



OFFICE OF THE AUDITOR-GENERAL

ANNUAL REPORTS

2002-2006

FOREWORD FROM AUDITOR-GENERAL

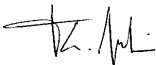
In keeping with the requirement for all Ministries to provide Parliament with annual reports on their stewardship I decided to prepare this, the first detailed Report of the Office of Auditor General for the period 2002, when I assumed the position of Acting Auditor General, to the year ended 31 December 2006. By so doing this enabled me to reflect on this potentially great institution over this period. Having worked with OAG for some 30 years I have seen the Office under the previous period post-independence and during the tumultuous period of the tensions. Five years ago witnessed a period of total decay in the Institution's functionality to eventually be crippled in its effectiveness as an arm of Solomon Islands Accountability regime.

I am now in a position to advise that since the arrival of RAMSI in late 2003 and the implementation of a consultative strategy for internal re-building that OAG has gone ahead in leaps and bounds. In July 2003 I had two field staff with me in OAG with little effective audit activity. Now I head a modern professional office with some 28 staff enthusiastically taking on the challenge to grow together an effective and efficient Audit Office with modern audit techniques and practices. It is interesting to note that prior to Independence Solomon Islands also had 28 audit staff.

As I report, I am very pleased with the institutional strengthening program that has been accorded my Office under the Machinery of Government Program of RAMSI. The success of the program will require the group efforts of the Government and people of Solomon Islands. This, as I see it, is the fundamental issue and/or corner stone if we are to progress into the future in looking after our own affairs – the very fabric of sovereignty.

This Report will become the first of future annual reports to Parliament and provides a snapshot of the OAG journey over the last five years. I am proud to submit this Report as it reflects the genuine efforts made to achieve our accomplishments to date and the roadmap for the future.

I would like to acknowledge the significant contribution made by my former Deputy Auditor General, Mr Richard Woodgate and other Audit Advisors during the initial establishment of the foundations that enabled the current OAG to build upon these and set up the beginnings of a Supreme Audit Institution for this country.



**Floyd Augustine Fatai
Auditor General**

OFFICE OF AUDITOR GENERAL ANNUAL REPORT 2002 - 2006

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Overview



Office of the Auditor-General at a glance

1.0 What is an Auditor-General?

The Auditor-General of Solomon Islands:

- helps the Solomon Islands Parliament hold the Government accountable for the use of public resources by auditing the Government ministries, offices, courts, statutory authorities and the provincial governments
- is independent of the Government and reports directly to the Parliament
- is appointed by the Governor General on the advice of the Public Service Commission.

What is the Office of the Auditor-General of Solomon Islands?

The Office of the Auditor-General is the Government institution that assists in the conducts of audits for the Auditor-General of Solomon Islands.

Our Mission

Our statement of purpose is:

“to provide professional, independent audit services and reports with the purpose of enhancing public sector accountability and transparency to Parliament and the community.”

Who are our Auditees?

Our major auditees are the Parliament, the Government and its agencies and the people of Solomon Islands.

What are our Services?

- Auditing of the public accounts of Solomon Islands or financial reports of the Government and its agencies
- Assessing how well agencies comply with the relevant legal requirements, government policies or central agency directive
- Conducting special in-depth audits in areas of high-risk
- Investigating allegations of serious and substantial waste of public money through mismanagement and/or fraud including those which have been referred to us

Resources

The Auditor-General obtains its financial and human resources from two major sources within the public service framework.

Similar to any Government Department¹, the Auditor-General is allocated financial resources through the Annual Appropriation Acts coordinated, managed and controlled by the Department of Finance and Treasury. Human resources on the other hand, are provided by and/or through the Public Service Department.

¹ All Departments are now referred to as Ministries in the 2007 rearrangement and delegation of Ministerial functions.

These resources are allocated to the Office of the Auditor-General to assist him provide the services defined under his mandate.

Our Vision

To enhance public sector transparency and accountability and fight corruption by delivering excellence in audit services

To us, this means:

- ✓ To report issues to Parliament on a timely basis;
- ✓ To deliver quality audit services and reports that enhance public sector accountability and transparency;
- ✓ To make significant contribution to strengthening financial management practices within government;
- ✓ To foster professional client relationship; and
- ✓ To be responsive to Parliamentary and community concerns.

What Values Guide us?

Independence – provide audit services in an objective and fair manner

Accountability – be responsive and open in dealing with the need and expectations of Parliament and the community

Integrity – lead by example by being honest, ethical, equitable, tactful and respectful in our professional leaderships

Excellence – continually develop our organizational capability through encouraging learning, innovation and creativity, the sharing of individual and team knowledge, skills and new ideas

Highlights and Significant Events

1.2 Legislative Auditor – Working in Partnership with Parliament and Provincial Assemblies

Objectives

Our relationship with the Parliament of Solomon Islands is two fold. As a Legislative Auditor, we are to audit and report on the public accounts of the Solomon Islands as defined under section 108(3) of the Constitution. This requires us to:

- Report on the results of our audits and reviews; and
- Work closely with the Public Accounts Committees².

Our audits:

- Provide assurance that the public accounts of Solomon Islands and that of the authorities and agencies are free of material error
- Assess whether or not the authorities and agencies comply with the relevant laws underpinning financial management procedures

Evaluate whether agencies are carrying out the assigned activities effectively, efficiently and economically.

² There are two tier Public Accounts Committees in the Solomon Islands. One is that of the national Government and the provincial governments do have its own respective Public Accounts Committee.

During the report period, we have been able to complete the audits of 1996 and 1997 National Accounts which were subsequently tabled in Parliament in November 2005 and October 2006. We also completed audits on the following statutory authorities and have submitted the respective reports through the Ministers responsible pursuant to section 47 (4) of the Act:

- Central Bank of Solomon Islands (2005)
- SI National Provident Fund (2005)
- SI Ports Authority (2001)
- SI Electricity Authority (1996)
- SI Water Authority (1996)
- SI Visitors Bureau
- SI Home Finance³ (2001)
- Investment Corporation of Solomon Islands (2002)
- Commodities Export Marketing Authority (200?)

We have also completed nine special audit reports, four of which were tabled in Parliament in November 2005. The other five reports were submitted to Departments concerned for implementation. The nine reports are as follows:




Ministry of Finance

- *Customs and Excise Division*

Ministry of Natural Resources

- *Administration*
- *Department of Fisheries and Marine Resources - Revenue*
- *Department of Forestry, Environment and Conservation – Revenue*
- *UN and regional agencies funded projects*

³ SI Home Finance was later privatized and renamed SI Home Finance Ltd. Although still 100% owned by SIG, the entity is now incorporated under the Companies Act and therefore no longer subjected to our audit.

-  **Department of Peace, Reconciliation and National Unity**
 - *EXIM Bank Loan*
-  **Department of Home Affairs**
 - *Electoral Commission – Bye Elections*
 - *Special Audit on Procurement*
-  **Department of Provincial Government**
 - *Guadalcanal Province – Special Audit Report*

1.5 As Secretary to the Public Accounts Committee

Under Standing Order 69(2) of the Solomon Islands National Parliamentary Standing Orders, the Auditor-General or his nominee shall be the Secretary to the Public Accounts Committee. The committee's functions are three fold:

- (a) to examine the National Accounts and any other accounts laid before Parliament;
- (b) to establish the causes of any excesses over the authorized expenditure and make recommendations to Parliament on any appropriate measures to cater for such excesses of expenditure; and
- (c) to examine and report to Parliament on the Draft Estimates supporting the Annual Appropriation Bill.

In this regard, we have consistently provided the secretarial service to the Committee and have been responsible for the production of the Public Accounts Committee reports to Parliament on its deliberation on the successive Annual Appropriation Bills together with the respective Annual Estimates supporting the respective Bills.

1.3 OAG Strategic Plan and Capacity Building

The OAG structure and staffing up until 2003 was inadequate and did not meet the minimum staffing level. It also failed to represent any career path or any motivations that would ensure retention of staff employed as auditors with the OAG.

A critical review of the organizational structure was necessary and carried out with an aim to design and develop a four-year strategic plan (2005 to 2008) and short to long term staff recruitment and developmental plan emphasizing on recruitment and improvement and building the capacity of the office.

The OAG Strategic Plan and the OAG Audit Strategic Plan was tabled in Parliament in November 2005. It will be reviewed annually with actual outputs and hence revised to address any shortcomings.

1.4 OAG Staff Recruitment and Development

Over the last twenty years, staffing within the OAG had declined to a very critical level and was below bare minimum, necessary for normal functioning of the office. From an office with twenty-eight filled position in 1978/79, high staff turnover had depleted the human resources to three staff by mid 2003.

In July 2005 a major recruitment exercise was carried out during which we were able to fill eleven (11) vacancies. Furthermore, three (3) contract auditors were appointed on six month basis.

In December 2005, two audit advisors joined the Deputy Auditor-General, who was appointed in August 2005. A further two audit advisors joined the office in January 2006. Except for the Deputy

Auditor-General who was appointed for a one year term, the audit advisors were engaged on a six-month contract renewable thereafter.

Furthermore, ten Assistant Auditors, one Audit Manager and three contract auditors were recruited in 2005. This has increased the OAG staffing from three (3) in 2004 to fourteen in 2005.

An on-going recruitment and staff developmental strategy is necessary to bring about a full fledged OAG that has the capacity and competence to deliver the required audit service in an efficient and effective manner. This will be one of our primary objectives over the next five years.

1.5 OAG Infrastructure and Logistic Improvement

There have been significant improvements to the OAG office building and the logistic support under the office annual budget for 2004 and 2005 and through the assistance of the Machinery of Government program of RAMSI which included:

- (a) funding for a new office complex and financial assistance towards improvement of the old OAG building;
- (b) logistic support in form of computers, furniture and other equipments; and
- (c) financial assistance under the Budget Support in 2003 to meet the cost of audit fees relating to outsourced audits.

These were complimented by the OAG increased budget allocation in 2004 to 2006.

1.6 Financial Resource allocation

With the advent of the Regional Assistance Mission to Solomon Islands in July /August 2003, there was a significant improvement and/or increase in the resource allocation to the OAG. In 2004 and 2005, these were substantially increased to approximately \$2.02 million⁴ in 2004 and \$3.55 million in 2005 representing an increase of 513.7% and 978.6% respectively over the original budget allocation in 2003.

This certainly signals the significant level of commitment that the Government has made in an effort to resuscitate and further improve the Office.

1.7 Future Challenges

The OAG is a public office set up to provide the statutory functions defined in the Constitution. These functions are changing as changes take place in the world around us.

OAG must therefore change with a view to providing the appropriate and relevant services that is reflective of the changing needs of the people, the Government and other interested stakeholders.

In deed, this will pose a huge challenge for us, let alone rebuilding the office after its demise in the last twenty years. In principle our focus in the short to medium term will be as follows:

- Review our reports for so as to ensure positive impact on Government ministries, departments, provincial governments, Honiara City Council and other councils within the provincial set up, statutory

authorities and corporations and other government agencies;

- Building the capacity of the OAG in a sustainable manner to enable gradual takeover of majority of the outsourced audits;
- Catch up on back log of audits of financial statements for national and provincial governments and statutory authorities; and
- Eventual attainment of full performance audit mandate.

Medium to longer term key challenges will include:

- In consultation with the Ministry of Finance, review the existing Public Finance and Audit Act and other legislative framework appertaining to public sector financial management with a view to separating the public finance functions from the audit functions and enacting the latter in a National Audit Act;
- Developing a Code of Ethics for the Office of the Auditor-General in line with the International Organization of Supreme Audit Institutions (INTOSAI) requirements and framework which would supplement the General Orders and other Public Service Act and Regulations;
- Design and develop a Solomon Islands Office of the Auditor-General audit manual; and
- Developing the capacity of the OAG to enhance our needs in delivering the appropriate and relevant auditing services.

⁴ The figure includes \$0.83 million in Budget Support funds.

CHAPTER 2 - MANDATE OF AUDITOR GENERAL

2.1 Background

After five years at the helm of OAG the current Auditor General considered that it is timely to review an report on the results and achievements of that period. From 2001 to 2003 the Office of Auditor General (OAG) was virtually non existent with a staff of three persons, including the Auditor General, providing no effective audit coverage. During this period the only audit activities undertaken were those carried out by private firms contracted to the Auditor General to perform audits on key Statutory Bodies. These, although signed off by the Auditor General, were performed in isolation and with little input from the OAG.

In September 2003 in recognition that many government agencies had not been audited in 20 years it was observed within OAG that there was a complete lack of audit framework including:

- No strategic or annual work program;
- No audit methodology;
- No working paper structure; and
- No audit procedures and processes.

Under an initial capacity building program within the Machinery of Government Program in 2004-05 the Ministry of Finance Internal Audit team at that time commenced an audit of the Customs Department to target key revenue areas of the Solomon Islands Government. This audit was a pilot exercise in conjunction with OAG staff to enable OAG staff to be exposed to on the job training in methodology and documentation of audit procedures. This audit was successful and identified the need to ensure the results of future audits were reported to Parliament under the umbrella of the OAG.

In October 2004 it was decided in conjunction with AusAID funding that the position of Deputy Auditor General would be filled and this position was established and eventually filled by an expatriate officer Richard Woodgate in July 2005. This led to the significant redirection of OAG including the recruitment of four Audit Advisors to lead and build teams and the recruitment of 10 new graduates from the Solomon Islands College of Higher Education.

The development and capacity building continued within OAG as special audits were performed during 2005 and early 2006 targeting major revenue and expenditure Ministries to identify the quality of financial recording and reporting in the selected Ministries. These major audits formed the initial focus of OAG audit thrust and resulted in numerous recommendations for improvements and many cases where fraudulent behaviour was suspected and the matters were referred to the appropriate authorities. The audits generally covered five years transaction processing.

A total of four Reports were tabled in the Solomon Islands National Parliament in November/December 2005 and a further seven Reports were finalized and tabled in October 2006. This marked the end of this first phase of OAG development with a move from the targeted special audits as OAG pursued a course to build capacity within OAG to enable it to undertake traditional audits within its mandate.

2.2 Mandate

Pursuant to section 108 of the Solomon Islands Constitution there shall be an Auditor General whose office will be a public office. The public accounts of Solomon Islands, of all Ministries, offices, courts and authorities of the Government, and all provincial governments shall be audited and reported on annually by the Auditor General.

In addition, the Public Finance and Audit Act (CAP 120) outlines the powers and responsibilities of the Auditor General including the requirement to certify the accounts of the Solomon Islands Government and report on the outcome of such audits to the National Parliament through the Speaker and/or the Speaker and the relevant Minister(s) within twelve months after the end of the financial year.

Notwithstanding this requirement SIG had not finalized its consolidated accounts since 1995. Due to its lack of internal capacity OAG contracted out the audit of the SIG accounts for 1996-1999 in 2003. It was two years later that the first of these accounts were completed for 1996 and further year for the 1997 accounts. Feedback from the Public Accounts Committee during its deliberations of the 1996 accounts (October 2005) and 1997 accounts (November 2006) clearly demonstrated a need for the Ministry of Finance and Treasury and OAG to work towards catching up on this backlog of accounts. The following types of audits come within the mandate of OAG are to be performed by the OAG during 2007:

Financial Audits

- Ministries (25)
- Provincial governments (9)
- Statutory Bodies (12)
- Special Sign offs

Special Investigations

- Several audits have been scheduled following representations from Ministers and the public.

All of the above financial audits are in significant arrears and will necessitate a considerable effort to clear the various backlogs after appropriate training and development has been undertaken.

CHAPTER 3 - OAG PERFORMANCE DURING 2005 AND 2006

3.1 Status of Financial Statement Audits

As previously noted OAG had not been actively involved in audits of the financial statements of the various auditees and until recently did not have the capacity or skills to perform these audits in its own right. The following Table provides a summary of the current Status of audits as at 31 December 2006.

Table: 1.0 Status of Audits of Financial Statement Audits 2005-2006

Auditee	Last Year(s)	Sign Off by Auditee	Sign Off by OAG
SIG and Ministries			
SIG Accounts	1996	1 September 1998	14 October 2005
	1997	1 June 2000	2 October 2006
	1998	30 November 2000	**
	1999	15 January 2002	**
Civil Aviation Special Fund	2005	22 May 2006	8 September 2006
Provinces			
Malaita Province – 31.03	1993-95	Undated	16 March 2006
Western Province	1995	Nil	-
Guadalcanal Province	2001	Undated	6 December 2004
Makira Province	Nil	Nil	-
Isabel Province - 31.03	2003	26 July 2005	10 July 2003
Temotu Province	1989-95	Draft	-
Renbel Province	2001-05	14 December 2005	-
Choiseul Province 31/03	1998	6 November 1998	-
	1999	31 August 1999	-
Central Province	2001-03	21 October 2005	-
Honiara City Council	1994	Unsigned	5 August 1994
	1998-2000	Unsigned	-
Statutory Bodies – latest sign off			
Central Bank of SI	2005	25 April 2006	1 May 2006
Development Bank of SI	2004	9 November 2005	19 January 2006
SI Broadcasting Corporation	1997	Undated	17 March 1999
SI Electricity Authority	1996	Undated	25 June 2001
SI Water Authority	1998	Undated	14 September 2006
SI National Provident Fund – 30.06	2006	6 September 2006	14 September 2006
Investments Corporation of SI	2001	Undated	16 August 2004
SI College of Higher Education	1998		##
SI Port Authority	2001	Undated	15 November 2004
SI Visitors Bureau	1994	30 April 1996	-
CEMA	1998	2 November 1999	-

** Report received from audit contractor – accounts being processed by OAG

Auditee arranged for audit of accounts without OAG involvement

3.2 Special Audits

With the re-establishment of the OAG during 2005-06 a number of special audits were undertaken within Ministries covering transactions for the period 2001 to 2005. As indicated earlier these were initially aimed at the major revenue areas within Ministries and eventually significant expenditure areas. These audits have provided the Ministries with numerous significant findings and recommendations to address these matters which have resulted in 'blue prints' for Ministries to address the many matters identified.

The Following Table provides an overview of the significant reports tabled in the Solomon Islands Parliament during the last few years. In recent times some of these Reports were reviewed by the Public Accounts Committee.

Year Done	Topic	Tabled	Reviewed by Parliament or PAC
2004	Export Import Bank Loan	November 2004	Parliament
2004	Department of Fisheries and Marine Resources	October 2005	Ministry
2004	Guadalcanal Province	December 2004	Parliament
2004	Ministry of Natural Resources	October 2004	Ministry
2005	UNEPGEF National Biosafety Framework Project	September 2005	Ministry
2005	Forestry Department Audit	October 2005	Parliament
2005	Electoral Commission By-Election Expenses	December 2005	Ministry
2005	Immigration Division	October 2006	@
2005	Civil Aviation Division	October 2006	@
2006	National Referral Hospital	October 2006	PAC December 2006
2006	Ministry of Health and Medical Services	October 2006	PAC December 2006
2006	Central Payroll Division	October 2006	@
2006	Land Registration Procedures	October 2006	@
2006	Tertiary Scholarships Program	October 2006	@

@ Scheduled for PAC review in early 2007

In addition to the above audits which have resulted in Reports to the Solomon Islands Parliament a number of other special audits were performed during 2006 and reports were issued to the relevant Ministry and the results of these will be included in a future Report of the Auditor General including:

- Ex-Special Constables Payroll Information Audit – October 2006
- Public Service Rental Scheme – November 2006
- Government Housing Rental Deductions –
- Housing Allowances and Utilities Expenses
- NZ AID Imprest Accounts –
- Ministry of Education – Imprest Accounts
- SMI Scheme of Arrangement - Oversight of Ballot Process
- NBSI Scheme of Arrangement – Oversight of Ballot Process

In addition the major investigative work was performed in relation to the SIG grants processes to the Ministries of Agriculture, Commerce and Tourism and common issues have been identified including major concerns about the appropriateness of many such grants and the lack of controls over them. A composite report is being finalized for discussion at the various Ministries before being included in a Report to Parliament.

Reports were also issued by the Auditor General on the Solomon Islands Government Accounts for the year ended 31 December 1996 (October 2005) and 31 December 1997 (October 2006) and each of these Reports resulted in a report from the Public Accounts Committee following its review of the Report.

3.3 Emerging Issues from Reports

There were many common findings and the early reports were deliberately written in a detailed manner to provide a “Blue Print” for the Ministry and other areas of Government operating similar activities. Future Reports are intended to be more of a summarised nature for Parliament but detailed schedules of matters will still be provided to management of agencies.

Owing to the commonality of issues the following main themes and areas of concern were detected across all Ministries and require strong commitment and determination from Management to ensure an improved position is implemented. In addition, due to the nature of each Ministry, other major issues were also identified and these are summarized against the specific Report reference below. Common issues identified are as follows:

- Widespread non compliance with the Public Finance and Audit Act, Financial Instructions and General Orders
- Serious breakdowns in critical management and accounting systems and procedural controls
- General lack of adequate and proper records
- Corrupt officials using positions of influence to assist family and friends to gain from their positions
- Millions of dollars lost through poor management, corruption and fraud
- Conflicts of interest not declared – eg support for wantoks.
- Uncollected revenue due to poor operating systems and controls with inadequate monitoring
- Delays in acquittal of Imprest Advances
- Inappropriate and/or inadequate action for recovery of overpayments
- Lack of action by some Agencies to pursue suspected criminal activity
- Lack of overall monitoring by senior management to enable issues to be addressed internally

Specific Report Issues

The following specific issues were noted during the individual special audits :

- **Customs and Excise – (38 Recommendations)** – Major shortcomings were identified during this audit whereby inadequate controls resulted in significant leakages in customs revenue. Remissions and exemptions allowed by the Government resulted in a loss of over \$70 million per annum.
- **Export Improvement Bank Loan – (3 Recommendations)** – This audit identified inappropriate procedures for the settlement of claims under the EXIM reconciliation loan arrangements. Major issues emerged with false and unsubstantiated claims being met without proper entitlement or approval.
- **Guadalcanal Provincial Government – (57 Recommendations)** – This special investigation was undertaken to identify the control deficiencies within the Province and the extent of fraudulent activities in recent years.

- **Fisheries and Marine Resources – (39 Recommendations)** – The audit again targeted the major revenue potential in the fisheries sector and identified an estimated shortfall in revenue of some \$37 million in three years.
- **Forestry Department – (45 Recommendations)** – This is the third major audit of revenues and once again the audit disclosed some \$330 million in revenue foregone over two years as a result of exemptions and other remissions.
- **Immigration Division (51 Recommendations)** – Control breakdowns in the Department led to abuse and fraudulent issue of passports and Citizenship applications. Lack of action on forged visa entry permits. Illegal immigrants not being investigated or followed up.
- **Civil Aviation Division (88 Recommendations)** – This audit revealed inappropriate and fraudulent activities in relation to expenditure from the proceeds from an Air Services Agreement with Airservices Australia. A complementary report by ANAO confirmed these inappropriate practices from its viewpoint. The former Director received numerous inappropriate payments from Australia and within Solomon Islands. Airport maintenance agreements were fraudulent and in many cases led to duplicate payments and inefficient practices.
- **Tertiary Scholarships Program (32 Recommendations)** – The audit disclosed an abysmal budgeting regime which bore no relationship to actual outlays for the program. Also a total ineffectual process for selection, approval and monitoring of scholarships. Again the intervention at Ministerial level to obtain preferential treatment for prestige scholarships. In addition there was no guidance or controls over key student costs and reimbursements for scholarship holders. This led to inappropriate payments being made.
- **Ministry of Health and Medical Services (43 Recommendations)** – The main issue of a medical nature related to the inadequate stock management at the National Medical Store for pharmaceutical supplies. Otherwise the main findings were the general lack of controls across all facets of the Ministry's operations including receipting, procurement, trust fund arrangements, asset management and payroll.
- **National Referral Hospital (118 Recommendations)** – This audit represented a thorough review of all facets of the Hospital's operation in the form of a performance audit. In addition to the significant number of standard control breakdowns and inappropriate processes, other major findings noted included fraudulent practices in the catering and patient travel areas, and inadequate practices in the control over pharmaceutical supplies.

- **Treasury Central Payroll (48 Recommendations)** – The main areas of concern revolved around the total absence of key controls over persons being added to or taken off the payroll. The absence of a proper ‘Nominal Roll’ for all employees enabled a number of duplicate payments and particularly in regards to teachers, a perpetuation of payroll payments to persons (some 235) not located at the stocktake of personnel. The archaic systems at Treasury exacerbated the position with inadequate controls over input and outputs.
- **Land Registration Procedures (37 Recommendations)** – This was the first of several special audits requested by the Housing Task Force following many concerns about Government Housing. Using the allocation process for Kukum lots the audit disclosed significant inappropriate practices in relation to the valuations of lots and major concerns about the lack of documentation to support the allocation process with indications of preferential treatment being given and manipulation of prices to suit circumstances. Again the situation of officers suspected of using their position to take advantage of allocations of land.

3.5 Action Taken on Reports

The early audits undertaken into the revenue departments had a major impact in restoring revenue streams to government. As a result in part of OAG bringing Government’s attention to the many issues impacting on revenue, the annual budget increased from \$259 million in 2003 to \$890 million in 2007.

OAG noted differing responses from Ministries under recent reviews in terms of quality of response and timeliness. Of particular concern were several cases where the Ministry agreed with OAG issues at the exit interviews late in 2005 and when asked to confirm the audit findings and to provide a summarised action plan to address the many recommendations the responses were varied and in some cases dismissive.

OAG was keen to ensure that all information contained in the Public Reports were factual and waited an inordinate amount of time for responses and in some cases these took up to ten months and only a brief comment of agreement was provided. OAG was, however most impressed with several Ministries who took a most responsible attitude to the special audits and used them to facilitate changes within their Ministries. In particular the Ministry of Finance and Treasury provided a summary action plan and detailed response on every recommendation in relation to the Central Payroll system audit. Similarly the Ministry of Health provided a detailed action plan for all 161 recommendations contained in the two reports. The latter was well received by the Public Accounts Committee who will use this as the benchmark for other Ministries yet to be reviewed by the Committee.

It is OAG expectation that regular updates will be required by OAG and the Committee and matters that have material capital implications should be incorporated into Ministerial Corporate Plans and Budget considerations.

3.5 Public Accounts Committee

Pursuant to Parliamentary Standing Order No. 69 the Auditor General is the Secretary of the Public Accounts Committee and the OAG, in conjunction with the Parliamentary Committee Secretariat, is responsible for the arrangement of hearings of the Committee and the preparation of the Report of the Committee on the outcomes of its deliberations.



Chair of PAC Hon Francis Zama with Auditor General and Deputy

During 2002 and 2006 the Committee met on several occasions and the following Reports were prepared by the Secretariat and issued by the Committee:

Year	Topic	Tabled
2002	Report of PAC on its Consideration of the 2002 Estimates	March 2002
2002	Report of PAC on its Consideration of the 2003 Estimates	December 2002
2003	Report of PAC on its Consideration of the 2004 Estimates	November 2003
2004	Report of PAC on its Consideration of the 2005 Estimates	December 2004
2005	Report of PAC on its Examination of the 1996 National Accounts of SIG	October 2005
2005	Report of PAC on its Consideration of the 2005 Supplementary Estimates	November 2005
2005	Report of PAC on its Consideration of the 2006 Estimates	November 2005
2006	Report of PAC on its Consideration of the 2006 Supplementary Estimates	October 2006
2006	Report of PAC on its Examination of the 1997 National Accounts of SIG	October 2006
2006	Report of PAC on Auditor General's Reports on the Ministry of Health and Medical Services and the National Referral Hospital	January 2007

CHAPTER 4 – CAPACITY BUILDING OF OAG

4.1 OAG Staffing Prior to 2005

Previous mention has been made of the significant changes to the staffing position in OAG over the last five years. At the time of Solomon Islands gaining its Independence the OAG had an establishment of some 28 positions. Since that time there was a deliberate winding down of the staff through attrition and lack of funding resulting in an establishment in 2003 of 17 posts against an actual staff of three persons including the Auditor General.

With the arrival of RAMSI in July 2003 there was an agreed agenda to rebuild the Accountability Institutions comprising the Office of the Auditor General, the Ombudsman and the Leadership Code Commission. Following the recognition in September 2003 that the Solomon Islands OAG had a complete lack of audit framework, in conjunction with RAMSI, a deliberate effort was made through the use of Internal Audit Advisors within the Ministry of Finance to help rebuild the OAG.

The recreation of the of the line position of Deputy Auditor General in 2004 together with the commencement of special audits within Ministries using in the first instance both internal audit staff and contractors enabled a future strategic direction to emerge to rebuild the capacity of the OAG. The Deputy Auditor General's position was not filled until mid 2005 and the incumbent developed the strategic way forward for OAG using a combination of Audit Advisors under the Machinery of Government program of RAMSI and newly recruited graduates from SICHE.

4.2 OAG Staffing Post 2005

By the end of 2005 there were four Audit Advisors in place and ten local staff most of whom recently joined OAG as diploma graduates from SICHE. This marked the turning point for OAG with the commencement of a suite of major special investigations using OAG staff concentrating on major revenue and expenditure areas within Ministries. Through the direct involvement of Advisors in the day to day leading of audits and the mentoring of junior staff the OAG embarked on its investigative era to identify what major systemic problems existed within SIG whilst also performing an evaluation of potential fraudulent behaviour. Audit Reports referred to earlier were completed and eventually the results of these numerous audits were reported to Parliament.

The major outcome of these earlier audits was the turn around of revenue forgone and reduction in inappropriate expenditure by targeting fraudulent activities and inadequate systems. The combination helped restore the confidence of Solomon Islanders in the systems of government.

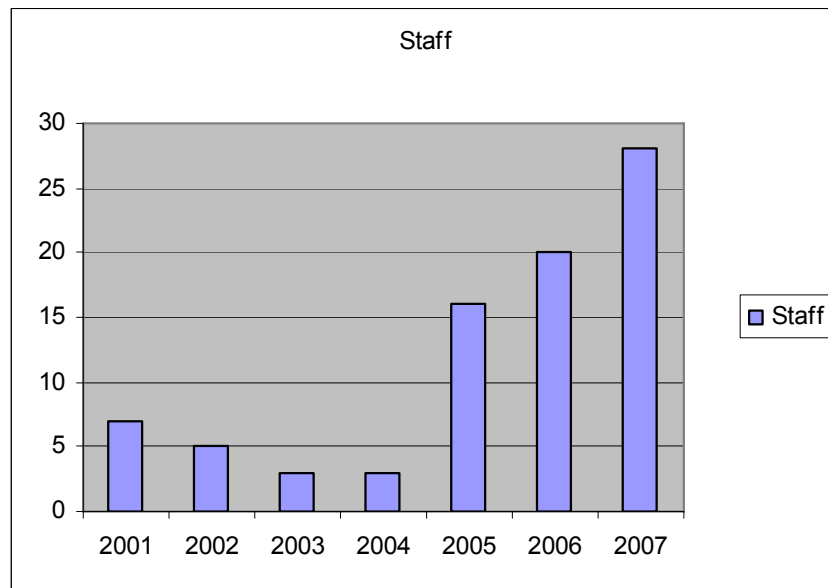
In mid 2006 there were seven major projects concluded awaiting responses from Ministries and OAG received considerable media and Parliamentary attention as major problems were uncovered. These reports resulted in a total of 417 recommendations being made to the relevant Permanent Secretaries for remedial action. They provided a detailed description of all the major shortcomings and breakdowns in sound internal controls as well as observations into potential corrupt or inappropriate behavior.

The following Table provides an insight into staffing within OAG during the last Six years.

Table 4-2 OAG Staffing

Year	Audit Staff Establishment	Actual	Management	Senior	Junior
2001	17	7	1	2	4
2002	17	5	1	0	4
2003	17	3	1	0	2
2004	17	3	1	0	2
2005	19	16	1	1	14
2006	33	20	1	4	15
2007	38	28 Est	1	8	19

OAG Staffing 2001-2007



4.3 OAG Mandate Growth

In recognition that OAG needed to move from its former base of special audit investigations into the OAG core business of auditing the financial performance of all Ministries, Statutory Bodies and Provincial Governments, a restructure late in 2006 resulted in the creation and filling of two Group Director positions to look after the respective responsibilities of these types of auditees. At last OAG was strategically positioned to be responsible for the entire mandate of the Auditor General.

However the building of capacity to enable staff within OAG to comprehend and perform audits of financial statements of all auditees will provide a significant challenge. As indicated earlier there is a significant backlog of audits in all three sectors (Ministries Statutory Bodies and Provincial Governments) which is proposed to be audited in the main by OAG staff following the comprehensive training and development program being implemented in 2007. This training will necessitate the assessment of skills levels for all OAG staff and a matching of these to their requirements will be undertaken.



Audit Advisor Agnes Tuiai and Feva Iabule

The development of a financial statement auditing course that allows staff to be trained in a modular manner so that a combination of detailed work-shopping and on job training for each financial system and audit cycle will enable all staff to grow their capacity. It is anticipated that within twelve to eighteen months all staff will be conversant in financial statement auditing and performing these in discrete teams allowing continued learning and a cascade of knowledge. This will provide a base of knowledge to enable OAG to grow further as staff gain experience in auditing the various types of entities.

Existing staff within OAG continue to grow through the comprehensive training associated with the graduate Assistant Auditor stream and assume higher positions within OAG. In addition the OAG encourages and supports these staff to pursue higher education through the degree course at the University of South

Pacific. As staff develop their skills a career progression has been established within the new structure to provide an incentive for good performance.

Concurrently the recruitment of local senior auditors and audit managers is a further initiative to enable OAG to test the professional market in Solomon Islands for suitable local staff with requisite skills and experience. This strategy aims to eventually reduce the dependency on expatriate audit advisors currently fulfilling the Audit Manager roles. Recent recruitment action has been positive with several new staff joining OAG at senior auditor level in time to attend the comprehensive training and development program due to commence in March 2007.



Senior Auditor Ian Talasasa discusses matter with Jennifer Siriurao

4.4 Staff Training

All field staff have a base diploma qualification in Accounting or Administration through the Solomon Islands College of Higher Education. In addition OAG provides various training and development opportunities for staff including attendance at external and internal courses, scholarships to local University of South Pacific or overseas universities to pursue accounting or related degree studies and SIG training through IPAM and other providers. Given the professional nature of auditing OAG requires a high level of technical skills for all investigative staff. To attain the positions of Audit Manager and above it is essential that staff have recognized accounting qualifications.

As a member of the South Pacific Association of Supreme Audit Institutions (SPASAI) the OAG has access to international courses and conferences to enable it to keep in touch with the developments in the public sector audit environment. In addition the OAG is a member of the Australasian Conference of Auditors General (ACAG) which is a most useful forum to discuss emerging issues in our Region and internationally. Also as the secretariat for the Public Accounts Committee the Auditor General is required to attend meetings of the Commonwealth Parliamentary Association (CPA) from time to time.

During this period of significant capacity building there has been an intensive on job training for all staff as they have participated in the conduct of special audits and other audits of financial statements in Ministries and other entities.



Staffers Rhoda Kale and Mercy Magu discuss issues

The following is a list of some of the more significant training and development activities attended by OAG staff in recent years:

Date	Officer	Institution	Location
27-29/8/2003	Floyd Fatai	ACAG/SPASAI Environmental Audit Workshop	QAO, Brisbane
24-28/5/2004	Floyd Fatai	8 th Annual SPASAI Congress and workshops including audit evidence in a paperless environment and Combating Fraud and Corruption	Apia, Samoa
30/1-2/2/2005	Floyd Fatai	19 th Commonwealth Auditors General Conference	Wellington, NZ
11-15/4/2005	Floyd Fatai	9 th SPASAI Congress and workshops including Combating Fraud and Corruption in Government Procurement Procedures and FBI Fraud and Corruption Investigation	Nadi, Fiji
27-29/4/2005	Floyd Fatai	ACAG/SPASAI Environmental Audit Workshop	Sydney
25/11-5/12/2005	Ian Zupiti Minnie Ora	Workshop on Fraud and Corruption	Nadi, Fiji
4-18/2/2006	Floyd Fatai	CPA Parliamentary Financial Scrutiny Workshop	La Trobe University
3-7/5/2006	Floyd Fatai Philemon Koala	EU Technical Workshop for South Pacific	USP, Fiji
22-26/5/2006	Floyd Fatai	10 th SPASAI Congress and Workshops	Mariana Is
9-13/10/2006	Ian Zupiti	Commonwealth Advanced Seminar for Internal Auditors	London

CHAPTER 5 - FINANCIAL PERFORMANCE OF OAG

5.1 Performance Against Budget

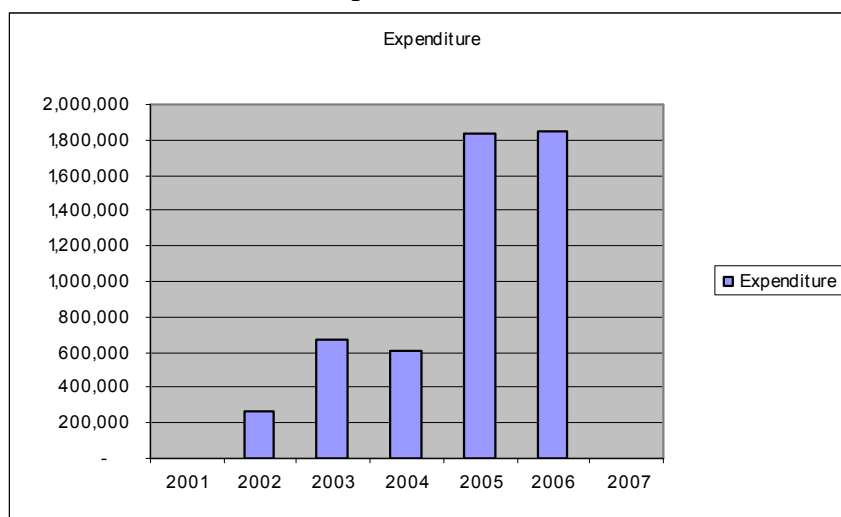
OAG has for many years been under-performing against budget as it lost staff and was unable to recruit for an extended period. In recent years there has been a significant reliance upon the services provided by the private accounting firms and support from RAMSI in the form of senior Audit Advisors funded through the Machinery of Government Accountability Program. The Table below shows the actual versus budgeted performance for the past five years.

Table 5-1 Budget Versus Actual Costs

Details of Expenditure	2006		2005		2004		2003		2002*	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Statutory Salaries	103,970	125,811	61002	71012	59225	61503	60706	59225		13667
Other Allowances	0	23,097	0	67871	0	14190	0	0		
Civil Service Salaries	759,569	266,311	559116	150330	357145	65670	127585	70130		110142
Housing Allowance	91,281	14,834	55092	11455	40400	3606	14528	5173		8214
Overtime Allowances	0	0	0	2799	0	0	0	0		0
NPF	73,738	16,529	52888	16011	4442	9394	15212	5280		9503
Other Allowances	28,355	48,068	29968	9297	29095	10138	0	3240		17874
Wages & Allowances	18,322	27,158	40561	25407	37791	31814	9818	24059	9578	31057
Payroll Total	1,075,234	521,808	798627	354182	518098	196313	227849	167107	222291	190457
Repairs - Official Build'g	59,805	4,200	182250	156957	8000	6038	1358	0		0
Repairs of Gov't Housing	103,000	38,147	23500	22212	0	0	618	0		0
Office Expenses	110,235	86,344	22522	36318	12000	6891	9510	52789		68160
Electricity & gas	72,478	76,494	70367	3561	18119	6291	7418	576		0
Water	6,237	53,144	6055	14867	6879	1722	2663	507		0
Telephone & Faxes	73,997	38,414	42715	17039	27879	71150	19685	0		0
Printing	76,350	33,420	45000	35063	80000	1600	3804	3800		0
Staff Travel & Transport	91,812	62,677	69720	26620	25000	7413	23775	1887		0
Special Expenditure	0	0		58370						
Overseas Visits - State	0	0	0	0	0	36400	1169	0		1053
Capital Expenditure	34,827	28,978	153800	156369	30000	15711		0		0
IT Equipment costs	136,191	102,096	0	0	0	0		0		0
Motor Vehicles	0	0	111500	106500	80177	0	1426	82800		0
House Rent	374,400	113,759	60188	43907	36000	7500	475	3600		0
Training	51,500	20,640	50000	0	0	3661	2853	0		0
Conference & Seminars	171,500	144,831	50000	31511	40000	30604	19020	17562		0
Audit Fees	1,050,514	493,366	540000	382250	45000	200000	0	340000		0
Subscriptions to Orgs	35,850	30,248								
Contract Audit Fees	250,000	46,234	1306130	378931	750000	0	0	0		0
Other Expenses	15,026	5,854	21240	9165	344800	16972	7513	0	0	0
Other Charges Total	2,713,722	1,378,846	2754987	1479640	1503854	411953	101287	503521	100000	69213
Expenditure Total	3,788,956	1,846,072	3553614	1833823	2021952	608266	329136	670628	322291	259670

* In 2002 the Budget was only provided at Head level

OAG Expenditure 2002-2006



5.2 Future Financial Framework

As OAG gradually recruits staff and begins to function to its full capacity the current level of funding could place significant strain on OAG budget resources. However, to date OAG has been able to manage its resources well within the budget allocation. A significant offset resulting from RAMSI meeting key salary costs has had a significant impact. The necessary staffing costs and associated overheads for an optimum office level of 30 staff would require considerable adjustment.

5.3 OAG Fee Charging

The current practice within OAG in accordance with section 48 of the Public Finance and Audit Act requires any body corporate to pay audit fees determined by the Auditor General. Following revised arrangements for contract auditors whereby OAG fully manages these audits in partnership with private firms the resultant audit fees will be paid directly to OAG as revenue and OAG will reimburse the firms their costs associated with performing the audit on our behalf. For 2007 the level of fee revenue is estimated as \$900,000 with a corresponding increase in revenue forecast.

5.2 Provincial Audits

As OAG gears up for more involvement in audits of Provincial Governments from 2007 additional travel and other costs will be necessary to allow teams to travel from Honiara to the various Provincial centres to perform audits. OAG currently has accommodation in Auki and Gizo but these houses require considerable renovations and repairs before staff could use these accommodations. Work is proposed on this refurbishment during the next few years.

CHAPTER 6 – OAG CONTRACTING ARRANGEMENTS

6.1 Background

Each year, as part of the development of the OAG Annual Audit Plan, the Deputy Auditor General in consultation with Group Directors will identify audits or parts of audits that are suitable for contracting out and make appropriate recommendations to the Auditor-General. As part of the management of the public sector auditing program, the Auditor-General or Deputy Auditor-General may identify additional or alternative audits to be contracted out in order to meet changed circumstances arising during the course of the year. In considering the suitability of audits or parts of audits for contracting out, regard is given to:

- available resources, including OAG staff and the impact on OAG staffing arrangements;
- the nature, complexity and location of audits;
- special factors (including corporate governance, prior year audit results, training opportunities for OAG staff etc) which dictate a preference for performance of an audit by OAG staff;
- specialist skills or knowledge that can be provided (eg., tax, superannuation);
- history of past performance; and
- the Auditor-General's assessment of the public interest in particular audits.

As a general rule, audits of all government departments, audits with a recent history of adverse findings and those assessed to have a high level of public interest are be audited by OAG staff. However, certain functions e.g. payroll and elements of business units may be contracted out provided close liaison is maintained with the OAG team at these audits.

OAG maintains a Register of individuals and firms who have indicated interest in performing audits for the Auditor General and who meet criteria identified by the Auditor General. The Register represents a database of suppliers deemed suitable to perform audit work on behalf of the Auditor General. Only individuals who are on this register may be engaged within OAG to perform contract audits, unless other arrangements are put in place by the Auditor General eg Tender Process.

6.2 Recent Activities

During the previous five years the Auditor General has been dependent upon the private sector to provide resources for his audits in the various sectors. Many of the private firms have built up a knowledge of the public sector audit environment as such services were provided. This has resulted in limited audit skills within Government and a consequential reliance on the private sector firms.

OAG sees this as an essential partnership as OAG rebuilds its skill base but gradually more and more audit tasks will be performed internally. Other opportunities will exist for private sector firms as agencies are required to address their significant backlogs in financial reporting and more effort in the preparation of these accounts will depend upon the private firms as Ministries, Statutory Bodies and Provincial Governments are pressured through the Public Accounts Committee and other Parliamentary representations are made to ensure entities provide a full accountability and financial reporting on their performance.

For audits that are, however, contracted out to private firms OAG has introduced a revised policy to ensure that it is responsible for the overall performance and quality of the job and as a result OAG staff will work closely in partnership with the firms and auditees and will liaise at critical times during audit engagements.

6.3 Contract Audits during 2004-2006

Until recently all financial audits were being undertaken by the private firms and contracts were generally written to cover several years as OAG attempted to address the backlog in audited financial statements. The following Table reflects the level of contracting in recent years:

Table 6.3 Contracts Awarded in 2002-2006

Date	Period	Firm	Auditee	Amount p/a
9 Sep 2005	31/12/1998-2005	CBL	SI Water Authority	\$75,000 #
3 Mar 2005	31/03/2002	CBL	Isabel Province	\$55,000
17 Apr 2003	31/03/2001-2003	CBL	Guadalcanal Province	\$30,000
12 Sep 2002	31/12/2001-2005	CBL	Development Bank of SI	\$75,000
30 Sep 2004	31/12/1997-1999	CBL	Annual Accounts of SIG	\$180,000
12 Oct 2005	31/12/2005-2006	PWC	Central Bank of SI	\$143,600
13 Apr 2006	30/06/2005-2006	PWC	SI National Provident Fund	\$142,500
12 Dec 2006	31/12/1997-2003	PWC	SI Electricity Authority	##
7 Sep 2006	30/09/2002-2005	PWC	SI Ports Authority	\$92,500
5 May 2005	31/12/2006	PWC	PCERP	\$72,800
2 Jul 2002	31/12/1998-2001	FPS	Honiara City Council	\$28,000
13 May 2002	1/04/2001-2003	SIFS	Central Provincial Accounts	\$28,000
4 July 2006	1/04/2003 - 2005	SIFS	Central Provincial Accounts	\$28,000

Fees revised due to delays caused by entity in preparing accounts until 2005

Value to be negotiated after audit scoping undertaken

CHAPTER 7 - CHALLENGES FOR 2007 AND BEYOND

7.1 OAG Strategic Plan 2007-2010

The OAG developed a Strategic Plan for which outlines how the Solomon Islands Office of the Auditor General (OAG) will meet its statutory responsibilities as outlined in the Constitution and the Public Finance and Audit Act 1978. It contains the Office's medium-term goals and strategies that will set the direction over the next four years. The Strategic Audit Plan also provides a comprehensive forward work program, framed within the strategic context, which contains planned audit activity in all areas of the audit mandate. The 2007-2010 Strategic Plan was presented to the Honourable the Minister for Finance and Treasury in December 2006.

It is clear that the OAG has some enormous challenges ahead from a number of different perspectives. Not the least of which is to make a significant contribution to the strengthening of financial management practices within government agencies and assisting to identify areas where institutional capacity building programs are required as a priority.

With the assistance of the RAMSI capacity building program, the foundations have been laid for the path to recovery, with significant early progress being made towards realising the strategic outcome of reinstating the OAG as an effective supreme audit institution. There is a long way to go yet however.

7.2 Challenges for 2007-2009

Towards this end outcome, OAG through the assistance of RAMSI recently appointed two Group Audit Advisors who will work with the Deputy Auditor General at a strategic level to implement their respective portfolios:

Group A – Responsible for the delivery of the budget sector audits including the oversight of the SIG National Accounts audit and the numerous investigations and audits within Ministries, and

Group B – Responsible for the delivery of audits of Statutory Bodies and Provincial accounts. This Group will have significant involvement in the implementation and oversight of the contract auditors.

OAG Senior Management Group has developed draft Strategic Audit Plan for 2007-09 and the consequent 2007 Workplan, and has identified the major direction that OAG will need to take in 2007 and beyond to enable it to position itself as a viable Audit Office and continue to grow its capacity. The next phase of OAG development to be launched through this Plan has five major new initiatives, all of which are critical to OAG taking charge of its own destiny:

- Finalise the audit of the backlog of SIG National Accounts for 1998-2004;
- Develop a Capacity Building Model (CBM) as promoted by RAMSI to establish skills requirements for all OAG positions and implement the program;
- As part of CBM implementation, design and deliver a comprehensive training package for all local staff to enable them to perform (and eventually self-manage) financial statement audits within Ministries, Provinces and Statutory Bodies;
- Develop in conjunction with MOG a stocktake of the Provincial audits and assist in developing a way forward for timely reporting and audit of Provincial accounts; and
- Implement the new approach for the audit of Statutory Bodies and oversight of contract auditors.

All five of the above initiatives require support to ensure appropriate skills are within OAG to enable each initiative to reach fruition in a reasonable timeframe. All require a considerable investment in appropriate support from Technical Advisors to enable the development of approach, design of solution, training and capacity building for local staff and eventual withdrawal of hands on directional approach currently utilized by Audit Managers (Advisors). Further comments on these initiatives are contained below.

- a) **Backlog of accounts** – In conjunction with Ministry of Finance OAG is working towards the finalization of all outstanding SIG accounts prior to and including the year ended 31 December 2004 to enable a firm financial position as at that year end (post RAMSI) for a sound reporting position for 2005 and onwards. This was specifically requested by the Public Accounts Committee during its deliberations on the 1996 and 1997 SIG Accounts. Whilst most of the early work is expected to be performed in 2006 the audit of the 2004 base year will require testing of critical systems at Ministries in 2007.

- b) **Capacity Building Model Preparation, Implementation and Monitoring** – As the OAG is moving into the second phase of development into the “normal” activities of a supreme audit institution, it is appropriate to invest in proper planning and implementation of a capacity building model. This will involve resources in facilitating workshops of the national staff to prepare a capacity building model, to prepare the processes needed to implement the plan, and to monitor and review progress.

- c) **Comprehensive Skills Training Program** – The Group Audit Advisor in conjunction with Audit Advisors will develop an appropriate Financial Statement Auditing (FSA) Course to allow all national staff to be trained and developed in the concepts and procedures employed in the audit of Ministries and SIG financial statements and Statutory Authorities and Provincial Accounts. This is a new area for OAG staff whose exposure previously was confined to assisting Audit Advisors on special investigation audits. In the initial period January-June 2007, at least two Audit Advisors will be required to work with the Group Audit Advisor in the development and delivery of FSA modules at formal training sessions for all staff. This will integrate on job training as all staff will apply their training at Ministries and some Statutory Authorities to enable the eventual transfer of knowledge and confidence to allow local teams to undertake audit segments with minimal supervision. This is regarded as the most critical area for OAG growth and requires careful planning and execution. The investment up front will have long term benefit implications.
- d) **Provincial Audit Stocktake** – This important work is the subject of a separate MOG proposal which is being over-sighted in the first instance by OAG to ensure the process is thorough and complete. The starting point will be at OAG to ascertain the current financial statement position for audit signoff on Provincial Accounts. OAG will provide an officer to support the RGSF selected officer. Phase 1 of the project will be reporting to RGSF through OAG. Once the initial phase is complete the project will proceed to identify expertise requirements to prepare the financial statements in suitable form for presentation to OAG for audit.
- e) **Statutory Body Audits** – The recent years have witnessed a complete detachment of OAG from the audit of the various Statutory Bodies resulting in accounting firms under contract to OAG taking the full running of these audits. A revised OAG procurement policy will place the OAG in the driver's seat to ensure that an appropriate oversight and quality assurance role is put in place for all audits. The development of a Quality Assurance (QA) strategy and appropriate support staff to the responsible Group Audit Advisor to provide suitable oversight and QA of contracted audits whilst training local staff in these areas will be a reasonable challenge.

An integral part of the development of OAG is also the recruitment of suitable local staff to perform the duties of various levels of auditor. By both tapping into the local market and growing our recent recruits, OAG hopes to enhance its existing staffing base over the next few months. We are currently at an advanced stage of discussions with the PSD to enable recruitment action to proceed. The arrival of additional new staff will add further pressure on the training and development strategies to enable continued capacity development within OAG.

7.3 What will be different in three years time

What is planned to be different in three years time is that the underpinning institutional capacity development and support systems necessary to achieve strategic objectives will have been established, creating the foundations and environmental setting for a sustainable future.

Beyond the next three years, it will be necessary to consolidate, building on these foundations in a continuing effort to achieve the longer term objectives of reinstating the OAG as a self-sustaining and effective Supreme Audit Institution.

The current Public Finance and Audit Act is inadequate as the governing legislation for OAG and this is proposed to be addressed in the short term to provide a wider mandate for the Auditor General including the power to conduct performance audits.



New 'Woodgate' wing of OAG