



SOLOMON ISLANDS GOVERNMENT
OFFICE OF THE AUDITOR GENERAL

ANNUAL REPORT ON OPERATIONS

For The Period Ending
31st December 2023



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**ANNUAL
REPORT
ON OPERATIONS**

For the period
Ending 31st December 2023

Reported by:
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About this Report

This annual report documents the performance of the Office of the Auditor-General (OAG) for the two year period ending 31 December 2023. As well as reporting on our financial results for the period 2018 to 2023.

This report addresses all applicable obligations under section 108 of the Constitution and the Public Finance and Audit Act (Cap 120).

This report and other information about the OAG are available online at: www.oag.gov.sb.

Auditor General's Message

I am pleased to present this report to Parliament covering the performance of my office for the period 2022 through to 2023 and the unaudited financial reports from 2018 through to 2023. It includes a summary of audits delivered in the past two years which will be the subject of more detailed analysis under separate sector reports. This report also covers ongoing challenges and responses taken given the context in which we operate and a final section looks at some of the big picture gaps which require government policy or support to help address the accountability needs within the public sector.



Following my appointment in late 2021 one of the immediate challenges I had to contend with was the significant audit backlog my office had with outstanding audits dating back to 2016 and further exacerbated by the delay in my appointment and the outdated provision in our Public Finance and Audit Act which requires that only the Auditor General can sign audit reports. The period 2021 through to 2022 also included the ongoing effects of a prolonged State of Public Emergency, impact of the country's first community transmission of COVID19, and a vacant deputy auditor general role for the first half of 2022. These together required a mix of crisis management and careful considered strategic thinking to build suitable foundations that can help address these challenges within the current government system. As you will see in parts of my report I also reflect on gaps in the public financial management system and accountability framework which impact my office's effectiveness and will require time, government support and effective execution to properly address.

My immediate priority was to review and update our strategy and put in place a number of initiatives to take the steps to address what I see as systemic structural issues affecting the effectiveness and impact of my office. As set out in the section on "who are we" the strategic goals focused on five key areas being Independence, People, Professionalism, Accessibility and Enablement. These goals build on previous strategies to promote accountability in the public sector. The vision, values and core strategies were updated to reflect key foundational areas some of which have been in existence for some time. During the first two years of my tenure significant effort was made in targeted interventions requiring the support of government and donors. These key initiatives aimed at delivering against our updated vision to "build accountability in our public sector through independence and professionalism." It goes without saying that the delivery of quality audits remains our key mandate and success means that my office takes its place as a contributor in nation building through our role in the accountability framework in Solomon Islands.

Following our narrative on our mandate and status update the report looks at the governance and operational structures within our office. This includes some major changes in staff structure and grades and heightened focus on risk management to deliver higher quality audits. It is my hope that in time future auditor generals will be chosen from within the office to ensure continued momentum and proper focus on effective succession planning and its requisite training needs.

In the “how did we do” section we look at our performance reporting focusing on my tenure through to December 2023. It also reports on the financial performance from 2018 to 2023 which follows on from the last published accounts dated 2017. Whilst these financial statements do not fully comply with the Public Financial Management Act due to limitations with the Government’s FMIS and lack of capacity, every effort has been made to produce suitable disclosures consistent with previous submissions. This non-compliance is across the Government Ministries and agencies which will need suitable government policy and investment to properly address.

Some key trends in the audit administration and impact are the ongoing challenges of backlog, the lack of auditee statutory compliance particularly with preparation of accounts and tabling of audited reports to Parliament and the continued lack of public inquiries on our tabled audit reports.

Areas which remain a concern for my office and are key drivers for poor audit outcomes and governance include:

Lack of accountability by public officers

I am concerned at the lack of accountability for the actions of decision makers and public officers who have acted inappropriately, negligently or dishonestly. There have been no dismissals, disciplinary actions or charges laid as a result of the management letters issued by this Office.

This pattern has existed for a prolonged period and is worsened by the lack of engagement by Parliament in our audit reports and the absence of Parliamentary Expenditure Committee hearings since 2015.

Lack of effective records management a key driver of poor audit outcomes

A key driver for poor audit outcomes remains the inadequate records management and lack of supporting documentation. Without accurate and timely financial reports, management of these organisations do not have key information needed to inform their decisions, to monitor progress, and identify problems and opportunities. The lack of reliable financial information indicates weak governance within the organisation.

Lack of Independence

Each year OAG follows the directives by the Ministry of Finance and Treasury (MOFT). In 2023 a significant number of payments were delayed and later in the year account codes were blocked. These actions and a lack of transparency and centralised decision making by the Ministry directly impacted our audits and delayed further delivery of key audit reports in 2023. Similarly, a number of key staff positions were redeployed on one day’s notice and appointments recommended to public service were not acted on by end of 2023 despite having already been lodged as early as May 2023. This also impacts our audits.

S108(5) of the constitution sets out the following provision:

“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.”

The control by the respective Ministries of OAG budget and human resources arguably contravenes this provision and is an area that requires government support to immediately rectify.

Following government's agreement the OAG submitted a draft policy in early 2023 for the adoption of a new Auditor General Bill which established the legal framework to address the independence of OAG and bring up to the date the only non-repealed section of the dated Public Finance and Audit Act 1996.

These three key gaps if properly addressed will have a significant impact on improving the effectiveness of my office and the current poor audit outcomes and governance that exists in our public system.

An emerging risk is the lack of tabling of reports by the auditee in line with their statutory obligations. Whilst I acknowledge that this delay may also be driven by my office capacity constraints and reduced performance of contracted auditors during the COVID19 period due to border closures and inefficient remote working processes, the absence of transparent reporting denies the public a complete picture of the performance of the public entity.

Other areas which affect accountability within our public sector is set out in the last section of this report.

The Year Ahead

Looking ahead the OAG will continue to promote and build accountability and transparency in public financial management and support measures to promote good governance and combat corruption. To do this OAG will put more effort into seeking assistance through internal and external means to develop the capacity of the office in the areas of technical skills, legislative reforms and resources for the office.

The priority for OAG is to finalise the Auditor General (AG) Bill consultation so that the bill is ready for tabling in Parliament in 2024. The office will also draft the following: updated Corporate Business Plan 2027, Annual plan inclusive of annual work plan and procurement plan, and other foundational documents.

The office expects to fully implement our new staff structure in 2024. In addition a new World Bank funded project focused on improving audit quality will begin implementation in 2024. There is also a significant amount of work required to properly prepare the office for independence in the future. These include a need to secure sufficient funding to ensure that information systems, staff capability and retention, effective performance management, fully compliant human resource, administration and finance reporting and annual professional development framework processes are in place to enable my office to be effective as an autonomous organisation. The continued absence of independence in both financial and operational matters continues to be the largest obstacle to sustainable effective public auditing in Solomon Islands and will be my top priority for the future of this office.

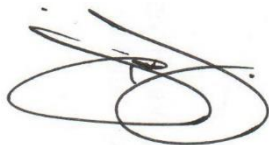
In addition, building the best public auditors both in Solomon Islands, and in time respected at a regional level, is central to both our ability to deliver quality audits at international standards and providing the community with a guide for positive change. We will seek to achieve this through

legislative reform, and building a centre of excellence supported by government, development partners, twinning partner, PASAI, IDI, and professional bodies such as ISIA.

During the past two years the OAG received critical capacity development assistance from development and Supreme Audit Institution (SAI) partners which have been instrumental in supplementing efforts on addressing backlog, and providing technical support to ensure delivery of quality reports in line with international auditing standards. Support provided include capacity building, technical advisors, and supplementation of operational costs. SIG supported OAG in terms of increased budget, co-financing of programs and provision of SIG scholarships. The OAG also received support and cooperation from Parliament, donors, PAC, auditees, contract auditors and various other stakeholders.

I am excited about the possibilities but acknowledge the challenging path ahead if we do not have independence, resources and people to deliver on our mandate. It is my hope that our government, our partners and our citizens see value in our work and support us in our vision to build accountability in the public sector through independence and professionalism.

May God Bless our Solomon Islands.



David Teika Dennis
Auditor-General
Office of the Auditor General
30th April 2024

1.0 Who are we?

1.1 Our Mandate

The Office of the Auditor-General is governed by the Constitution and the Public Finance and Audit Act.

- **The Constitution** - Section 108 of the Constitution establishes the Auditor General, the Office and the Mandate. The tenure of office of the Auditor General is provided for in section 129 of the constitution.
- **Public Finance and Audit Act (PFAA)** - The powers and the duties of the Auditor General are detailed in the PFAA section 34-48.

1.2 Our Vision

- Building public sector accountability through independence and professionalism.

1.3 Our Mission

- To develop the Office as a centre of excellence in delivery of audits of all public entities
- To deliver accessible, independent audit reports to Parliament and the People of Solomon Islands
- To champion accountability, transparency and integrity in the public service
- To commit our Office to a strong, active and devoted sense of duty to the nation.

1.4 Our Values and what they mean

- **Excellence:** We commit to building and maintaining our professional knowledge and skill at a level required to ensure the public receives competent, trustworthy, professional auditing services
- **Behaving ethically and professionally:** We will conduct ourselves in a manner to avoid any action that discredits us
- **Respect:** We have due regard for the customs and rights of others
- **Integrity:** We act in a straight forward honest manner in all our professional relationships
- **Teamwork:** We support each other
- **Trustworthy:** We will not allow bias, conflict of interest or undue influence of others to override our professional judgements
- **Community:** we care about our community

- **Making a difference:** We strive to deliver evidence based reports which can inform and lead to positive change
- **Independent:** we carry out our work freely, with integrity and in an objective manner.
- **Confidentiality:** We will respect the confidentiality of information acquired during the course of our work and will not disclose any such information to third parties without proper and specific authority, nor use the information for personal advantage or third parties

1.5 Our activities

This mandate defines the activities of our office to deliver audits of public entities. These audits can take different forms but mainly comprise of financial audits, performance audits, compliance audits or special investigations. Our audits are undertaken in compliance with International Standards of Supreme Audit Institutions (ISSAI).

Our Office is currently designed to align to the mandate of the Office with Branches specialising in delivering these audits within different areas of the public sector. These Branches are:

- Government Financial Audit which undertakes the financial audits of the central government functions and related project audits;
- Provincial Government Financial Audit which focuses on Provincial and Council audits and related project audits;
- Commercial Government Financial Audit which undertakes audits of State Owned Enterprises and Statutory Bodies and related project audits;
- Performance Audit and Public Accounts Committee Branch which undertakes performance and compliance audits and special investigations plus supports the Auditor General in his statutory role as secretary of the public accounts committee; and
- Central Headquarters and administration which supports the operations of our organisation providing Human Resource Management, financial processing and registry functions.

1.6 Our reform initiatives to meet Vision, Mission and mandate

The key reform initiatives (referred to as planks) are split into five headings. These planks are:

1. People
2. Independence
3. Professionalism
4. Accessibility
5. Enablement

1.7 People

People are the most important asset in our SAI. The quality of our work and our ability to deliver timely compliant audits of all public entities required a resetting of our people strategy. The key challenges that needed a solution included no locally professionally qualified staff below auditor general level, government recruitment freeze (either through role freezing or lack of funding support), limited budget, large audit back log and insufficient capacity for both core and new audit deliverables, staff motivation and retention, poor performance culture.

The actioned responses since 2022 include:

- Lobby government to allow audit fee margins to be applied to OAG costs and increase budget envelope.
- Obtain approval for office restructure
- Secure donor support for new longer term leadership development program
- Develop new succession plan
- Develop new role based targets for all audit staff
- Upgrade audit software and implement new time tracking initiative

1.8 Independence

Independence is the foundational need for our office to build trust and credibility in our audit work. This independence requires both financial and operational autonomy through legislation and supported by plan to build institutional readiness. The interim steps include ensuring and enforcing ethical and professional behaviour.

Key challenges in this area include lack of political will, political interference, lack of public awareness and not enough staff training on standards of professional behaviour and Leadership Code Commission expectations.

Actioned responses undertaken in this area include:

- Engage with government to progress new Act.
- Engage with PASAI on addressing Independence gaps identified in 2016 SAI PFM report.
- Develop training on what constitutes conflict of interests, professional behaviour including inappropriate public practices and declaration of outside interests.
- Undertake public awareness programs to build OAG profile and community trust.

1.9 Professionalism

Our audits are required to be conducted to international standards. The first step towards achieving this goal is to build capability and develop a clear strategy to lift the professional qualifications standards both in existing and new staff. Longer term a focus on delivering quality audits through quality assurance practices will help sustain standards.

The challenges in this area include: No local professionally qualified audit staff, significant backlog making opportunities to learn limited, not all staff on supported study engage with office during

their breaks as expected, no one set of manuals and operational checklists available, lack of budget, public service rules have limited recognition or reward for exemplary work, not enough knowledge sharing, lack staff motivation, insufficient free time to study whilst working, no measure of staff engagement and leader performance, no staff succession plan for executive roles, and financial hardship faced by staff (due to poor public service rates), leading to poor retention of highly trained staff. On audit there is also a need to develop and implement a Solomon Islands Audit Methodology (SIAM), embed into audit software and develop annual training programs on SIAM.

The responses undertaken include:

- Ongoing training opportunities through PASAI and twinning partner NSW Audit office
- Enrol staff in professional development programs
- Update training policy
- Bond all staff for paid training and development.
- Compulsory membership for all managers and above to ISIA
- Build pathway towards new quality assurance role
- Planning for donor funded comprehensive professional development program.
- Updating audit manuals and audit methodology
- Secured a project for delivery of quality audits and implementation of a system of audit quality management (SoAQM)
- Undertake an external quality assurance review
- Implement new quality control committee policy
- Develop strategy for new audit review capacity reporting to deputy auditor general.

1.10 Accessibility

To be accessible means that in everything we do and produce it needs to be understood. Given the complexity of our financial statements audits and other audits we engage in, this area will require a medium term lens and support to properly implement. Key challenges include poor public profile, no community engagement activities, reports not understood by the community, poor engagement by the public accounts committee (PAC) and government in addressing audit findings, limited budget, and limited capacity in this area with no dedicated resource in OAG.

Actioned responses undertaken since 2022 include:

- Update stakeholder's engagement strategy
- Update external communications strategy
- Engage in public awareness activities including radio, workshops and speaking events
- Create new PAC Manager and support staff role in OAG dedicated to improving quality of PAC reporting and compliance work
- Secure government and donor support for new public accounts committee manager and parliamentary reporting role
- Engage with key accountability institutions like SIACC, Police, LCC, Ombudsman and Parliament.

- Develop new reporting format for Parliament tabled reports.

1.11 Enablement

The Office needs a suitable office environment and facilities to support a high performing audit team and our vision to build accountability in the public sector in Solomon Islands. This also requires clear pathways towards readiness for fully compliant independent office operations. Key challenges include limited budget, poor tracking and monitoring of staff attendance and assets, lack of preventative maintenance, lack of operational checklists for daily, weekly and monthly activities, new finance system not yet fully implemented, lack of effective financial controller and human resource capability, outdated audit software and disaster recovery planning.

Key responses undertaken include:

- Engaged with PASAI for upgrade of audit software. Secured donor support for three ongoing licence and support costs.
- Use MYOB and other relevant software to allow more detailed analysis of client accounting systems
- Implement robust leave planning and management
- Develop administration key result areas to include timely handling of all admin requests.
- Develop new IT access controls
- Develop new data protection and information security policy

The Office corporate strategy will continue to be updated every two years.

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2.0 How do we operate?

2.1 Governance structure

The OAG has a structured approach to governance that supports the delivery of the OAG's purpose and outcomes. The OAG's governance framework sets a clear direction on organisational priorities and how progress is monitored. The framework also provides assurance that management is achieving this direction in an ethical and legal way and that risk and opportunities are recognised and addressed.

Elements of our corporate governance framework include an office structure, committees, strategic planning framework, risk and fraud management, audit and assurance activities, policies and guidelines.

2.2 Office structure

The Office has been working with the Ministry of Public Service over a number of years to modernise the structure of the Office to better reflect its current context and mandate. In 14th March 2023 the structure was approved by the Minister and in August 2023 it went live.

2.3 Rationale for Proposed Change

The OAG constitutional mandate requires delivery of audit services to all "Ministries, offices, courts and authorities of the Government, of the government of Honiara City and of all provincial governments" (s. 108 (3) of the Constitution). As described in our "who are we?" section above, the Office has a growing number of audits which need to be delivered and require a significant amount of new skilled resources to deliver effectively.

Further there are particular skills which are emerging or missing from the current structure which need to be addressed. These include IT specialists and a secretariat to support the Auditor General in his statutory role with the Public Accounts Committee (PAC). Finally, the Office has experienced significant staff losses over time to our clients. Altogether these necessitated a review of the Office's structure, retention strategy and recognition scheme.

As the OAG is working towards improving its independence in line with International Standards, it is also critical that the internal structure provides the capacity and capability to deliver on these changes. This includes lifting professional qualifications. This area is critical to deliver technical skills expected of audit roles which in turn improves the quality and impact of audit services to the people of Solomon Islands. This step also lifts our country standard to at least match our regional peer's capabilities which to date remains a significant gap.

As such the now approved restructure which follows is a critical strategic response to address each of these identified gaps.

2.4 Approved Changes

The Executive changes to four: The Auditor-General (AG), Deputy Auditor-General (DAG), two Assistant Auditor Generals (AAG). The DAG and AAG roles must have internationally recognised professional technical competencies and are in line successors for the AG role. This will be a first for OAG and assist with addressing previous repeated challenges in sourcing suitable external recruits for the AG role. Of course, where internal needs are not yet suitable, then external recruitment supported by stronger executive is likely.

2.5 Assistant Auditor Generals (AAG) and Audit Director

Each AAG will head up an audit stream. The mainstream audit functions be divided into two separate streams: one dealing with Financial Auditing and the other dealing with Performance Auditing, Information Technology (IT), Special Investigations and support to the Public Accounts Committee.

The rationale behind this is that the two types of audit require markedly different approaches and mind-sets from the auditor. Performance Audits and Special Investigations require auditors who have the ability to “think outside the box”. Whereas financial audits which makes up the majority of the core statutory audit expectations, have to have relevant accounting competence and be able to apply international accounting and auditing standards.

The financial audit is further split into two areas with one branch dealing exclusively with Provincial Government Audits which is under the IPSAS standards and reports to the Audit Director. The second branch includes national government and corporate which are under both IPSAS and IFRS standards and reports to a more senior Assistant Auditor General due to the increased complexity and technical requirements.

These senior roles will be in line with international standard competencies and provide good career growth opportunities and help address staff retention issues of the past. The roles are intended to be donor funded in the initial years and subsequently localised.

2.6 Quality Assurance and Technical Advisor

There is currently no role dedicated to the development of quality standards and technical advice for the Office’s audits. This function is needed to develop the accounting and auditing skills of staff and provide a quality management for the office and over our audits. It will also enable the Office to move towards greater compliance with International Standards of Supreme Audit Institutions. This role is intended to be donor funded.

2.7 Auditors (formerly Senior Auditors)

To reflect the increasingly complex audit requirements and the increasing professional skills requirements in line with INTOSAI’s competency frameworks for auditors the entry level roles have been upgraded. It is our vision that this will be supported by an extensive training and development program.

Auditors within each of these areas should also be able to audit across the range of activities within their respective area. This will allow for management of contingencies and better provide the flexibility required to resource our audits in a timely manner. The increase in number of roles

is commensurate with the capacity needs of the Office with increased audit clients and backlog and to bring the Office closer in line with regional standards.

2.8 Assistant Managers (formerly Principal Auditors)

It is anticipated that the Assistant Managers will be more active in supporting the management of the audit through elements of quality review and junior staff coaching. This widening of their job description and upgrading of their role reflects the increasing requirements to manage a team of professionals, audit to increasing international standards and ensure the highest ethical and integrity standards are upheld.

The increase in number of roles is commensurate with the capacity needs of the Office with increased audit clients and backlog and to bring the Office closer in line with regional standards.

2.9 Managers

A regrade of the Manager roles in the Office is intended to lift the bar in capability with commensurate increase in responsibilities, and new professional competency requirements. These roles require a minimum accepted enrolment in internationally recognised professional accounting qualification and achieved or close to a professional Accounting Technician certification or equivalent as deemed by ISIA.

The distinction between grades across the organisation provides a career path and allows scope for strong performers to be recognised for their performance subject to them meeting competency expectations. Importantly these new roles provide for possible succession planning through to executive level.

2.10 Information Technology (IT) Auditor

There is currently no role for auditing technology risks. IT Auditors will look at technology related risks in response to new laws and regulations and significant investment by government requiring specialist skills to audit. Given the Governments recent significant investment in both IT Support and new financial systems reflects the general pattern observed away from manual processes and controls to those managed through Information Technology. To continue to effectively audit these entities, the Office needs to build its expertise in IT audit techniques. This role is intended to be donor funded in the initial years and subsequently localised.

2.11 Public Accounts Committee and Parliamentary Reporting Manager and Officer

Provision of support and acting as secretary to the Public Accounts Committee (PAC) is set out in Section 69 of the Parliamentary Standing Orders but there were no staff in the old OAG structure dedicated to this. Providing support and guidance to the PAC is different from undertaking more traditional audit work. Our corporate strategy to 2027 expects extensive capacity building in this area with new processes and systems to support the PAC.

2.12 Communications and Public Relations

There has been no role dedicated to the communications of office activities and reports and engagement with the wider public. This function is needed to improve awareness of the activities of OAG including reporting and engagement with community. Given the technical nature of audit reports this role will also be responsible for improving accessibility and understanding of the

various reports produced by OAG and for establishing and maintaining the OAG social media platform in line with expected standards. This role will also support the auditor general in the increasing number of public engagements in the coming years. This role is intended to be donor funded in the initial years and subsequently localised.

2.13 Human Resource Manager Project role

In line with the Office's preparation for independence and the increasing workload which will be needed to achieve this, the Office has separated the Corporate Services Manager role into a Human Resources Manager and a separate financial controller. It is the Office's vision that this role will be supported by a donor funded specialist initially. This will allow the Human Resources Manager to provide focused support for the people change agenda and ensure that the expected learning and development needs are supported and implemented. The Specialist role will assist the auditor general in implementing the change agenda envisaged in the Corporate Plan to 2027 including a new performance management framework, recognition framework including a new scheme of service, and leadership development programs.

2.14 Staffing Levels

The table below indicates the proposed changes in staff numbers:

Table 1: Current and Proposed Establishment

Department	Pre 2023 staffing levels	Actual	Final new structure	2024 Approved Budget
Executive#	2	2	4	2
Central Government Audit (CGA)	10	7	9	8
Commercial Audit (CA)	8	6	9	9
Provincial Government Audit (PGA)	3	2	8	5
Performance Audit and Special Investigations (PA&SI)	6	3	10	7
Administration and Accounts*	8	6	11	9
Total	37	26	51	40

Includes the 2 Assistant Auditors General

*Non-audit staff

This is a total of **40 technical staff** as opposed to the current establishment of 29¹ staff. In 2024 a total of eight roles will be donor funded as part of World Banks projects. These roles are intended to be absorbed into the establishment at the end of the project in five years.

The two charts below show the structure which has now been approved and is being implemented through 2023 and 2024.

Chart 1: New Structure (Technical staff)

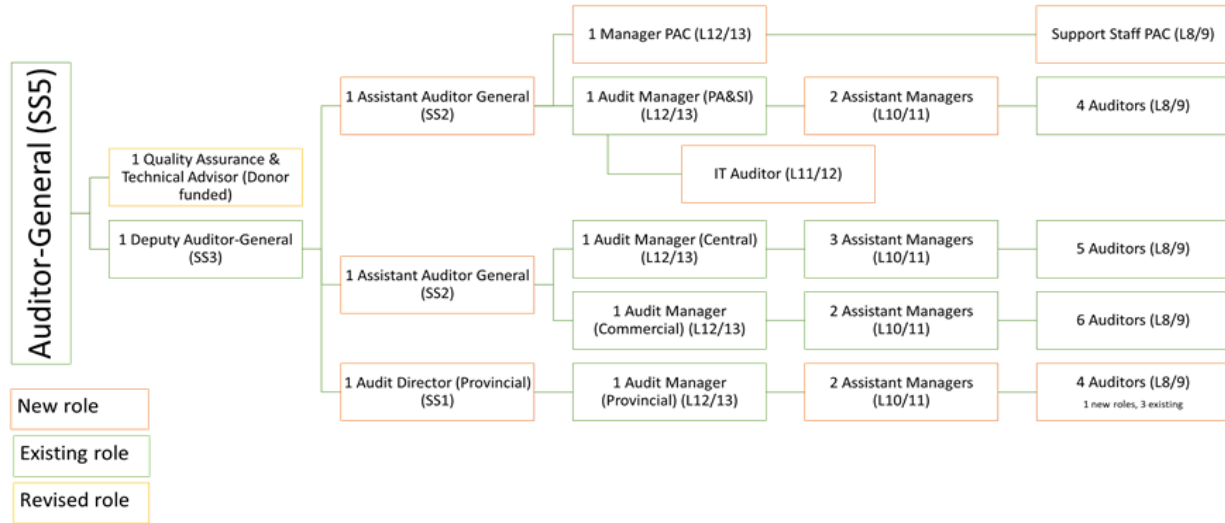
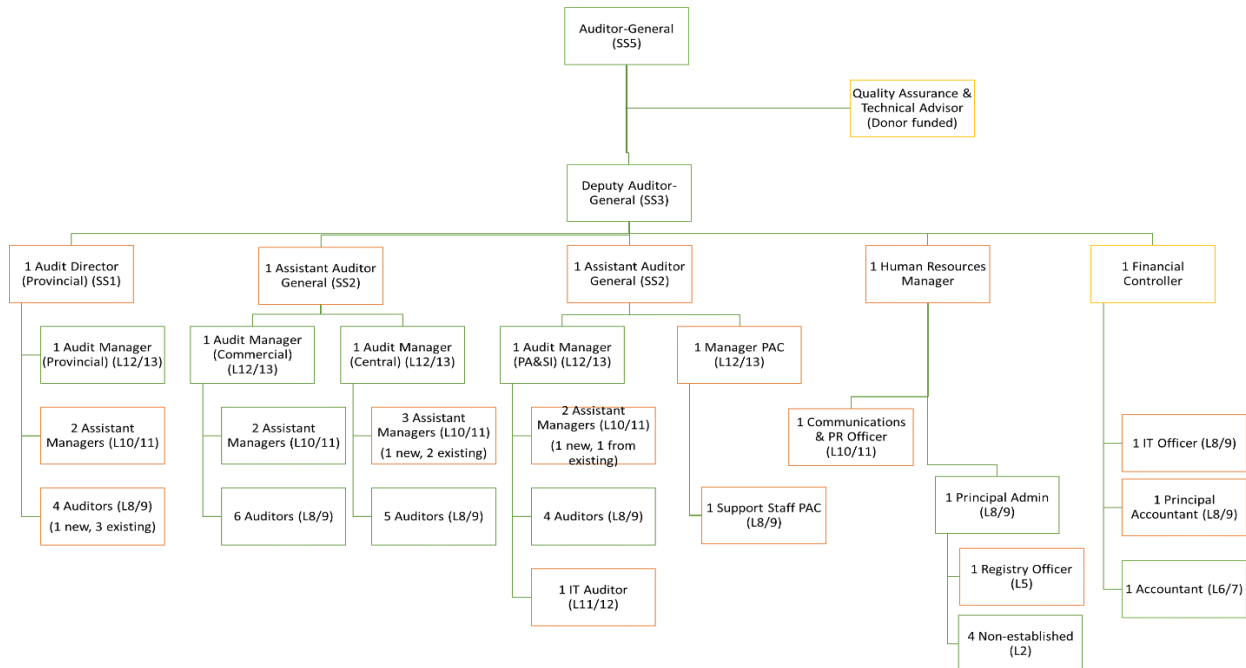


Chart 2: New Structure (Office of the Auditor-General)



¹ Includes frozen roles

2.15 Audit Work Programme

An audit work programme (AWP) was developed in 2022 identifying the audit work to be undertaken in the upcoming year. Due to various reasons including staffing and auditee issues, the AWP is a live document which is updated continuously and managed through our LT. It is also clear that we do not have the necessary capacity to meet our annual statutory expectations which is alluded to in our performance section of this report. It is my intention that we will in time publish both our annual targets and annual work program in advance once back log and fundamental capacity issues are stabilised.

2.16 Committees

The following committees including new committees continue to function during the reporting period:

- **Leadership Team (LT):** a new charter was approved in 2022. LT meets every fortnight or as required to review reports, approve policies and provide directions regarding the operations and management of OAG. The membership of the team comprises auditor general, deputy auditor general and all the branch heads.
- **Performance Management Review and Disciplinary Committee:** is responsible for the review and endorsement of submissions for confirmations of probations, promotions and annual reports for all staff of OAG.
- **Communications and public relations committee:** is responsible for all media and events management for OAG
- **Training and development committee:** is responsible for developing and overseeing OAG learning and professional development. This includes making recommendations to the AG for scholarship applications for OAG.
- **Quality Control Committee:** this new committee and policy was approved in 2022 tasked with scrutiny of all high-risk audits to ensure final reports properly consider risks and approve within our risk appetite as described in our policy.
- **Ministerial Tender Board (MTB):** is responsible for approval and endorsement of tender submissions from the Technical Evaluation Committee (TEC) regarding tenders. These include tenders for audit contract services. In past two years we have undertaken the following tenders for audit services which have been awarded:

Table 2: Approved audit services tenders 2022/2023

Project	Annual Value (Yr 1) (\$)	Contract Value (\$)
SIMA	149,500	766,500
CBSI	460,000	2,360,000
SIEA	320,000	1,540,000
COVID 19 Emergency Response Project	95,510	337,040
Domestic Resource Mobilization Project	45,000	293,500

Community Access and Urban Services Enhancement Project	95,000	250,000
Pacific Islands Regional Oceanscape Program Second Phase for Economic Resilience Project	56,000	287,800
Solomon Islands Agriculture and Rural Transformation	82,000	410,000
Solomon Islands Roads and Aviation Project	86,000	172,000
Solomon Islands Roads and Aviation Project 2	79,000	395,000
FMIS implementation project	27,400	207,900

2.17 IT Support

Monitoring and Financial Management

These are some of the things that are monitored at OAG using different means of monitoring systems:

- **Budget and Payments:** this was formerly monitored via the AX system in late 2021 the systems were switched over to new D365. We have experienced a number of issues including unreliable reporting noted in 2022 and 2023. These issues have been raised for addressing in 2024.
- **Performance Management Process (PMP):** monitored by following MPS templates and guidelines schedules; and
- **Staff Attendance:** using electronic attendance record system -“SIGTaac” (Time attendance and access control) system and a manual tracker.

The vigorous application of the above monitoring systems and processes, ensures transparency, accountability and effective delivery of the office goals and objectives.

All procurements are in full compliance with the general procurement guidelines and Financial Instructions. At this stage audit services procurements are being managed by the deputy auditor general. This needs to be reallocated to dedicated procurement resources which will be sought through the office’s proposed restructure.

2.18 TeamMate

During 2022 OAG upgraded its existing audit working paper documentation and management software TeamMate AM to TeamMate+.

To date a comprehensive database of checklists, test programs, questionnaires and other documents has been compiled and updated within TeamMate for use in either all or specific audit types. Use of these will enhance OAGs compliance with the International Standards of Supreme Audit Institutions (ISSAI). In the future a further update for implementation of Solomon Islands specific audit methodology will be undertaken and embedded in Teammate.

It is my intention that all audits will move to Teammate+ by 2024. Longer term other software functionality with time sheeting and audit time scheduling will support the offices monitoring of both audit performance and efficiency.

2.19 Engagement with partners

PASAI and IDI Capacity Development

OAG participates in the PASAI and IDI Capacity Development. Auditors from OAG shared knowledge and experience with PASAI IDI facilitators and auditors from various countries while conducting:

- IDI PASAI Co-operative Audit on COVID19 Ministry of Health and Medical Services (MHMS) Transparency, Accountability and Inclusiveness (TAI) audit. This audit was completed in 2022 and reported in 2023.
- IDI PASAI Co-operative Audit on Climate Change Adaption. This audit is only at planning stage in 2023.

2.20 Twinning

The Australian Department of Foreign Affairs and Trade (DFAT) is providing support to the OAG through a twinning arrangement with the New South Wales Audit Office (NSWAO). This is a three year programme which concluded in 2022. NSWAO delivered training, quality assurance reviews on selected audits and audit capacity development on COVID audits in 2021 and 2022. A new proposal for a further three years commencing 2023 was agreed.

In 2023 we received a secondment of a senior NSWAO staff to support our office in addressing backlog in the Provincial Government audits. Also in 2023 OAG benefited from specialist IT auditors who supported OAG in capacity building and support in developing IT audit methodology for OAG.

2.21 Deputy Auditor General

The New Zealand Ministry of Foreign Affairs and Trade (MFAT) is providing support to the OAG through the recruitment and funding of the OAG Deputy Auditor general role for the period 2022 through to 2024. A new proposal for further funding has been agreed in principle.

2.22 Other Management Issues

Inclusion and Diversity

The OAG aims to create an organisation that encourages and welcomes diversity. This includes diversity of background, views, thoughts and approaches.

The OAG's objective is to attract a range of people to build a success and sustainable organisation with a culture that enriches our work and impact.

2.23 Gender

As part of this process we champion gender balance and ensure there is equality of opportunities regardless of gender. As at end of 2023 gender balance was 42% male and 58% female.

2.24 Disability

As part of our commitment to the disabled community, we guarantee to interview all disabled candidates who meet the minimum criteria for the role. In addition, we will make adjustments to the arrangements for interviews and selection tests and, if appointed, agreeing a package of workplace adjustments.

We aim to support anyone who becomes disabled during their employment to remain in their post and achieve their potential.

2.25 Equality and Fairness

We are committed to fostering an inclusive working environment in which individual differences are respected and everyone is encouraged to reach their full potential and contribute to the OAG objectives.

We aim to ensure that all staff receive equal treatment that is free from discrimination and we follow all employee related procedures impartially and objectively. This approach includes decisions relating to training and development, performance management, reward and benefits and promotion.

We do not tolerate bullying and harassment of any kind. We are working hard to ensure people feel confident that they can raise issues in a safe, supportive and confidential environment.

2.26 Environmental Impact

It is our policy to manage our organisation in the most environmentally responsible manner to comply with all applicable environmental legislation and with any other requirement necessary. Our direct environmental impacts include the greenhouse gas emissions associated with business travel and energy use, water use, paper consumption and general waste in our building.

We will start to establish the environmental impact of our activities in future years and will set and review environmental targets to support continuous improvement.

2.27 Scrutiny of the Office

External Scrutiny

The OAG's operations, processes, and reports are periodically subjected to external review. This occurs in a number of ways:

- We produce this Annual Report to Parliament which details our actual activities with regards our planned activities.
- As indicated above, the Supreme Audit Institution Performance Measurement Framework (SAI PMF) was used to measure the status of the OAG in 2016 and where it

needed to improve. This was led by members of the Cook Islands SAI. In future, the OAG will continue external reviews using “peer reviews” from other PASAI members.

- In 2023 OAG did undertake a PASAI led QA review of selected files. The results are used to inform future strategy to continue to improve the quality of audits.

In 2024 a new World Bank project will be focused implementing a system of quality management to support the ongoing delivery of high quality audits.

2.28 Internal Scrutiny

This is provided by the various in-house committees.

In future consideration will be given to developing an Audit Committee, with outside members, to ensure the governance of the OAG. In 2021 spot quality assurance (QA) was undertaken with assistance from NSW audit office.

During 2021 through to 2023 OAG instituted a new Independence Committee to manage the conflicts of interest that the new auditor general had with his former appointments as directors of CBSI and SIPC. These were disclosed in the relevant audit opinions issued for the entities impacted.

2.29 Our Budget

Details of Revenue and Expenditure	2022 Revised Budget	2023 Revised Budget
INCOME:		
ATM Rentals	\$ 35,780	\$ -
Audit Fees	\$ 3,094,400	\$ -
Total	\$ 3,130,180	\$ -
EXPENDITURE:		
Payroll Charges- Salaries		
Salaries-Statutory	\$ 850,000	\$ 653,000
Salaries- Public Servants	\$ 1,898,645	\$ 1,833,710
Housing Allowance- statutory	\$ 240,000	\$ 180,000
Housing Allowance- Public servants	\$ 123,483	\$ 183,936
Variuous Allowance- Statutory	\$ 36,000	\$ 38,500
Variuous Allowance- Public servants	\$ 120,352	\$ 179,818
NPF- Employers contributions	\$ 247,351	\$ 220,821
Overtime	\$ 29,529	\$ 36,674
Gratuity benefit	\$ -	\$ 369,008
Total payroll charge	\$ 3,545,360	\$ 3,695,467
Other Charges:		
Audit fees	\$ 2,920,100	\$ 2,882,385
Printing, stationary & Photocopying	\$ 71,642	\$ 76,500
Publicity & Promotions	\$ 15,000	\$ 35,000
Subscriptions	\$ 48,290	\$ 46,550
Entertainment	\$ 3,000	\$ 3,000
Office stationary	\$ 65,000	\$ 45,000
Fuel	\$ 41,800	\$ 38,800
Maintain- Non residential building	\$ 200,000	\$ 100,000
Maintain- Motor Vehicles	\$ 40,000	\$ 79,000
Maintain- Office Equipments	\$ 10,000	\$ 25,000
Software support and maintenance	\$ 19,242	\$ 16,242
Conference, seminars and workshops	\$ 10,000	\$ 20,000
Training- Other	\$ 41,700	\$ 80,700
Public servants- Local fares	\$ 93,520	\$ 143,972
Public servants- Local accommodations	\$ 169,800	\$ 226,100
Public servants- Local other costs	\$ 67,000	\$ 161,257
Public servants- Overseas fares	\$ -	\$ 55,000
Public servants- Overseas Accommodation	\$ -	\$ 15,000
Public servants- Overseas other costs	\$ -	\$ 22,000
Public servants- Annual leave fares	\$ 470,341	\$ 487,500
Electricity	\$ 386,000	\$ 419,000
Telephones & Faxes	\$ 60,000	\$ 24,000
Water	\$ 36,000	\$ 38,400
Capex- Office Equipment	\$ 20,000	\$ 105,000
Capex- Computer software and Hardware	\$ 135,000	\$ 125,000
Gratuties under Agreements	\$ 369,008	\$ -
House Rent	\$ 1,301,400	\$ 1,318,200
Total Other Charges	\$ 6,593,843	\$ 6,588,606
EXPENDITURE TOTAL	\$ 10,139,203	\$ 10,284,073

Our Budget was approved in 2022 for 2023. A number of payments were not processed by MOFT in 2022 and were carried over to 2023. In 2023 the office experienced further more significant delays in payments. Of particular concern was the blocking of account codes and continued unexplained delays in processing of payments. This directly affected the operation of our office and impacts our office independence.

In 2022 and 2023 budget execution was poor due to the direction instituted by MoFT. As was noted in the 2023 Budget 2024 PAC report and COVID19 audits released in 2023, MoFT breached provisions of the PFM Act and budget operational rules whilst it continues to administer controls. This calls into question budget credibility and concerns on the lack of accountability.

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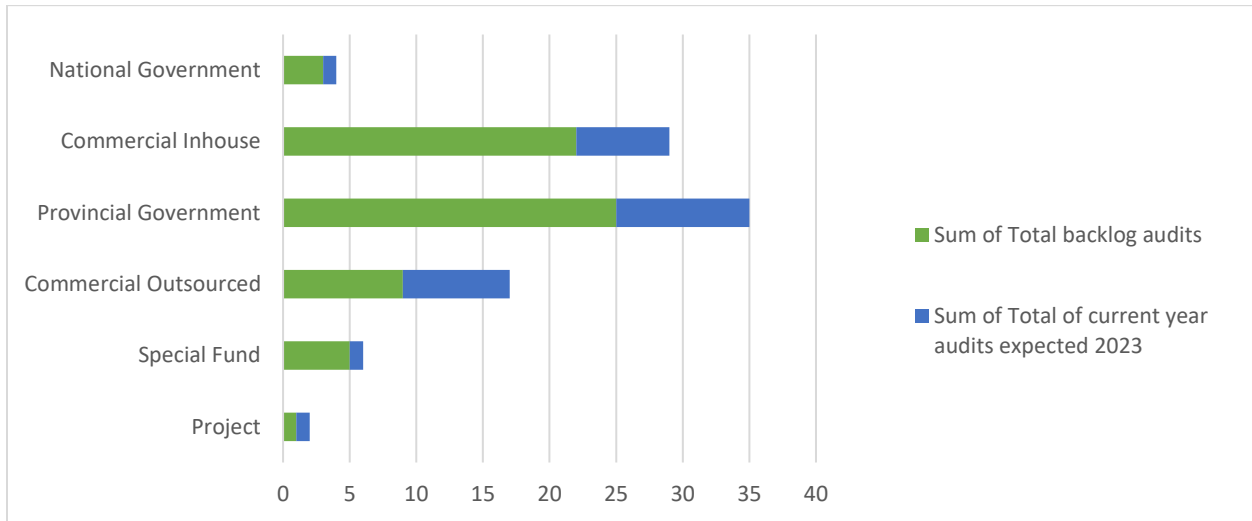
3.0 How did we do? Our performance

This section of the annual report details the work undertaken by the Office through to the period ending December 2023.

3.1 Delivery of our statutory audits and the backlog

In 2023 we started the year with a total of 65 financial statement audits in backlog and a further 28 current audits spread across our areas of responsibility as noted below.

Chart 3: Split of historical backlog audits defined as clients with greater than one year outstanding



The National Government audit consists of 26 Ministries. The latest consolidated audit of the National Government, being 2018, was issued in 2022. For the period of 2018 through to 2020 the National Government audit will continue to be at a consolidated level and reported as one entity. For the period of 2021 onwards a new strategy to supplement this with audits into Ministries will be implemented based on available office capacity.

Chart 3 paints a dire situation for my Office and with a large majority of these dating before my start date in late 2021. This situation is not surprising given the lack of capacity both in skills and number of staff required to deliver against annual statutory expectations. The Office, with the exception of myself, has no local registered professionally qualified staff and we continue to lose our best trained staff to projects, statutory authorities and private sector due to more attractive benefits.

In order to begin a strategic shift in addressing capacity gaps and systematically address the audit backlogs, the following were the key priorities which were implemented gradually from 2022.

- Undertake full office structure review focusing on audit roles

- Strengthen the review function at all grades. This will include new guidance for managers in undertaking their reviews; and checklists that must be completed as part of the sign off process at key stage gates in the audit.
- Introduce a formal risk framework to assess the risk of our audits. This will determine how we approach our audits from a quality control perspective and focus resources using a risk based approach.
- Outsource audits where we don't have capacity to undertake them in house. It is expected therefore that commercial audits currently undertaken in house will be considered for outsourcing and new grant or project audits will be outsourced wherever possible. Backlog grant audits without a budget are not prioritised.
- Seek TA support from PASAI and Twinning partner to supplement lack of capacity in the office.
- Seek short term support for procurement and human resource related activities.

In 2023 further key strategic initiatives undertaken included

- Minister of Public Service approved OAG staff restructure which included the upgrade of all audit roles.
- New World Bank Project CAPSA approved in 2023. This Project is aimed at delivering quality audits and will support the office with seven consultant roles for the Office in 2024.
- IECDR World Bank Project provided funding for audit fees which in turn provides two new roles.
- Continued surge resourcing support from twinning partner and PASAI to help target key backlog areas. In 2023 a total of twelve backlogged provincial government audits were cleared and six near reporting as a result of this strategy.
- New procurement contract auditor performance standards developed in 2022 were rolled out in 2023.

3.2 Grant, Special funds and Political Party audits

There are a range of donor funding streams which are accounted through the SIG systems. At the moment these audits are often undertaken by auditors appointed by the Ministry, donor or project. However, these audits fall within our remit. It is our general preference that these audits will remain outsourced. However, the appointment of the auditor, and the signing of the audit opinion, following the Office's review, will need to be undertaken by the auditor general. As such we are working with the donors to bring these project and grant audits within our processes.

A critical component of this process in early stages is to ensure project funds are available for both the contract auditor as well as our quality review services.

Special Fund financial Statements are similarly required to be audited by the Auditor General². We progress scheduled audits in line with capacity and seek to outsource the remainder wherever possible to address the backlog.

² Public Finance and Audit Act 38 (2)(a) and 39(1)

The OAG is required to consent to the appointment of Political Party Auditors and certify acceptance of the audit reports³. To date only a small number of registered political parties have submitted financial statements. We will continue to work with the Office of the Registrar and UNDP who have funded a UN Volunteer to assist the Office with implementation of these audits. For the period 2021, the Office has not received any requests for consent from any Political Party. Furthermore, only one political party submitted financial statements in 2022.

3.3 Delivery of Performance and Compliance Audits and Special Investigations

Following the Government’s request in November 2021 to audit COVID19 related expenditure, my office has agreed to undertake a series of audits of selected Ministries and to audit the economic stimulus package (ESP). The COVID19 Ministry audits were tabled in Parliament in February 2023. The audit of ESP is scheduled for 2023 and 2024. This is initially split into two parts. The first will look at the documentation to support the payments and the adequacy of the process followed in awarding the grants. The second stage will look at verifying the work done. This work is expected to be reported in early 2024.

3.4 How do we report

Before we set out our performance for the year by the relevant sector, the following sections outline the different types of financial statement audit reports that we can issue.

3.5 Audit opinion definitions

When providing an audit opinion over a set of financial statements, the auditor-general is required to comply with International Standards of Supreme Audit Institutions (ISSAI).

These standards define the type of audit opinion that should be issued depending upon the nature of the errors, internal control weaknesses and other matters identified during the audit. The table below provides details of the different types of modified audit opinions that the auditor general may issue when certifying a set of financial statements.

Nature of matter giving rise to the modification	Auditor’s Judgement about the pervasiveness of the effects or possible effects on the financial statements	
	Material but not pervasive	Material and pervasive
Financial statements are materially misstated	Qualified audit opinion	Adverse opinion
Inability to obtain sufficient appropriate audit evidence	Qualified audit opinion	Disclaimer of opinion

Material means that whatever hasn’t been reported properly in the financial statements is big enough to matter from a reader’s perspective. Material can also be about the “nature” of the item that caused the error and what the circumstances were.⁴

³ Political Parties Act 2014 62 (1) and (3)

⁴ Taken from: <https://auditnz.parliament.nz/assurance-services/annual-audits/types-of-opinions>

Pervasive means that it isn't an isolated problem – it affects so much that the information that's been reported, as a whole, is misleading⁵.

The best type of audit opinion to receive is an **unqualified audit opinion**. Ultimately, it should be a key objective for all auditees to achieve an unqualified audit opinion.

The auditor general is also required to report on other legal and regulatory requirements. This forms the second part of the auditor general's audit opinion and details any significant breaches of other legal or regulatory requirements identified in relation to reporting requirements under the applicable Act.

3.6 Emphasis of Matter paragraphs

In some of the auditor general's audit opinions, ISSAIs require him to issue an emphasis of matter paragraph. This is not the same as a qualification but the auditor general is required to alert readers of the financial statements to any matters which may not result in modification to the financial statements but are important issues that the auditor general wishes to bring to the readers' attention. This is an auditor's way of saying "you need to take note of this."

3.7 Reporting by Audit Sector

The following sets out the details by audit sector including public accounts committee support. These will be further detailed in separate sector reports which are expected to be tabled in late 2024.

3.8 State-owned Enterprises (SoE)

In 2023 there are eight State-owned Enterprises (SoE). Table 3 below indicates the financial reporting performance of three which have received clean audit opinions. Only one SoE (Solomon Power) met its financial reporting requirement.

One SoE, Investment Corporation of Solomon Islands (ICSI), produced financial statements for the period 2017 to 2020 at the end of the year. We will schedule this work once satisfied that they are adequate to move forward with the audit.

Many of the SoE failed to meet their reporting deadlines for the reporting period. The financial reporting performance of many of the outsourced SoE has been delayed due to the previous restrictions audit firms experienced during COVID19. They are working to address this position and we expect four of these audits to be completed in the near future. There are three which are in backlog with the Office and remain a challenge given our resources. These will be completed as resourcing permits.

There is one new entity, Solomon Islands Airport Corporation Limited, for which we expect to tender the audit in 2024.

⁵ Taken from: <https://auditnz.parliament.nz/assurance-services/annual-audits/types-of-opinions>

Table 3: State Owned Enterprises which Received Audit Certificates during 2022 and 2023

Auditee	Financial Year-End	Date of Audit Certification	Audit Opinion	Date tabled in Parliament
Solomon Islands Ports Authority	30/09/2020	20/06/2022	Unqualified	Not tabled
Solomon Islands Electricity Authority	31/12/2021	30/03/2022	Unqualified	7/11/22
Solomon Airlines	31/12/2020	27/4/2023	Unqualified with Emphasis of Matter	Not tabled
Solomon Islands Electricity Authority	31/12/2022	30/3/2023	Unqualified	Not tabled
Solomon Islands Water Authority	31/12/2021	30/06/2023	Unqualified with Emphasis of Matter	Not tabled

3.9 Statutory Bodies

Table 4 below shows the state of financial reporting by the statutory bodies. One, CBSI, continues to provide timely financial reporting and has received an unqualified opinion. Other statutory bodies have failed to meet their reporting deadlines for the reporting period. Three of these audits are outsourced (NPF, DBSI and SIMA) and the audit firms and entities are working together to rectify the delays in reporting.

In the year we have seen some catch up in the reporting for SINU but this remains in a backlog position. There are three further audits (TCSI, SIVB and SIBC) which are undertaken inhouse and remain in backlog. These will be completed as OAG resourcing permits and we will look for opportunities to outsource these audits where possible.

Table 4: Statutory Bodies & Other Agencies which received Audit Certificates during 2022 and 2023

Auditee	Financial Yearend	Date of Audit Certification	Audit Opinion	Date tabled in Parliament
Central Bank of Solomon Islands	31/12/2021	30/06/2022	Unqualified	24/11/2022
Central Bank of Solomon Islands	31/12/2022	26/4/2023	Unqualified with Emphasis of Matter	17/05/2023
Development Bank of Solomon Islands	31/12/2021	29/11/2023	Unqualified with Emphasis of Matter	Not tabled
Solomon Islands National Provident Fund	30/06/2020	19/08/2022	Unqualified	Not tabled
Solomon Islands National Provident Fund	30/6/2021	30/6/2023	Unqualified with Emphasis of Matter	Not tabled
Solomon Islands National Provident Fund	30/6/2022	06/12/2023	Unqualified	Not tabled

Solomon Islands National University	31/12/2018	01/12/2023	Disclaimer	Not tabled
Solomon Islands National University	31/12/2019	01/12/2023	Disclaimer	Not tabled
Solomon Islands National University	31/12/2020	01/12/2023	Disclaimer	Not tabled
Solomon Islands Maritime Authority	31/12/2019	19/08/2022	Qualified	Not tabled
Solomon Islands Maritime Authority	31/12/2020	19/08/2022	Qualified	Not tabled

3.10 Solomon Islands Government (SIG), Honiara City Council (HCC) and Provinces

The audit of SIG, HCC and provincial governments continues to be a challenge for the OAG due in part to the state of record keeping and the quality of the financial statements produced by the entities and the capacity within OAG.

The audit of SIG has not met its statutory deadlines. As noted in Table 5 the financial statements for years ending 2019 and 2020 are in progress. A separate sector report for period 2018 to 2020 is planned once 2019 and 2020 audits are completed in 2024. The HCC financial statements audits for 2016 to 2019 are nearing completion and 2020 has also now been received. These will be completed as OAG resourcing permits.

In the year, two provinces (Central and Isabel) received unqualified audit opinions. In addition, Choiseul and Western received qualified audit opinions. The remaining audit reports for provinces issued in the year received disclaimer of opinions.

Table 5: SIG, HCC and PG which Received Audit Certificates during 2022 and 2023

Auditee	Financial Yearend	Date of audit certification	Audit Opinion
Solomon Islands Government	31/12/2018	19/12/2022	Disclaimer
Central Islands Provincial Government	31/3/2022	25/10/2023	Unqualified
Choiseul Provincial Government	31/03/2020	22/02/2022	Qualified
Choiseul Provincial Government	31/3/2021	26/10/2023	Qualified
Guadalcanal Provincial Government	31/3/2020	19/10/2023	Disclaimer
Guadalcanal Provincial Government	31/3/2021	19/10/2023	Disclaimer
Guadalcanal Provincial Government	31/3/2022	22/11/2023	Disclaimer
Isabel Provincial Government	31/3/2021	19/10/2023	Unqualified
Makira Ulawa Provincial Government	31/03/2020	19/12/2022	Disclaimer
Makira Ulawa Provincial Government	31/3/2021	19/10/2023	Disclaimer

Malaita Provincial Government	31/03/2020	19/12/2022	Disclaimer
Malaita Provincial Government	31/3/2021	19/10/2023	Disclaimer
Temotu Provincial Government	31/03/2020	19/12/2022	Qualified
Temotu Provincial Government	31/3/2021	22/11/2023	Qualified
Temotu Provincial Government	31/3/2022	22/11/2023	Qualified
Western Provincial Government	31/03/2020	19/12/2022	Qualified
Western Provincial Government	31/3/2021	26/10/2023	Qualified
Western Provincial Government	31/3/2022	26/10/2023	Qualified

3.11 Performance and Special Audits

The OAG finalised four performance and special audits during the year. Performance audits will be a priority area for OAG in future and measures are being taken to address capacity issues within the office. Capacity continues to be a challenge for OAG regarding performance and special audits. Table 8 details the performance and special audits completed during the reporting period.

Table 8: Performance and Special Audits Certificates in 2023

Audit Type	Audit Title	Date certified by Auditor General
Compliance	Procurement relating to COVID19 Disaster Relief Fund by the National Disaster Management Office	15 February 2023
Compliance	Procurement relating to COVID19 Disaster Relief Fund by the Ministry of Infrastructure Development	15 February 2023
Compliance	Procurement relating to COVID19 Disaster Relief Fund by the Ministry of Health and Medical Services	15 February 2023
Compliance	Thematic audit report on COVID19 related procurement in a state of public emergency by three ministries.	15 February 2023

3.12 Project audits

One of the Office's efforts in 2022 and 2023 has been to work with donors to ensure that where appropriate, the Office is undertaking the audits of government-based project financial statement audits. Due to capacity constraints, the Office is generally seeking to outsource the audits. The Office is working through a process to onboard the audits, appoint an outsourced auditor and then catch up with the backlog that has arisen whilst this process is worked through. In 2023 the Office issued three opinions on project audits as shown in table 6.

Table 6: Project Audits Certified in 2022 and 2023

Auditee	Financial Yearend	Date of audit certification	Audit Opinion
Solomon Island Road and Aviation Project (SIRAP)*	2020	10 March 2022	Unqualified

Solomon Island Road and Aviation Project (SIRAP)*	2021	30 March 2023	Unqualified
Solomon Island Road and Aviation Project (SIRAP)*	2022	30 June 2023	Unqualified
Solomon Island Road and Aviation Project 2 (SIRAP2)*	2022	30 June 2023	Unqualified
Solomon Islands Covid-19 Emergency Response Project*	2021	6 December 2023	Qualified

*Denotes special purpose reports with emphasis on matter on limitations of the audit

3.13 Audit Reports Tabled in Parliament by OAG

Four OAG reports were tabled in Parliament during the reporting period. Table 7 provides the details of the reports tabled in Parliament during 2023.

Table 7: Audit Reports Tabled in 2023

Audit type	Audit title	Date Certified by Auditor General	Parliament Paper No.	Date tabled in Parliament
Compliance	Procurement relating to COVID19 Disaster Relief Fund by the National Disaster Management Office	15 February 2023	2/2023	15 February 2023
Compliance	Procurement relating to COVID19 Disaster Relief Fund by the Ministry of Infrastructure Development	15 February 2023	1/2023	15 February 2023
Compliance	Procurement relating to COVID19 Disaster Relief Fund by the Ministry of Health and Medical Services	15 February 2023	3/2023	15 February 2023
Compliance	Thematic audit report on COVID19 related procurement in a state of public emergency by three ministries.	15 February 2023	4/2023	15 February 2023

3.14 Audits in Progress

Table 8 details the financial statements audits in progress during the reporting period.

Table 8: Annual Financial Statements Audits in Progress as at 31st December 2023

Auditee	Latest financial statements accepted or contracted (year ending)
Central Provincial Government	31/03/2023
Choiseul Provincial Government	31/03/2023
Civil Aviation Authority Special Fund	31/12/2022
Commodities Export Marketing Authority	31/12/2021
Community Access and Urban Services Enhancement Project (CAUSE)	31/12/2022
COVID19 Emergency Response Project	31/12/2022
Domestic Resource Mobilisation Project	31/12/2022
Honiara City Council	31/12/2020
Guadalcanal Provincial Government	31/03/2023
Integrated Economic Development & Community Resilience Project (IEDCR)	31/03/2023
Isabel Provincial Government	31/03/2023
Malaita Provincial Government	31/03/2023
National Hosting Authority	31/12/2019
Solomon Islands Broadcasting Corporation	31/12/2021
Solomon Islands Government	31/12/2020
Solomon Islands Ports Authority	31/09/2022
Solomon Islands Postal Corporation	31/12/2019
Solomon Islands Visitors Bureau	31/12/2021
Solomon Islands Water Authority	31/12/2022
Telecommunications Commission Solomon Islands	31/12/2020
Temotu Provincial Government	31/03/2023
Western Provincial Government	31/03/2023

Table 9 details performance audits currently in progress during the reporting period. The Climate Change Adaptation audit is a cooperative audit facilitated by IDI and PASAI with other audit offices in Asia and Pacific.

Table 9: Special and Performance Audits in Progress as at 31st December 2023

Audit Type	Audit Title	Status
Compliance	Economic Stimulus Package Stage 1	Reporting
Performance	Economic Stimulus Package Stage 2	Fieldwork
Performance	Climate Change Adaptation	Planning

3.15 Public Accounts Committee

Effective and transparent accountability for spending public money is central to democratic government and good public administration. The OAG's role, independent of government; is to offer insight and expertise to support Parliament in ensuring accountability for public spending and simultaneously provide a robust platform for improvement in the public service. In 2023, the OAG has continued to play this vital role in what can only be described as a challenging time for the public sector.

3.16 Budget Estimates Hearings

The Auditor-General is the Secretary to the Public Accounts Committee (PAC) and the OAG provides the secretariat support. This consumes considerable resources of OAG in attending hearings and preparing the reports of the committee.

Table 10 shows the hearings of the PAC that OAG provided secretariat support to.

Table 10: PAC hearings

Hearing date	Type of hearing	No of days of hearing
April 2022	2022 Appropriation Bill 2022	7
August 2022	2022 Supplementary Appropriation Bill 2022	4
August 2022	2021 Supplementary Appropriation Bill 2022	2
November 2022	2023 Appropriation Bill 2022	9
June 2023	2022 Supplementary Appropriation Bill 2023	3
May 2023	2023 Supplementary Appropriation Bill 2023	3
November 2023	2024 Appropriation Bill 2023	7

Supported by UNDP, we also developed new protocol statements for Public Account and Public Expenditure Committees to manage the auditor general's independence. A new tool to assist the Office in preparation of their PAC briefing documents was also developed and implemented in 2023.

In 2023 we also supported the new engagement of the Westminster Foundation for democracy support to Parliament.

3.17 Other Corporate Programs

OAG independence agenda

During 2022 and 2023 the Office was assisted by IMF in reviewing draft auditor general legislation, workshop and training. The Office also piloted the use of SAI Independence Rapid Advocacy Mechanism (SIRAM) an IDI initiative to support our independence agenda.

3.18 Training

Thirteen staff at the OAG secured scholarships funded by DFAT to undertake a pilot professional diploma in accounting delivered by Institute of Solomon Islands Accountants in partnership with the Institute of Public Accountants of Australia. In 2023 all staff passed achieving a 100% success rate which is an outstanding achievement for our office. OAG continues to invest in staff securing a further partially funded eight scholarships for staff expecting completion in 2024.

In addition, one staff returned from her studies in New Zealand.

With the update in the training policy the Office now allows dedicated time for professional development. This is also further supported by additional resources including tutors to improve the pass rates for our team. As part of the training policy update our office also bonds staff given the high staff turnover and continued uncompetitive staff benefits compared to SOE, donor projects and private sector offerings.

Unfortunately three of our staff enrolled in our new professional audit program, Professional Education for SAI auditors (PESA), did not pass. This is an essential qualification for our business and we will encourage those eligible to re-sit the exam in 2023. OAG will continue to work with IDI to roll out this program in the years ahead.

3.19 Integrity Institutions

UNDP has been providing assistance to the Office in drafting memorandums of understanding (MOUs) to work with other integrity institutions. We now have MOUs in place with Police, FIU and SIICAC.

The MOUs create the expectation of regular liaison meetings so we will schedule these to start to build the relationship.

In addition, the anti-corruption day each December is supported by our Office. We continue to advocate for the creation of an independent integrity group forum.

In 2023 one referral was made to the Police and eight referrals through to leadership code commission. The Office continues to follow-up a 2021 referral to the Solomon Islands Independent Commission against Corruption (SIICAC).

3.20 Ongoing engagement with CSOs and media

Both the stakeholder and communications strategy were updated in 2022 with the help from PASAI. These will be reviewed again once dedicated resources are in place.

In 2022 the Office was invited by CSO's to provide awareness talks on our role. The auditor general attended numerous panel discussions, community awareness programs, and a number of regional events as a presenter.

In 2023 OAG hosted an IMF/UNDP sponsored workshop on building accountability in Solomon Islands and continued to engage in a number of workshops and panel discussions.

4.0 Unaudited Annual Financial Statements 2018 to 2023

This section of the Annual Report contains the unaudited annual financial statements for the six years from 2018 to 2023. It remains our intention to have our financial statements audited in the future. These financial statements are extracted from the SIG financial management information systems which will be subject to a future audit.

The Financial Statement for the year ended 31st December 2018 to 31st December 2023 are based on properly maintained financial records, fairly presented, to the extent possible as required by section 77 of the Public Financial Management Act.

Statement of Cash Receipts and Payments
For the Years Ended 31 December 2018 to 2023

DETAILS	Notes	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
		Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account
							\$SBD	\$SBD
CASH RECEIPTS								
Audit Fee receipts		-\$ 1,484,276.94	-\$ 1,147,773.00	-\$ 304,131.20	-\$ 1,409,592.00	-\$ 2,757,998.00	-\$ 1,279,460.00	-\$ 3,094,954.00
Other fees and charges		-\$ 21,000.00	-\$ 18,000.00	-\$ 27,000.00	-\$ 36,000.00	\$ -	\$ -	\$ -
Donor budget support		\$ -	\$ -	\$ 110,420.97	\$ -	\$ -	\$ -	\$ -
Total Cash Receipts for the year		-\$ 1,505,276.94	-\$ 1,165,773.00	-\$ 441,552.17	-\$ 1,445,592.00	-\$ 2,757,998.00	-\$ 1,279,460.00	-\$ 3,094,954.00
CASH PAYMENTS								
Audit Fee payment		\$ 674,991	\$ 890,658	\$ 195,000	\$ 1,712,023	\$ 1,994,240	\$ 1,856,981	\$ 1,530,790
Salaries, Wages and Employee Benefits	2	\$ 3,406,444	\$ 3,387,235	\$ 3,062,388	\$ 3,402,376	\$ 3,584,750	\$ 3,616,599	\$ 3,425,942
Operating payments	3	\$ 271,999	\$ 225,244	\$ 444,590	\$ 498,643	\$ 1,489,625	\$ 1,250,504	\$ 872,241
Utilities		\$ 412,189	\$ 585,625	\$ 465,864	\$ 488,362	\$ 567,638	\$ 512,332	\$ 567,027
Training		\$ 77,471	\$ 29,315	\$ 45,463	\$ 53,636	\$ 94,248	\$ 41,822	\$ 50,051
Maintenance	4	\$ 66,911	\$ 123,102	\$ 110,600	\$ 198,174	\$ 1,081,796	\$ 218,790	\$ 245,250
Capital Payments		\$ 98,076	\$ 14,022	\$ 109,212	\$ 89,920	\$ 280,641	\$ 238,700	\$ 564,482
Total Cash Payments for the year		\$5,008,081	\$5,255,201	\$4,433,117	\$6,443,133	\$9,092,938	\$7,735,727	\$7,255,782

The accompanying notes form part of these financial statements.

Statement of comparison of budget and actual amounts
For the Year Ended 31 December 2018

DETAILS	Notes	31 December 2018	31 December 2018	31 December 2018	31 December 2018	
		Original Budget	Revised Budget	Actual Treasury Account	Difference Revised Budget to	Actual
		\$SBD	\$SBD	\$SBD	(under)/over budget	\$SBD
CASH RECEIPTS	5					
Audit Fee receipts		\$ (3,463,902)	\$ (3,463,902)	\$ (1,279,460)	\$	(2,184,442)
Other fees and charges		\$ -	\$ -	\$ -	\$	-
Donor budget support		\$ -	\$ -	\$ -	\$	-
Total Cash Receipts for the year		\$ (3,463,902)	\$ (3,463,902)	\$ (1,279,460)	\$	(2,184,442)
CASH PAYMENTS	5					
Audit Fee payment		\$ 2,100,000	\$ 2,100,000	\$ 1,856,981	\$	(243,019)
Salaries, Wages and Employee Benefits		\$ 3,293,813	\$ 3,328,813	\$ 3,616,599	\$	287,786
Operating payments		\$ 1,314,036	\$ 1,301,036	\$ 1,250,504	\$	(50,532)
Utilities		\$ 565,000	\$ 563,000	\$ 512,332	\$	(50,668)
Training		\$ 57,827	\$ 41,827	\$ 41,822	\$	(5)
Maintenance		\$ 250,000	\$ 250,000	\$ 218,790	\$	(31,210)
					\$	-
Capital Payments		\$ 248,000	\$ 244,000	\$ 238,700	\$	(5,300)
Total Cash Payments for the year		\$ 7,828,676	\$ 7,828,676	\$ 7,735,727	-\$	92,949

Statement of comparison of budget and actual amounts
For the Year Ended 31 December 2019

DETAILS	Notes	31 December 2019	31 December 2019	31 December 2019	31 December 2019
		Original Budget	Revised Budget	Actual Treasury Account	Difference Revised Budget to Actual (under)/over budget
		\$SBD	\$SBD	\$SBD	\$SBD
CASH RECEIPTS	5				
Audit Fee receipts		\$ (2,500,000)	\$ (2,500,000)	\$ (1,279,460)	\$ (1,220,540)
Other fees and charges		\$ -	\$ -	\$ -	\$ -
Donor budget support		\$ -	\$ -	\$ -	\$ -
Total Cash Receipts for the year		\$ (2,500,000)	\$ (2,500,000)	\$ (1,279,460)	\$ (1,220,540)
CASH PAYMENTS	5				
Audit Fee payments		\$ 2,000,000	\$ 2,000,000	\$ 1,994,240	\$ (5,760)
Salaries, Wages and Employee Benefits		\$ 3,994,262	\$ 3,994,262	\$ 3,584,750	\$ (409,512)
Operating payments		\$ 1,875,025	\$ 1,561,025	\$ 1,489,625	\$ (71,400)
Utilities		\$ 562,000	\$ 656,000	\$ 567,638	\$ (88,362)
Training		\$ 110,000	\$ 110,000	\$ 94,248	\$ (15,752)
Maintenance		\$ 1,170,000	\$ 1,350,000	\$ 1,081,796	\$ (268,204)
Capital Payments		\$ 244,827	\$ 284,827	\$ 238,700	\$ (46,127)
Total Cash Payments for the year		\$ 9,956,114	\$ 9,956,114	\$ 9,050,998	-\$ 905,116

Statement of comparison of budget and actual amounts
For the Year Ended 31 December 2020

DETAILS	Notes	31 December 2020	31 December 2020	31 December 2020	31 December 2020
		Original Budget	Revised Budget	Actual Treasury Account	Difference Revised Budget to Actual (under)/over budget
		\$SBD	\$SBD	\$SBD	\$SBD
CASH RECEIPTS	5				
Audit Fee receipts		\$ (2,514,000)	\$ (2,514,000)	\$ (1,409,592)	\$ (1,104,408)
Other fees and charges		\$ (36,000)	\$ (36,000)	\$ (36,000)	\$ -
Donor budget support		\$ -	\$ -	\$ -	\$ -
Total Cash Receipts for the year		\$ (2,550,000)	\$ (2,550,000)	\$ (1,445,592)	\$ (1,104,408)
CASH PAYMENTS	5				
Audit Fee payments		\$ 1,700,000	\$ 3,132,230	\$ 1,712,023	\$ (1,420,207)
Salaries, Wages and Employee Benefits		\$ 4,110,346	\$ 4,110,346	\$ 3,402,376	\$ (707,970)
Operating payments		\$ 1,380,097	\$ 633,440	\$ 498,643	\$ (134,797)
Utilities		\$ 437,000	\$ 542,500	\$ 488,362	\$ (54,138)
Training		\$ 112,000	\$ 56,747	\$ 53,636	\$ (3,111)
Maintenance		\$ 172,136	\$ 238,750	\$ 198,174	\$ (40,576)
Capital Payments		\$ 203,000	\$ 134,660	\$ 89,920	\$ (44,740)
Total Cash Payments for the year		\$ 8,114,579	\$ 8,848,673	\$ 6,443,133	-\$ 2,405,540

Statement of comparison of budget and actual amounts
For the Year Ended 31 December 2021

DETAILS	Notes	31 December 2021	31 December 2021	31 December 2021	31 December 2021
		Original Budget	Revised Budget	Actual Treasury Account	Difference Revised Budget to Actual (under)/over budget
		\$SBD	\$SBD	\$SBD	\$SBD
CASH RECEIPTS	5				
Audit fee receipts		\$ (2,400,000)	\$ (2,400,000)	\$ (304,131)	\$ (2,095,869)
Other fees and charges		\$ (36,000)	\$ (36,000)	\$ (27,000)	\$ (9,000)
Donor budget support		\$ -	\$ (180,123)	\$ (110,421)	\$ (69,702)
Total Cash Receipts for the year		\$ (2,436,000)	\$ (2,616,123)	\$ (441,552)	\$ (2,174,571)
CASH PAYMENTS	5				
Audit Fee payment		\$ 1,020,000	\$ 907,200	\$ 195,000	\$ (712,200)
Salaries, Wages and Employee Benefits		\$ 3,722,101	\$ 3,838,804	\$ 3,062,388	\$ (776,416)
Operating payments		\$ 654,957	\$ 661,757	\$ 444,590	\$ (217,167)
Utilities		\$ 380,000	\$ 517,000	\$ 465,864	\$ (51,136)
Training		\$ 67,200	\$ 67,200	\$ 45,463	\$ (21,737)
Maintenance		\$ 198,990	\$ 188,990	\$ 110,600	\$ (78,390)
Capital payments		\$ 125,000	\$ 167,420	\$ 109,212	\$ (58,208)
Total Cash Payments for the year		\$ 6,168,248	\$ 6,348,371	\$ 4,433,117	-\$ 1,915,254

Statement of comparison of budget and actual amounts
For the Year Ended 31 December 2022

DETAILS	Notes	31 December 2022	31 December 2022	31 December 2022	31 December 2022
		Original Budget	Revised Budget	Actual Treasury Account	Difference Revised Budget to Actual (under)/over budget
		\$SBD	\$SBD	\$SBD	\$SBD
CASH RECEIPTS	5				
Audit Fee receipts		\$ (3,094,400)	\$ (3,094,400)	\$ (1,147,773)	\$ (1,946,627)
Other fees and charges		\$ (35,780)	\$ (35,780)	\$ (18,000)	\$ (17,780)
Donor budget support		\$ -	\$ (93,948)	\$ -	\$ -
			\$ -	\$ -	
Total Cash Receipts for the year		\$ (3,130,180)	\$ (3,224,128)	\$ (1,165,773)	\$ (1,964,407)
CASH PAYMENTS	5				
Audit Fee payment		\$ 2,920,100	\$ 2,920,100	\$ 890,658	\$ (2,029,442)
Salaries, Wages and Employee Benefits		\$ 5,686,109	\$ 5,686,109	\$ 3,387,235	\$ (2,298,874)
Operating payments		\$ 722,494	\$ 562,494	\$ 225,244	\$ (337,250)
Utilities		\$ 454,800	\$ 617,748	\$ 585,625	\$ (32,123)
Training		\$ 80,700	\$ 41,700	\$ 29,315	\$ (12,385)
Maintenance		\$ 150,000	\$ 250,000	\$ 123,102	\$ (126,898)
Capital Payments		\$ 125,000	\$ 155,000	\$ 14,022	\$ (140,978)
Total Cash Payments for the year		\$ 10,139,203	\$ 10,233,151	\$ 5,255,201	-\$ 4,977,950

Statement of comparison of budget and actual amounts
For the Year Ended 31 December 2023

DETAILS	Notes	31 December 2023	31 December 2023	31 December 2023	31 December 2023	
		Original Budget	Revised Budget	Actual Treasury Account	Difference Revised Budget to Actual	(under)/over budget
		\$SBD	\$SBD	\$SBD		\$SBD
CASH RECEIPTS	5					
Audit Fee receipts		\$ -	\$ -	\$ (1,484,277)	\$	1,484,277
Other fees and charges		\$ -	\$ -	\$ (21,000)	\$	21,000
Donor budget support		\$ -	\$ (27,000)	\$ -	\$	-
Total Cash Receipts for the year		\$ -	\$ (27,000)	\$ (1,505,277)	\$	1,505,277
CASH PAYMENTS	5					
Audit Fee payment		\$ 2,882,385	\$ 2,882,385	\$ 674,991	\$	(2,207,394)
Salaries, Wages and Employee Benefits		\$ 5,501,167	\$ 5,501,167	\$ 3,406,444	\$	(2,094,723)
Operating payments		\$ 981,621	\$ 1,308,701	\$ 271,999	\$	(1,036,702)
Utilities		\$ 467,400	\$ 549,200	\$ 412,189	\$	(137,012)
Training		\$ 80,700	\$ 95,700	\$ 77,471	\$	(18,229)
Maintenance		\$ 162,000	\$ 164,000	\$ 66,911	\$	(97,089)
Capital Payments		\$ 175,000	\$ 204,000	\$ 98,076	\$	(105,924)
Total Cash Payments for the year		\$ 10,250,273	\$ 10,705,153	\$ 5,008,081	-\$	5,697,072

The accompanying notes form part of these financial statements.

Notes to and forming part of the Statement of Cash Receipts and Payment

1. SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY NOTES

a. Basis of Preparation

The Financial Statements of the Office of the Auditor General (the Office) have been prepared in accordance with Cash Basis International Public Sector Accounting Standards (IPSAS Cash Basis). The accounting policies have been applied consistently throughout the period.

b. Reporting Entity

The annual accounts are for the Office of the Auditor-General, a public sector entity. The Office is fully funded by appropriations by the Solomon Islands Government. The Office's principal activity is to provide audit services to the Solomon Islands Government, public bodies, and the Provincial Governments and Honiara City Council. These financial statements cover the Office of the Auditor-General as individual entity.

The Office does not operate its own bank account. The Solomon Island's Government operates a centralised treasury function which administers cash expenditures incurred by all Ministries and Offices during the financial year. Payments made on this account in respect of this Office are disclosed in the Treasury Account column in the Statements of cash receipts and payments.

The Office was established under the Solomon Islands Constitution, complies with the Public Finance and Audit Act (Cap 120) and operates within the Solomon Islands and overseas where the Solomon Islands Government may operate constitutional offices.

c. Reporting Currency

The financial statements are presented in the Solomon Islands currency, the Solomon Islands dollar (\$) and rounded to the nearest dollar.

d. Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate at the date of the transaction.

e. Cash and Cash Equivalent

The Office does not have any cash balances which are not available for use and there are no cash balances subject to external restrictions. The cash used by the Office is administered centrally by the Ministry of Finance and Treasury.

f. Restricted cash balances

Restricted cash balances are monies collected on behalf of another entity. This money is then forwarded to the entity on an agreed schedule. This money is not available for use by the Office. Normally restricted balances include Pay As You Earn tax (PAYE), and National Provident Fund (NPF).

g. Capital expenditure

All capital items are expensed during the year in which the expenditure is made.

h. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Office, the results of those operations, or the state of affairs of the Office in future financial years.

i. Reclassification of prior year.

To improve the presentation in a consistent format, the prior year has been restated.

Notes to and forming part of the Statement of Cash Receipts and Payment (Continued)

2. Salaries and Wages

	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account
	SBD	SBD	SBD	SBD	SBD	SBD	Restated SBD
Public Servants & Statutory Salaries	\$ 1,781,065	\$ 1,768,750	\$ 1,642,198	\$ 1,767,622	\$ 1,993,831	\$ 1,960,693	\$ 1,884,171
Allowances	\$ 376,082	\$ 323,737	\$ 264,985	\$ 318,482	\$ 312,173	\$ 322,143	\$ 355,715
House Rent	\$ 830,800	\$ 772,150	\$ 852,235	\$ 882,899	\$ 895,700	\$ 915,906	\$ 733,500
Annual Leave travel	\$ 117,524	\$ 221,253	\$ 172,432	\$ 215,952	\$ 181,090	\$ 220,079	\$ 204,165
Gratuity Benefits	\$ 163,249	\$ 163,250	\$ 4,526	\$ 93,466	\$ 58,837	\$ 56,847	\$ 111,773
NPF	\$ 137,724	\$ 138,095	\$ 126,012	\$ 123,956	\$ 143,119	\$ 140,930	\$ 136,619
	\$ 3,406,444	\$ 3,387,235	\$ 3,062,388	\$ 3,402,376	\$ 3,584,750	\$ 3,616,599	\$ 3,121,652

3. Operating Payments

	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account
	SBD	SBD	SBD	SBD	SBD	SBD	Restated SBD
Conferences, Seminars and Workshop	\$ 10,373	\$ 3,725	\$ 8,078	\$ 18,074	\$ 124,521	\$ 181,976	\$ 244,716
Consultancy Fees	\$ -	\$ -	\$ 45,000	\$ -	\$ 187,500	\$ 5,000	
Entertainment	\$ -	\$ 2,590	\$ 1,404	\$ 500	\$ -	\$ -	
Office Stationery	\$ -	\$ 42,581	\$ 39,273	\$ 45,440	\$ 76,083	\$ 65,153	\$ 186,583
Printing, stationary & photocopying	\$ 50,283	\$ 31,000	\$ 32,443	\$ 25,650	\$ 111,180	\$ 176,326	
Publicity & promotions	\$ 8,285	\$ 550	\$ -	\$ -	\$ 20,040	\$ 36,368	
Software Support and Maintenance	\$ 7,752	\$ 4,029	\$ 167,457	\$ 156,052	\$ 420,114	\$ 268,870	
Staff travel costs	\$ 149,807	\$ 108,644	\$ 106,478	\$ 210,932	\$ 502,744	\$ 438,552	\$ 354,622
Subscriptions	\$ 49,546	\$ 44,293	\$ 44,456	\$ 41,995	\$ 47,442	\$ 78,259	\$ 86,319
Foreign Exchange Gain/loss	-\$ 4,046.43	-\$ 12,167.65	\$ -	\$ -	\$ -	\$ -	
	\$ 271,999	\$ 225,244	\$ 444,590	\$ 498,643	\$ 1,489,625	\$ 1,250,504	\$ 872,241

4. Maintenance

	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account	Treasury Account
	SBD	SBD	SBD	SBD	SBD	SBD	Restated SBD
Motor vehicles	\$ 53,125	\$ 7,208	\$ 27,498	\$ 41,981	\$ 60,108	\$ 39,718	\$ 95,305
Non Residential Buildings	\$ 6,888	\$ 115,894	\$ 83,102	\$ 145,713	\$ 995,688	\$ 179,072	\$ 149,945
Office Equipment	\$ 6,898	\$ -	\$ -	\$ 10,480	\$ 19,000	\$ -	\$ -
Residential Buildings	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ -	\$ -
	\$ 60,013	\$ 123,102	\$ 110,600	\$ 187,694	\$ 1,055,796	\$ 218,790	\$ 245,250

Notes to and forming part of the Statement of Cash Receipts and Payment (Continued)

5. Budget differences

Explanation of differences in Actual to Revised Budget

As budget revenue and expenditure is determined by the Ministry of Finance and Treasury (MoFT), majority of the variations was driven by processes and priorities established by MoFT. These have a direct impact on the OAG operations and ability to undertake its mandate.

6. External Assistance

There were numerous payments or payments in-kind made to the Office of the Auditor-General. These included the provision of contractors, consultants, training, workshops, and other support. All payments made by external third parties are made by external third parties that are not part of the Office. The monetary value of these costs could not be determined for inclusion in the financial statements.

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5.0 Food for thought: Challenges we face in building accountability in the public sector

Observations on broader issues which affect both audit effectiveness and impact requiring government policy and political will include:

- Ongoing disclaimer audit outcomes and serious audit findings with no consequence on accountable officers and as such no change.
- Lack of proper records keeping is a key systemic issue across public sector and key driver of lack of accountability.
- Lack of Public Financial Management Act reporting compliance across government requires a suitable project to address the financial controller and systems capabilities to deliver compliant annual reports for each ministry and government agency.
- There is a need for new government policy to support the professional development of public sector finance and governance statutory roles across the country.
- The lack of engagement by Parliamentary committees in audit and annual reports public inquiries undermines holding the executive government to account and impacts delivery of public services and subsequent development opportunities for the future.
- Lack of awareness and engagement from the community on our audits. This needs to be supported by delivering reports in a public and easily understood way.
- Strengthen independence of integrity institutions and MoFT internal audit.

These key areas are important for the effective functioning of an accountability framework in Solomon Islands.

Areas to consider to support improved quality financial reporting within a Solomon Islands context include:

- A need to introduce IFRS-SME for Solomon Islands to cater to smaller state-owned enterprises. This standard also would have positive impacts in the private sector SME segment. The rollout should be led by the Institute of Solomon Islands Accountants.
- Continued work towards an IPSAS accrual reporting framework for Government.


Appendices

The following table provides a summary of the acronyms used in this report:

Acronym	Detail
AFS	Annual Financial Statements
A-G	Auditor-General
BIC	Business Implementation Committee
CAAT	Computer Assisted Audit Techniques
CBP	Corporate Business Plan
CC	Communication Committee
CGFAB	Corporate Governance Financial Audit Branch
CTB	Central Tender Board
DFAT	(Australian) Department of Foreign Affairs and Trade
EMT	Executive Management Team
EPS	Executive Personal Secretary
GFAB	Government Financial Audit Branch
HCC	Honiara City Council
ICSI	Investment Corporation of Solomon Islands
ICT	Information and Communication Technology
IDI	INTOSAI Development Initiative
IFRS	International Financial Reporting Standards
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISIA	Institute of Solomon Islands Accountants
ISSAI	International Standards for Supreme Audit Institutions
MCS	Manager, Corporate Services
MoFT	Ministry of Finance and Treasury
MPS	Ministry of Public Service
MTB	Ministry Tender Board
NSW	New South Wales
NSWAO	New South Wales Audit Office
OAG	Office of the Auditor-General
PAB	Performance Audit Branch
PAC	Public Accounts Committee
PASAI	Pacific Association of Supreme Audit Institutions

PEC	Public Expenditure Committee
PGAB	Provincial Government Audit Branch
PMF	Performance Measurement Framework
PMRC	Performance Management Review Committee
SA	Statutory Authority
SAI	Supreme Audit Institution
SBD	Solomon Islands Dollar
SDG	Sustainable Development Goals
SIG	Solomon Islands Government
SIGOV	Solomon Islands Economic and Public Sector Governance Programme
SIPA	Solomon Islands Ports Authority
SIPC	Solomon Islands Postal Corporation
SINU	Solomon Islands National University
SIVB	Solomon Islands Visitors Bureau
SIWA	Solomon Islands Water Authority
SoE	State-owned Enterprise
TCSI	Telecommunications Commission of Solomon Islands
TMAMS	TeamMate Audit Management System
TSDC	Training and Staff Development Committee





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