



Solomon Islands Government

Office of the Auditor-General

Corporate Plan 2011 – 2015

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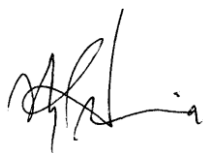
Forward

The purpose of this corporate plan is to provide context for the officers of the Office of the Auditor-General and a focus for their work. It gives broad objectives that we will strive to achieve over the next five years and sets down the behaviours that I expect our staff to exhibit while doing this. It also sets out the challenges that face us, the obstacles that need to be overcome.

As can be seen from the challenges we face, the path ahead of us is a difficult one. But it is also a vitally important one for the development of the country. Our work in ensuring the accuracy of reporting, in encouraging a higher level of accountability and improving the efficiency and effectiveness over the expenditure of public monies is nothing less than nation-building.

The last of our operating objectives, identifying and reporting on corruption, is generally not regarded as a primary function of a national audit office but more an ancillary one providing an occasional peripheral outcome. In our case the extent of corruption appears to be such that it impacts upon the economic development of the country so I have made it a specific feature of our work.

I trust the Corporate Plan 2011 – 2015 will provide guidance to the OAG to appropriately advance its functions in providing assurance to the Parliament and people of the Solomon Islands that public funds are accurately accounted for and making a significant contribution to improvements in public administration.



Edward Ronia
Auditor-General
22 March 2011

1. The Office of the Auditor-General - Guiding Principles

1.1 *Our Purpose – Why do we exist?*

The Office of the Auditor-General is what is called a 'Supreme Audit Institution' (SAI). Most countries in the world have such an institution and the purpose of these bodies can broadly be described as 'to provide accountability'. The precise nature of the role of the SAI depends on the form of government, the level of development of the country and the legislative mandate of the head of the SAI or of the SAI itself.

In the Solomon Islands, the mandate is provided to the Auditor-General under the Constitution, and the Office of the Auditor-General has been established to provide the human and other resources to support the Auditor-General in fulfilling his mandate. This is the purpose of the Office of the Auditor-General – to provide support to the Auditor-General in performing his duties as required by the Constitution and other subordinate legislation such as the Public Finance and Audit Act.

Simply put the purpose of the Auditor-General is to conduct audits and produce reports on those audits. These reports are variously tabled in Parliament where they are available for public scrutiny and/or provided to the entities being audited to provide an independent assessment of their financial reports and to assist those entities in improving their procedures and practices.

A fundamental requirement for the performance of the Auditor-General's role is independence from Government. This independence allows the Auditor-General to perform his role "without fear or favour". Primary protection of the Auditor-General's independence is enshrined in Section 108 (5) of the Solomon Islands Constitution, which states

"In the exercise of his functions under this section, the Auditor-General shall not be subject to the direction or control of any other person or authority."

1.2 Our Mission – What we must achieve

The Mission Statement of an organisation defines the ultimate overall outcome that it is striving to achieve. The Auditor-General has defined the mission of the OAG. It is stated below.

The Mission of the Office of the Auditor-General

To support the protection of public monies by driving continuous improvement in accountability, effectiveness, efficiency, probity, legislative compliance and accurate reporting of public sector revenue and expenditure across the Solomon Islands public sector, through providing a full range of professional independent audit services to the Parliament, as our primary client, and to our various auditees.

The Office of the Auditor-General provides a service to the people of the Solomon Islands. In a democratic system the parliament is the instrument of the people and so the Office of the Auditor-General views the Parliament as the key client for its work. All reports prepared by the OAG will be tabled in Parliament, either directly by the OAG through the Speaker or by public sector entities which are required to table in Parliament annual financial reports which are audited by the Auditor-General.

1.3 Our Vision – Where we want to be

This vision outlines what and how we would expect to see our organisation, and how we would expect to be regarded, by the end of the period of this corporate plan.

Our Vision

To be an effective public sector audit office which provides reliable, independent and relevant advice to the Parliament on the performance of public sector activity and internationally respected certification of the financial reports of public sector entities and activities.

1.4 *Our Values – What we believe in*

We adhere to a set of values which govern us in the way we do our work and how we interact with each other, the staff of our auditees and with other people. These values include:

Our Values

Behaving Ethically – we do not use our position as a means of obtaining private benefits outside of those provided to us under our conditions of employment;

Treating others with Respect – we deal with others in a manner in which we ourselves would expect to be dealt with;

Operating with Integrity – we consistently act in accordance with a set of principles that reflect the highest values of our society;

Displaying Reliability – we do what we commit to doing and, if events conspire to prevent us doing so, we advise the people we are dealing with as soon as it becomes apparent that we cannot meet our commitment;

Practising Diligence – we strive to complete all of the work we are required to complete within the designated timeframe;

Acting Honestly – we do not misuse information to confuse or misinform others; and

Belief in our system of Government – intrinsic acceptance of the role of the Parliament and the rule of law.

1.5 *Our Outcomes - What are we working to achieve*

The long-term outcome for the OAG arising from the implementation of this Corporate Plan is for the development of a strong, effective and sustainable national public audit office which provides:

- Timely, professionally competent reporting on all financial statement upon which the Auditor-General is required to report; and
- Reliable and persuasive reporting on the performance of public sector activities which generates significant improvements in public sector administration.

1.6 Our Challenges – What we have to overcome

UNDERDEVELOPED CAPACITY – our staff are underqualified and lacking in experience. All audit staff have diplomas but a professional audit office requires degree-qualified staff to perform at a professional level. Currently, only one auditor has a degree. The rest of our audit staff are studying but it will take some time before a reasonable proportion is degree qualified. As the office was allowed to deteriorate to only two staff in 2003, most of our current staff have only three to four years experience.

WIDESPREAD WEAKNESSES IN AUDITEE SYSTEMS AND PROCEDURES – many entities are unable to produce auditable financial statements and internal controls in many organisations are weak or non-existent. Many of the financial statements produced by public entities are produced months or even years after statutory deadlines and are not sufficiently reliable for the Auditor-General to issue an opinion on them.

LACK OF GOVERNMENT SUPPORT – Successive Governments have not taken an interest in proposed legislation that would entrench the independence of the Auditor-General and have also allowed OAG resourcing and staffing to fall to dangerously low levels. The draft legislation is currently with the Attorney-General's Office, where it has been for more than a year. The OAG is also under-resourced, particularly in staffing. It currently has 14 active auditors from an establishment of 32 meaning it is almost 60% under-staffed, which is significantly greater than the public service average of 15%.

LITTLE DISPLAYED PARLIAMENTARY INTEREST – No Parliamentary Accounts Committee reports have been tabled on our reports even though hearings have been held. By convention, audit reports are not discussed in Parliament until they have been reviewed by the PAC and the PAC report has been tabled. The last PAC report on a hearing into audit reports was tabled in May 2007.

ENDEMIC CORRUPTION – Widespread corruption within public sector procurement, with the collusion of some suppliers, means that source documents are more high risk than they otherwise would be, requiring more audit work to determine if transactions are genuine. If an auditor cannot rely on source documentation to determine if the recording of a transaction is accurate then they must do more work, going behind those source documents.

2. Our Plan

2.1 The Objectives

In order to overcome our challenges and achieve our outcomes over the five year period of this Corporate Plan, the Office has set itself a number of objectives which will help us get to where we need to be. These objectives are set out below:

Developmental Objectives

1. Develop our staff
2. Reinforce and restore our resource base
3. Take measures to retain experienced and qualified staff
4. Pursue the passing of strengthened audit legislation
5. Motivate Parliament to consider our reports
6. Facilitate improvement in auditee controls, procedures and reporting

Operating Objectives

1. Audit and report on all financial statements that are provided to us
2. Provide assurance that with regard to the accounts and systems of SIG Ministries and the SIG whole-of-government financial statements
3. Conduct a range of relevant and impactful performance audits
4. Identify and report on corruption found in the course of our audits.

Objective	Strategy	Activities	Performance Indicators
Develop our staff (cont.)	Provide opportunity and support to staff to gain experience at middle and senior management levels	<p>Provide opportunities for staff to take on higher level management duties and provide extra remuneration (where possible) for these tasks.</p> <p>Involve senior staff in the various senior management forums within the Office.</p> <p>Require senior staff to participate in strategic management activities and external reporting.</p> <p>Require senior local staff to represent the OAG in outside forums such as workshops, seminars and training courses.</p>	<p>Number of local staff who are seen as being suitable promote to senior management levels, (if the opportunity to promote staff ever becomes available).</p> <p>Senior staff successfully complete more complex corporate tasks such as drafting annual reports and other strategic documents and representing the OAG in various external forums.</p>
2. Reinforce and restore our resource base	Convince the relevant Ministries to allow the OAG to populate enough of its established positions to be able to adequately carry out its work.	<p>Make representations to the Ministry of Finance and Treasury to provide sufficient funding to fund at least 85% of our establishment.</p> <p>Make representations to the Ministry of Public Service and Public Service Commission to allow the OAG to appoint staff substantively into funded vacant positions.</p>	OAG is able to appoint people substantively to 85% of its established positions.
3. Take measures to retain experienced and qualified staff	Identify possible measures to retain staff once they have completed their degrees.	Survey staff to discover what they value and what sort of employment incentives may cause them to stay with the OAG or may be used to entice them away	Loss of qualified staff turnover for qualified staff is low, no more than one per annum.

Objective	Strategy	Activities	Performance Indicators
		<p>Review Government policies and relevant instructions to determine types of staff benefits are allowable.</p> <p>Review OAG budget to identify what sort of funding may be available to provide staff benefits that may encourage retention of staff.</p>	
<p>4. Pursue the passing of strengthened audit legislation</p> <p>Pursue the passing of strengthened audit legislation. (cont.)</p>	<p>Ensure the draft audit legislation goes before the Parliament</p>	<p>Continue to liaise with the Attorney-General's Office to get the draft Bill in a suitable form to go before Parliament.</p> <p>Lobby the Prime Minister, the Chairman of the Public Accounts Committee and other senior stakeholders to lay the legislation before the Parliament</p>	<p>Parliament debates the draft Audit Bill.</p>
<p>5. Motivate Parliament to consider our reports</p>	<p>Influence the Public Accounts Committee (PAC) to review audit reports and to report on those reviews to the Parliament.</p>	<p>Continue to provide copies of audit reports to the Parliament as soon as they are available.</p> <p>Provide copies of older important audit reports which were not considered by the previous PAC, to the Parliament to facilitate their consideration by the current PAC.</p> <p>Lobby the Chairman of the PAC to hold sittings to consider audit</p>	<p>PAC holds hearings and reports on all significant audit reports.</p>

Objective	Strategy	Activities	Performance Indicators
		<p>reports.</p> <p>Encourage the PAC to finalise hearings on audit reports and complete a report on hearings for tabling in Parliament.</p>	
<p>6. Facilitate improvement in auditee controls, procedures and reporting</p>	<p>Focus on providing feedback to auditees on their systems and controls and provide recommendations on remedial action they could take to fix the problems identified</p>	<p>Target organisations with a history of poor procedures and systems for more frequent audit work with a focus on reporting weaknesses to initiate corrective action.</p> <p>Revisit areas with significant deficiencies to monitor progress and motivate corrective action.</p> <p>Assist with training of entity staff in accounting procedures and specific control requirements in such presentations.</p> <p>Provide comprehensive and constructive reports on controls and procedures following each financial statement audit.</p> <p>Provide assistance to MOFT and Provincial Governments to successfully transition to reporting under the International Public Sector Accounting Standards – Cash Basis.</p>	<p>Management letters on audits identify fewer control weaknesses and breakdowns.</p> <p>Audit qualifications on financial statements reduce in number and severity over time.</p>

Objective	Strategy	Activities	Performance Indicators
Operating Objectives			
1. Audit and report on all financial statements that are provided to us	Complete the audit of all financial statements of public entities provided to us, in the required time frame.	<p>Provide ongoing on-the-job and formal training of OAG financial audit staff to ensure they are competent in undertaking a professional audit.</p> <p>Liaise with entities to ensure that we have sufficient advance warning of the availability of financial statements for audit purposes to allocate staff to them.</p> <p>Maintain an up-to-date audit work program that identifies all audits and resource requirements and provides for the optimum and prompt allocation of appropriate resources.</p> <p>Supervision, monitoring and mentoring of financial audit staff by a suitably experienced technical adviser.</p>	Audit reports on all financial statements provided for audit are issued promptly after receipt of the statements.
2. Provide assurance that with regard to the accounts and systems of SIG Ministries and the SIG whole-of-government financial statements.	Audit and report annually on the systems and processes of SIG Ministries and the SIG Financial Statements.	<p>Plan and execute a strategic work program across SIG Ministries that provides appropriate coverage of systems and procedures.</p> <p>Complete the audit of the SIG financial statements in a timely manner.</p>	<p>Management letters on Ministerial audits are the catalyst for improvements in procedures and system.</p> <p>Audit report on SIG financial statements is issued within the statutory timeframe.</p>

Objective	Strategy	Activities	Performance Indicators
3. Conduct a range of relevant and impactful performance audits	Develop the capacity of the office staff to conduct performance audits through a mixture of formal training and on-the-job experience conducting performance audits.	<p>Provision of training for performance audit staff in key aspects of performance audit.</p> <p>Supervision, monitoring and mentoring of performance audit staff by a suitably experienced technical adviser.</p> <p>Increasing the amount of resources applied to performance audit.</p> <p>Selecting increasingly complex subjects for performance audits with higher levels of risk and potentially greater returns in terms of improved efficiency or effectiveness.</p>	The number of performance audit reports produced each year rises steadily with an increase in the quality of the reports and the coverage of more significant audit topics.
4. Identify and report on corruption found in the course of our audits.	<p>Develop the ability of our staff to recognise corrupt activities and report on them to OAG management.</p> <p>Report any significant instances of fraud or corruption to the relevant authorities.</p>	<p>Train staff to recognise indicators of fraud and corruption.</p> <p>Require staff to report separately at the end of each audit on any indications they may have found of corrupt activity.</p>	Disciplinary, police or legal action taken in response to OAG reporting.

Objective	Strategy	Activities	Performance Indicators
	Report annually to the Parliament on indicators of corruption found in the course of our audits.	<p>Undertake a management review of any audits which provide indications of corruption and liaise with relevant entities (FIU, Fraud Investigation Unit etc ;) as required.</p> <p>Prepare a report as part of the Annual Report on indicators of corruption.</p>	