987         |
| Programme - Per Diem                     | 52,594         | 46,409         |
| Programme - Venue Hire                   | -              | 2,622          |
| Programme - Event Catering               | 5,551          | 27,534         |
| Programme - Miscellaneous Expenses       | 3,124          | 11,931         |
| Facilitator - Fees                       | -              | 2,000          |
| <b>Total Programme Expenses</b>          | <b>261,270</b> | <b>236,207</b> |
| <b>Secretariat Travel Expenses</b>       |                |                |
| Secretariat - Travel                     | 13,164         | 9,165          |
| Secretariat - Accommodation              | 2,802          | 4,262          |
| Secretariat - Per Diem                   | 697            | 2,790          |
| <b>Total Secretariat Travel Expenses</b> | <b>16,663</b>  | <b>16,217</b>  |
| <b>Secretariat Operational Expenses</b>  |                |                |
| Audit Fee                                | 11,960         | 13,181         |
| Accounting Fees                          | 111,491        | 64,635         |
| Bank Fees                                | 2,850          | 4,617          |
| Cleaning                                 | 5,350          | 6,030          |
| Information Systems                      | 27,953         | 17,013         |
| Electricity                              | 3,256          | 3,367          |



# PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI) INCORPORATED

## Notes to the Financial Statements for the year ended 30 June 2020

| <b>Secretariat Operational Expenses (contd.)</b> | <b>2020</b>    | <b>201</b>    |
|--|----------------|---------------|
|  | <b>NZD</b>     | <b>NZ</b>     |
| Insurance  | 7,807          | 7,73          |
| Equipment Lease                                  | 8,599          | 8,40          |
| Office Expenses                                  | 8,638          | 1,81          |
| Postage, Printing & Stationery                   | 1,244          | 2,44          |
| Rent   | 79,170         | 76,22         |
| Repairs & Maintenance                            | 2,164          | 60            |
| Subscriptions                                    | 4,209          | 2,97          |
| Telephone  | 19,119         | 8,33          |
| <b>Total Secretariat Operational Expenses</b>    | <b>293,810</b> | <b>217,37</b> |
| <b>Governance Expenses</b>                       |                |               |
| Governance - Accommodation                       | 18,418         | 13,77         |
| Governance - Event Catering                      | 9,694          | 10,62         |
| Governance - Other Expense                       | 1,690          | 1,20          |
| Governance - Per Diem                            | 7,061          | 9,35          |
| Governance - Travel                              | 30,689         | 15,36         |
| Governance - Venue Hire                          | 5,794          |               |
| <b>Total Governance Expenses</b>                 | <b>73,346</b>  | <b>50,31</b>  |

| <b>7 Cash and cash equivalents</b>     | <b>2020</b>      | <b>201</b>      |
|--|------------------|-----------------|
|  | <b>NZD</b>       | <b>NZ</b>       |
| Westpac New Zealand Limited - Cheque   | 262,105          | 492,99          |
| Westpac New Zealand Limited MFAT       | 400,175          | 8               |
| Westpac New Zealand Limited DFAT       | 813,295          | 500,05          |
| Westpac New Zealand Limited UNDP       | -                | 339,06          |
| Short Term Deposits                    | -                |                 |
| Petty Cash Administration              | 112              | 36              |
| <b>Total cash and cash equivalents</b> | <b>1,475,687</b> | <b>1,332,57</b> |

Cash and cash equivalents comprise of cash at bank and on hand. The carrying value of cash at banks and on hand approximates their fair value. There are no restrictions over cash and cash equivalents held by PASAI.

| <b>8 Receivables from exchange transactions</b>     | <b>2020</b>   | <b>201</b>  |
|---|---------------|-------------|
|   | <b>NZD</b>    | <b>NZ</b>   |
| Accounts Receivable                                 | 20,883        | 5,70        |
| Interest Income Receivable                          | 226           | 37          |
| <b>Total receivables from exchange transactions</b> | <b>21,109</b> | <b>6,08</b> |

Accounts receivable are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of accounts receivable approximates its fair value. As at 30 June 2019 and 2020, all overdue receivables have been assessed for impairment and no allowances were made.

| <b>9 Prepayments</b>     | <b>2020</b>  | <b>201</b>   |
|--------------------------|--------------|--------------|
|                          | <b>NZD</b>   | <b>NZ</b>    |
| Insurance Prepaid        | 2,645        | 2,54         |
| Travel Expenses Prepaid  | -            | 32,92        |
| <b>Total prepayments</b> | <b>2,645</b> | <b>35,47</b> |

PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (PASAI)  
INCORPORATED

Notes to the Financial Statements  
for the year ended 30 June 2020

10 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

| 2020                                     | Computer<br>Equipment<br>NZD | Office<br>Equipment<br>NZD | Total<br>NZD  |
|--|------------------------------|----------------------------|---------------|
| <b>Cost</b>                              |                              |                            |               |
| Balance as at 1 July 2019                | 46,062                       | 33,328                     | 79,390        |
| Additions                                | 8,373                        | -                          | 8,373         |
| Disposals                                | (30,284)                     | -                          | -             |
| Balance as at 30 June 2020               | <b>24,151</b>                | <b>33,328</b>              | <b>57,479</b> |
| <b>Accumulated depreciation</b>          |                              |                            |               |
| Balance as at 1 July 2019                | 42,299                       | 30,428                     | 72,727        |
| Depreciation                             | 2,697                        | 2,618                      | 5,315         |
| Disposals                                | (30,284)                     | -                          | -             |
| Balance as at 30 June 2020               | <b>14,712</b>                | <b>33,046</b>              | <b>47,758</b> |
| <b>Net Book Value as at 30 June 2020</b> | <b>9,439</b>                 | <b>282</b>                 | <b>9,721</b>  |

| 2019                                     | Computer<br>Equipment<br>NZD | Office<br>Equipment<br>NZD | Total<br>NZD  |
|--|------------------------------|----------------------------|---------------|
| <b>Cost</b>                              |                              |                            |               |
| Balance as at 1 July 2018                | 45,011                       | 33,328                     | 78,339        |
| Additions                                | 1,051                        | -                          | 1,051         |
| Balance as at 30 June 2019               | <b>46,062</b>                | <b>33,328</b>              | <b>79,390</b> |
| <b>Accumulated depreciation</b>          |                              |                            |               |
| Balance as at 1 July 2018                | 26,894                       | 26,770                     | 53,664        |
| Depreciation                             | 15,405                       | 3,658                      | 19,063        |
| Balance as at 30 June 2019               | <b>42,299</b>                | <b>30,428</b>              | <b>72,727</b> |
| <b>Net Book Value as at 30 June 2019</b> | <b>3,763</b>                 | <b>2,900</b>               | <b>6,663</b>  |

| 11 Income tax receivable                          | 2020<br>NZD  | 2019<br>NZD  |
|---|--------------|--------------|
| <i>Current tax expense</i>                        |              |              |
| Current year                                      | 1,377        | 1,627        |
|   | 1,377        | 1,627        |
| <i>Deferred tax expense</i>                       |              |              |
| Origination and reversal of temporary differences | -            | -            |
|   | -            | -            |
| <b>Total tax expense</b>                          | <b>1,377</b> | <b>1,627</b> |

Notes to the Financial Statements  
for the year ended 30 June 2020

Reconciliation of tax expense and the accounting surplus multiplied by the domestic tax rate:

|  | 2020<br>NZD        | 2019<br>NZD        |
|--|--------------------|--------------------|
| Operating surplus / (deficit) before income tax    | 92,977             | (134,542)          |
| Non taxable income                                 | (1,697,685)        | (1,320,584)        |
| Tax exempt income                                  | (1,000)            | (1,000)            |
| Non taxable dividend                               | (13)               | (10)               |
|  | <u>(1,605,721)</u> | <u>(1,456,136)</u> |
| Net Increase / (Decrease) in employee entitlements | 36,815             | 29,003             |
| Add Back   |                    |                    |
| ICA credits attached to dividends received         | 145                | 142                |
| Non deductible expenses                            | 1,574,197          | 1,433,308          |
|  | <u>5,436</u>       | <u>6,317</u>       |
| At statutory tax rate of 28%                       | 1,522              | 1,770              |
| ICA credits attached to dividends received         | (145)              | (142)              |
|  | <u>1,377</u>       | <u>1,627</u>       |
| <b>Deferred Tax</b>                                |                    |                    |
| There is no deferred tax asset/liability.          |                    |                    |

12 Payables under exchange transactions

|   | 2020<br>NZD   | 2019<br>NZD   |
|---|---------------|---------------|
| <b>Current</b>                                    |               |               |
| Accounts Payable                                  | 20,953        | 22,829        |
| Westpac MasterCard                                | 557           | 10,646        |
| Audit Fee Payable                                 | 11,759        | 11,558        |
| Total current                                     | 33,269        | 45,033        |
| <b>Total payables under exchange transactions</b> | <u>33,269</u> | <u>45,033</u> |

Accounts payable and other payables are normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

13 Employee benefits

|                                | 2020<br>NZD   | 2019<br>NZD   |
|--------------------------------|---------------|---------------|
| <b>Current</b>                 |               |               |
| Annual leave entitlements      | 36,814        | 29,003        |
| Salaries payable               | 22,074        | 11,632        |
| <b>Total employee benefits</b> | <u>58,888</u> | <u>40,635</u> |

14 Grants Received in Advance

|   | 2020<br>NZD      | 2019<br>NZD      |
|---|------------------|------------------|
| <b>Current</b>                              |                  |                  |
| The Ministry of Foreign Affairs and Trade   | 579,808          | -                |
| The Department of Foreign Affairs and Trade | 760,458          | 967,472          |
| United Nations Development Programme        | -                | 342,793          |
|   | <u>1,340,266</u> | <u>1,310,265</u> |

During the year, PASAI received a grant totalling \$900,000 from the Ministry of Foreign Affairs and Trade to fund Programmes for Pacific SAIs to improve independence and sustainability.

During the year, PASAI received a grant totalling \$813,070 from the Department of Foreign Affairs and Trade to fund Programmes for Pacific SAIs to improve independence and sustainability. There was \$967,472 of the original grant fund remaining to be spent.

PASAI did not receive any grants from The United Nations Development Programme during the year. There was \$342,793 of the original grant fund remaining to be spent carried forward from the 2018/19 year.

15 Commitments

Operating leases are held for premises used for office space, as well as the lease of office equipment.

|  | 2020<br>NZD    | 2019<br>NZD    |
|--|----------------|----------------|
| <i>Non-cancellable operating leases are payable as follows</i> |                |                |
| Less than one year   | 82,395         | 85,415         |
| Between one and five years                                     | 40,319         | 193,934        |
| <b>Total operating leases</b>                                  | <u>122,714</u> | <u>279,349</u> |



Notes to the Financial Statements  
for the year ended 30 June 2020

**Lease of Land & Buildings**

Property: Suite 7, Level 2, "Heards Building", 168 Parnell Road, Parnell, Auckland, New Zealand  
Annual Rent: \$80,638

Rent payments: Monthly  
Rent Reviews: 2 yearly  
Right of Renewal: 1 January 2022

**Lease of Assets**

Asset: Fuji Xerox Copier  
Monthly Rent: \$729  
Term: 48 months from 14 September 2016

**16 Financial instruments**

**(a) Carrying value of financial instruments**

The carrying amount of all material financial position assets and liabilities are considered to be equivalent to fair value. Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

**(b) Classification of financial instruments**

All financial assets held by the entity are classified as "loans and receivables" are carried at cost less accumulated impairment losses. All financial liabilities held by the Company are classified as financial liabilities at amortised cost.

**(c) Classification of financial instruments**

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

|   |                              |
|---|------------------------------|
| <b>2020</b>                               | <b>Loans and receivables</b> |
|   | <b>NZD</b>                   |
| <b>Financial assets</b>                   |                              |
| Cash and cash equivalents                 | 1,475,687                    |
| Accounts receivable and other receivables | 21,109                       |
| <b>Total</b>                              | <b><u>1,496,796</u></b>      |
|   | <b>Amortised cost</b>        |
| Accounts payable and other payables       | 33,269                       |
| <b>Total</b>                              | <b><u>33,269</u></b>         |
| <b>2019</b>                               | <b>Loans and receivables</b> |
|   | <b>NZD</b>                   |
| <b>Financial assets</b>                   |                              |
| Cash and cash equivalents                 | 1,332,571                    |
| Accounts receivable and other receivables | 6,080                        |
| <b>Total</b>                              | <b><u>1,338,651</u></b>      |
|   | <b>Amortised cost</b>        |
| <b>Financial liabilities</b>              |                              |
| Accounts payable and other payables       | 45,033                       |
| <b>Total</b>                              | <b><u>45,033</u></b>         |

**17 Contingent liabilities and contingent assets**

**Make Good Obligation**

The premises at Suite 7, Level 2, 168 Parnell Road has a "make good obligation" (reinstatement works), which PASAI has to comply with at the end of the lease or when the lease is terminated. The lease has a commencement date of 1 January 2016, and a term of seven years. The next right of renewal date is 1 January 2022. The amount cannot be reliably estimated.



Notes to the Financial Statements  
for the year ended 30 June 2020

**18 Events after the reporting date**

On 12 August, New Zealand increased its COVID-19 alert level to level 3 for Auckland and level 2 for the rest of New Zealand. PASAI has been able to continue its operations with its team working remotely from home.

The COVID-19 pandemic and border restrictions have resulted in the requirement to re-consider PASAI’s service delivery model - to move from ‘traditional’ face-to-face workshops and in-country support services to a ‘blended learning model’ consisting of both online learning and face-to-face support. PASAI will deliver programs online until travel restrictions are eased, following which a blend of online and in-person delivery will be adopted.

**19 Key management compensation**

The entity has a related party relationship with its key management personnel.

*Key management personnel compensation includes the following expenses:*

|   | 2020<br>NZD    | 2019<br>NZD    |
|---|----------------|----------------|
| Salaries and other short-term employee benefits                 | 532,741        | 495,459        |
| <b>Total remuneration</b>                                       | <b>532,741</b> | <b>495,459</b> |
| <b>Number of persons recognised as key management personnel</b> | <b>3</b>       | <b>3</b>       |

## Independent Auditor's Report

### To Members of Pacific Association of Supreme Audit Institutions Incorporated

#### Opinion

We have audited the financial statements of Pacific Association of Supreme Audit Institutions Incorporated, which comprise:

- the statement of financial position as at 30 June 2020;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 3 to 17 present fairly, in all material respects, the financial position of Pacific Association of Supreme Audit Institutions Incorporated as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Pacific Association of Supreme Audit Institutions Incorporated in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Pacific Association of Supreme Audit Institutions Incorporated.

#### Other information

The governing board is responsible for the other information. The other information comprises the Directory on pages 1 to 2 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the governing board for the financial statements**

The governing board is responsible, on behalf of Pacific Association of Supreme Audit Institutions Incorporated, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing board is responsible, on behalf of the Pacific Association of Supreme Audit Institutions Incorporated, for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governing board either intends to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

[https://xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page8.aspx](https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx)

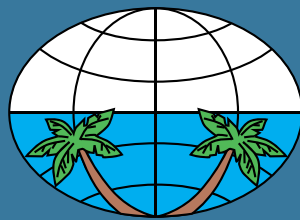
### **Who we report to**

This report is made solely to the members, as a body. Our audit has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the members as a body, for our work, for this report, or for the opinions we have formed.



**RSM Hayes Audit**  
Auckland

25 August 2020



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