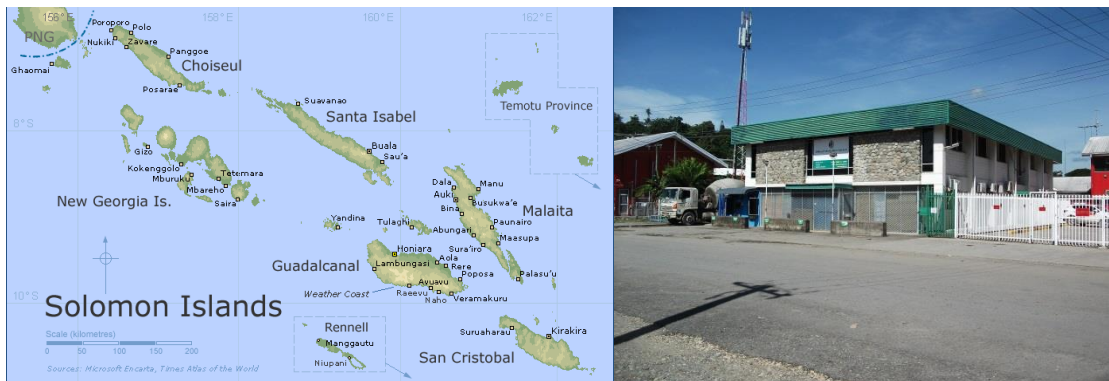




SOLOMON ISLANDS GOVERNMENT

OFFICE OF THE AUDITOR GENERAL



Corporate Business Plan 2019 - 2024

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Acronyms

ADB	Asian Development Bank
A-G	Auditor-General
DFAT	(Australian) Department of Foreign Affairs and Trade
ETA	External Technical Assistance
IDI	International Development Initiative
IFRS	International Financial Reporting Standards
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IQC	Internal Quality Control
ISSAI	International Standards for Supreme Audit Institutions
IT	Information Technology
ITP	Individual Training Plan
KPI	Key Performance Indicator
LAN	Local Area Network
NDS	National Development Strategy
OAG	Office of the Auditor-General
PAC	Public Accounts Committee
PASAI	Pacific Association of Supreme Audit Institutions
PFAA	Public Finance and Audit Act
SA	Senior Adviser to the Auditor-General
SAI	Supreme Audit Institution
TA	Technical Assistance
TNA	Training Needs Assessment

Introduction by the Auditor-General

As the 8th Auditor-General of Solomon Islands, it gives me great pleasure to issue the new Corporate Business Plan (the Plan) for the Office of the Auditor-General (the Office). This replaces the Corporate Plan 2017 to 2022 which I reviewed on taking office and decided that it does not accurately reflect the needs of my Office for the forthcoming period.

This Plan provides a written guide and strategic framework for the comprehensive development of my Office.

There are many benefits to Parliament, the government and the people of Solomon Islands in having a strong, independent and effective Office. At a strategic level, one of the main benefits is that of helping to ensure “**good governance**” through improved transparency, accountability and efficiency in managing and using public resources.

This is achieved operationally by:

- Certifying that the money collected by government is spent in accordance with the wishes of Parliament;
- An Independent review and appraisal of **all** systems of control throughout the public sector (not just the financial controls);
- Determining the extent of compliance with procedures, policies, regulations and legislations;
- Providing reassurance to Parliament that their agreed policies are being carried out effectively as regards control of the risks associated with these policies;
- Facilitating good practice in managing risks;
- Recommending improvements in control, performance and productivity;
- Reviewing the value-for-money that all organisations within the public sector provide;
- Saving money by identifying waste and inefficiency;
- Advising on better ways of achieving the Government’s objectives; and
- Helping to ensure that assets and interests are safeguarded from fraud.

This Plan will be supported by two Operational Plans: a Five-Year Strategic Audit Plan and an Annual Audit Plan. The Strategic Audit Plan will indicate all the areas requiring to be audited; the resources required to undertake those audits and when the audit is scheduled to take place. The Annual Audit Plan will be a detailed plan of the audit proposed for the current year supported by a range of managerial documentation to monitor progress.

In addition to my Statutory Annual Report to Parliament, under the Public Finance and Audit Act, I envisage increasing the range of other reports during the year; especially focusing on Performance Audits.

My Audit Office Report will detail the progress achieved both in this plan and the Operational Plans.

I would be pleased to discuss any details within this plan with any interested parties.

Peter Lokay

Auditor-General of Solomon Islands

September 2018



Executive Summary

The Corporate Plan (2019-2024) is a tool which combines the efforts of my staff in undertaking the tasks and authorities vested by law, developing audit methods and raising professional standards.

The Plan was developed using the International Development Initiative (IDI) of International Organisation of Supreme Audit Institution (INTOSAI) Strategic Planning Handbook (2008)¹ as updated for developments in the ten years since it was published and my Office's unique circumstances.

Part II of the Handbook covers the Development of the Strategic (Corporate Plan²). The following steps are recommended for developing the Plan:

- **Plan the Plan:** I have been aware of the need for an effective plan since taking office; the importance of having such a plan was reinforced at a recent seminar organised by the Pacific Association of Supreme Audit Institutions (PASAI);
- **Conduct a Needs Assessment:** needs determined by a combination of desk review of available reports and recommendations and discussions with my staff;
- **Articulate Vision, Mission and Values:** see below in this section;
- **Identify Strategic Issues:** five identified:
 - Staffing and Logistics;
 - Executive Services;
 - Professional Services;
 - Monitoring and Evaluation;
 - Legislative and Administrative Framework;
- **Determine Goals and Objectives:** 20 goals developed within the five Strategic Areas;
- **Develop Performance Measures:** included with goals;
- **Develop an Implementation Matrix:** detailed below; and
- **Document the Corporate Business Plan:** this document.

The Plan will enable my Office to be a more professional and independent state audit institution playing a greater and more effective role in safeguarding public funds, improve public performance efficiency and taking part in combating corruption, governance criteria and international audit standards.

¹ <https://www.nao.gov.bh/en/Publications/ManualsAndGuides/IDI%20-%20Strategic%20Planning;%20A%20Handbook%20for%20SAIs%20-%202008.pdf>

² The Office uses the term Corporate Business Plan to avoid confusion with the Strategic Audit Plan.

The Plan acts as a roadmap laying down route ahead and steps to be taken according to national priorities; to protect public funds using highly professional audit reports handed to competent authorities in line with best INTOSAI practices.

The Plan introduces all stakeholders to our vision, mission and strategic objectives to be achieved in a professional manner and enables continuous effort through integrated action system that combines effort to bring maximum and effective protection to financial and human resources management for the benefit of all Solomon Islanders.

Vision

To be an independent, competent national audit office with qualified professionals to ensure accountability and transparency in the public sector for the people of Solomon Islands.

Mission

As a centre of excellence, we enhance the strengthening of public sector accountability, transparency and integrity to the people of Solomon Islands through professional, independent audit services and reports to our elected legislatures.

Core Values

Behaving Ethically; Treating Others with Respect; Operating with Integrity; Displaying Reliability; Practicing Diligence; Being Accountable; Being Relevant; Believing in our System of Government; Independence; Integrity; Teamwork; Co-operative Spirit; Looking Outwards; Making a Difference; Open Communications; Professional Excellence; Confidentiality and Valuing Individuals.

Current State Assessment

History

The Office of the Auditor-General of Solomon Islands (the Office) came into existence at the Independence of Solomon Islands in 1978.

Since its formation, the Office has had eight Auditors-General who are listed in Table 1 below.

Table 1: Auditors-General of Solomon Islands

#	Name	Period
1	Brian Freymand	Prior to 1978
2	Barry Clarke	1978-1985
3	Collin Darcy	1985-1986
4	Isaac Vula Tatapu	1987-2000
5	Floyd Augustine Fatai	2000-2007
6	Eric Muir	2007-2010
7	Edward Ronia	2011-2013
8	Robert Cohen	2013-2016
9	Peter Lokay	2016-current

The Audit Office Today

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.

The Legislative Framework is subject to current review (see Goal 18 below).

Physical Location and Resources

The Office of the Auditor-General is located in Mud Alley, Honiara. This building is own by OAG.

The office space is satisfactory for the current staffing level together with the posts currently being recruited.

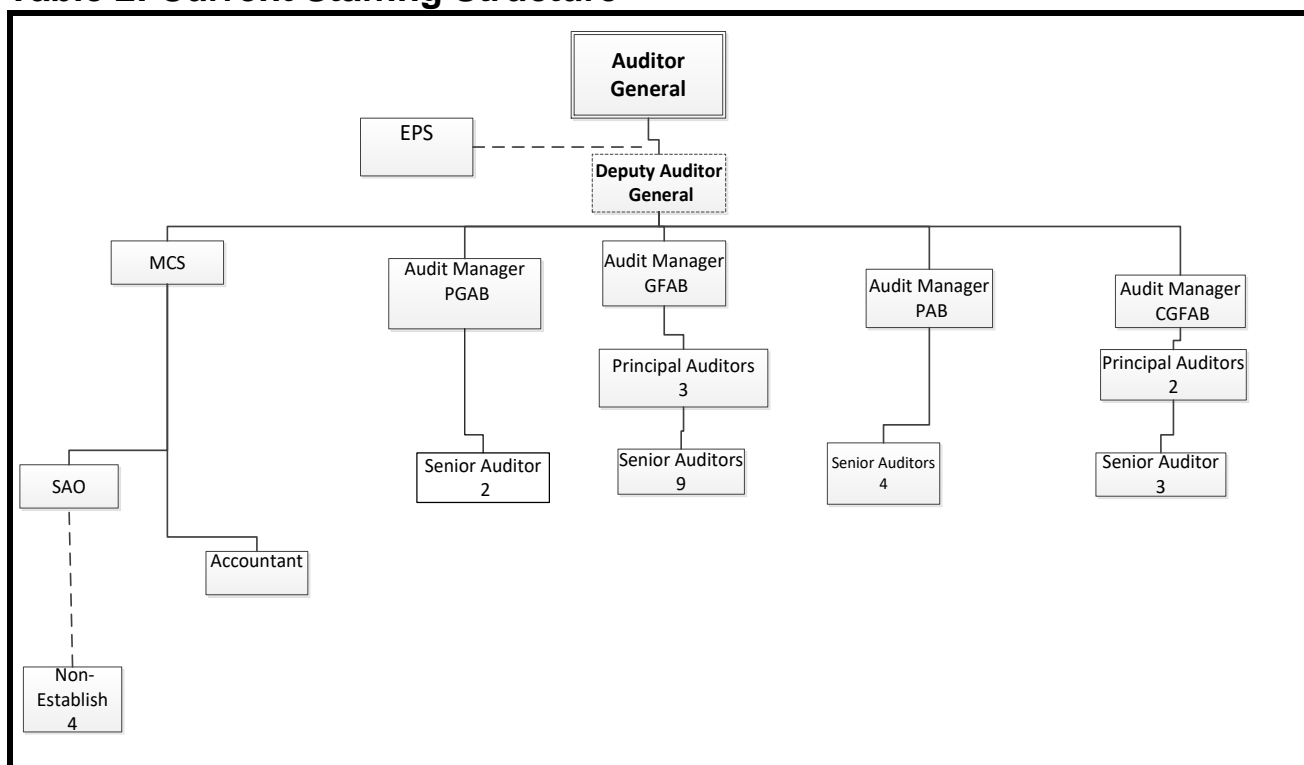
The office is fully equipped with all standard office equipment including desktops computers linked to the internet. If staff numbers increase in future, there will be the need for further office equipment and computers.

The Office uses the Microsoft Office suite of programs and is connected to the SIG Network.

Staff

The current structure of the office appears in Table 2 below. Of the 37 approved posts 28 are Auditors, as at August 2018 only 35 posts (of which 26 are auditors) are currently filled.

Table 2: Current Staffing Structure



	Filled	Vacant	Total
Executive	1	1	2
Auditors	26	1	27
Corporate Service Staff	4	0	4
Non-Established Staff	4	0	4
Total	35	2	37

Key:

GFAB: Government Financial Audit Branch

PGAB: Provincial Gov't Audit Branch

PAB: Performance Audit Branch

CGFAB: Corporate Governance Financial Audit Branch

EPS: Executive Personal Secretary

MCS: Manager Corporate Services

Current Post-holders



Clients

Table 3: Clients of the Office of the Auditor-General

Financial Audit Clients by Sector	Number of Clients
Central Government (Consolidation)	1
Central Government	59
Constitutional Agencies	14
Ministries	24
Departments	14
Special Funds	7
Local Government	11
Provincial Assemblies	9
Municipal Councils	2
Statutory Bodies	5
State Owned Enterprises	10
National Councils	5
Educational Institutions	4
Other Audits	20
Donor Funded Projects	7
Regional Organisations	0
Political Parties	13
Overall Total	114

See Annex A for a detailed listing of clients.

Relationship with the National Development Strategy (NDS) 2016 to 2035

Introduction

The Office of the Auditor-General (OAG) is fully committed to achieving the aims and objectives of the National Development Strategy.

The NDS states:

The NDS 2016-2035 maps out a strategic direction for the future development of Solomon Islands. It presents a visionary strategy for the next twenty years, setting out a long term vision, mission and objectives that reflect the aspirations of all Solomon Islanders.

Past NDS and Plans have covered five to ten years. This NDS covers a twenty-year period to provide a longer term framework for planning that lays the foundations for recovery and long term sustainable development. The strategic vision through to 2035 will provide greater stability and continuity.

*The NDS underlines the importance of **good governance** and public sector reforms. Good governance and credible and stable policies are fundamental conditions for private sector growth. The NDS encompasses a public sector reform programme that will impart a clear sense of direction for our public service, improve accountability and enhance the efficiency of service delivery. **Improved fiscal governance** is critical for achieving the vision of the NDS. The NDS includes medium term strategies that will guide the Government's development expenditure programme.*

Objectives

The NDS has five main objectives:

- **Objective One:** Sustained and inclusive economic growth;
- **Objective Two:** Poverty alleviated across the whole of the Solomon Islands, basic needs addressed and food security improved; benefits of development more equitably distributed to Solomon Islanders;

- **Objective Three:** All Solomon Islanders have access to quality health and education;
- **Objective Four:** Resilient and environmentally sustainable development with effective disaster risk management, response and recovery; and
- **Objective Five:** Unified nation with stable and effective governance and public order.

OAG Corporate Business Plan

This plan has been developed to help ensure the successful development of “**good governance**” in general and “**improved fiscal governance**” in particular under Objective #5.

Through its work, the OAG will also be making a major contribution to achieving the other key NDS objectives.

Corporate Goals

Introduction

This section of the Corporate Plan indicates the various corporate goals towards which the Office of the Auditor-General will be striving in the next five years.

The following section – Strategic Initiatives – indicates how these goals will be put into practice together with the risks and challenges which will have to be met and the milestones at which to aim.

Staffing and Logistical Goals

Underpinning any developments in the Audit Office is the need for fully effective staff armed with the resources to do the job.

I am continuing the process of rebuilding the capacity of my Office from its near total moribund state of some ten years ago. To that end, I intend an increase in technical staff numbers from the current 38 to 48 over the five year Plan period.

This Office would still be smaller than many other regional Audit Offices³; for example: Tonga (50) and Samoa (61).

This will include two senior management positions (Assistant Auditors-General) to reduce the management load on myself and my Deputy (when appointed). It will also include the appointment of more staff at entry level.

The overall effect will be not only an improved coverage of my mandate but a much improved career structure which should aid staff retention. It would also enable me to provide technical support and secretarial services to the Public Accounts Committee (PAC) through a new audit team.

To make effective use of the new staff, I will be restructuring my Office over the Plan period. There is a distinct difference between the audit of those public sector bodies which report under the International Public Sector

³ From PASAI website

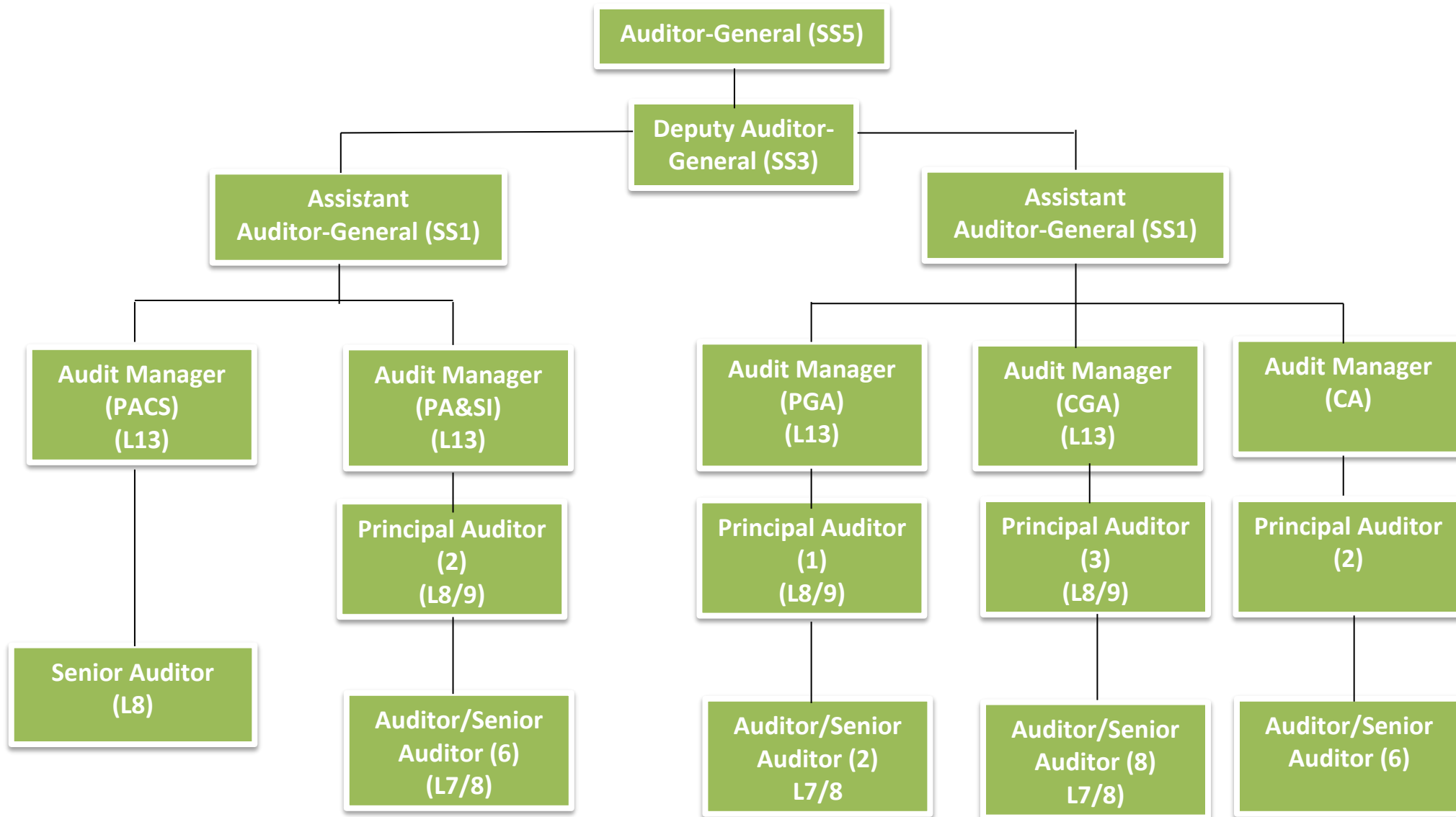
Accounting Standards (IPSAS) and the commercially oriented State-owned Enterprises which report under the International Financial Reporting Standards (IFRS).

Similarly, there are significant differences between the work undertaken to form an opinion and report on Annual Financial Statements and that needed for Performance Audits and Special Investigations. I intend reflecting those differences in the structure of my Office.

Goal 1: Structure of Audit Office

In order to maximise the benefit from additional staff and ensure that my mandate is covered to the maximum extent with the resources available, I propose to restructure my Office over the plan period.

The diagram on the following page illustrates the proposed final structure at the end of the five-year Plan period.



Goal 2: Quality of Audit Staff

As the work undertaken by auditors becomes more sophisticated than the traditional; “tick and turn” work, all new staff must be better educated, trained and rewarded.

Therefore this goal aims **to recruit staff of suitable academic standards** who can be trained to be effective auditors. When considering recruitment, the following factors will also be considered:

- **Intelligence:** if an auditor is to acquire the wide-ranging skills and techniques necessary to his profession, he must undoubtedly possess a sound intellect which needs to be balanced with a high degree of common sense;
- **Tenacity:** this is a very important quality but one which must be tempered with sound judgment, knowing when to stop;
- **An Inquiring Mind:** an inquisitive nature, combined with a tendency not to accept information at face value without challenge are vital qualities for an auditor;
- **Imagination:** especially with regard to performance auditing. Staff should be selected who can demonstrate a creative and innovative attitude;
- **Good Behavioural Qualities:** an auditor should have the ability to get on well with his colleagues and those with whom he comes into contact through his work;
- **Commitment:** auditors should be self-motivated; when recruiting staff they should show a positive attitude to the objectives of auditing; and
- **Good Character:** it goes without saying that an auditor should have an impeccable character.

Goal 3: Staff Retention

In addition to the goal of recruiting good quality staff a further goal is that of retaining them.

When the new Auditor-General Bill becomes law, the Auditor-General will be able to set the terms and conditions of service for his staff independently of the Public Service Commission.

Better conditions of service when allied to a more effective career path and a personal training and development plan, will, hopefully, help retain staff.

The staff turnover ratio will be used as measure to determine the success or otherwise of this goal.

Goal 4: Development of Training Programme

Each post within the Audit Office will have a detailed job description which will, *inter alia*, contain the **Units of Competence** which a person should have to hold that post.

There will also be a training matrix detailing the qualifications held by every member of staff together with **Individual Training Plans**.

These will be the basis for a detailed Training Needs Assessment which will, in turn, form the basis of the long term **Training Programme** for the Office.

This will include on-the-job training; in-house training; in-country training and training and attachments overseas.

A start has been made in this area with draft Units of Competence developed for the office together with a Training Needs Assessment (TNA) incorporating provisional Individual Training Plans (ITP).

Goal 5: Logistical Support

The staff of the Office of the Auditor-General needs logistical support in carrying out their functions. The prime area of support required being in the field of Information Technology (IT) and transportation.

Currently all staff have access to laptop computers and can access the Office's shared drive.

Future developments with regards IT for the plan period include:

- developing a database of audit clients showing all the background data, plus information gathered during audits, audit queries, responses, copies of reports, etc.;
- the need for work done by officer be centralised
- backup and monitoring
- audit staff linked to audit plan;
- audit templates;
- audit reports produced;
- all documentation on systems; and
- ensuring that the Office web site is kept updated.

In addition, to the standard Microsoft Office suite of programs, there needs to be three other software packages:

- **Audit Management:** the existing TeamMate program should be able to fulfill this role although it is likely that spending will be required on new licences and, possibly, training; data analytic
- **Document Management:** purchase of a suitable program for this; possibly DocOne as used by the Audit New Zealand or the equivalent for a smaller scale audit office; and
- **Audit Interrogation:** such as IDEA from CaseWare International should be purchased.

Staff will require detailed training in each of the new systems. In addition, the Office will either need to recruit or contract an IT specialist to ensure that all systems are kept updated and run efficiently.

Office will require new vehicle to replace its aging fleet.

Goal 6: Inclusion, Diversity and Gender

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.

As part of this process we intend ensuring that there is equality of opportunities regardless of gender and it is the aim of the OAG to ensure that there is no gender pay-gap in the OAG.

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.

Executive Services Goals

The goals contained in this section are those related to aspects of Audit Management. In a relatively small audit office, these are primarily the responsible of the Auditor-General himself.

Goal 7: Audit Planning






For effective auditing to take place, it must take place within the context of an audit plan.

The goal here is to develop an effective long term Strategic Audit Plan and to keep it updated. This will comprise a five-year rolling plan.

From this Strategic Plan will emerge the Annual Audit Plan, the part of the Strategic Plan which will be undertaken during the audit of the current year's Annual Financial Statements.

Goal 8: Report Preparation

The various reports from the Audit Office define its effectiveness. These will include:

-  **Financial/Certification Reports:** these are reports on the financial statements produced by the various clients together with a signed certificate. These go to Parliament;
-  **Compliance Reports:** these are reports on whether the various laws and systems have been complied with during the operation undertaken by the clients. These usually go to management;
-  **Performance Audit Reports:** reports as to whether the service or operations is being provided with due regard to economy, efficiency and effectiveness. These can be either for management or, if on an important topic, for Parliament;
-  **Special Investigation Reports:** usually made at the request of external agencies into some aspect of governmental financial affairs which is giving cause for concern. The reports will go to the commissioning agency; and
-  **Annual Report:** on the performance of the Audit Office; both in term of audit work undertaken and its own audited financial statements. This should go to Parliament.

The ISSAI provide guidance on the contents of reports and recommend that, as far as possible, a similar format is used for the main audit reports. This format will be based around a “house-style” which will be developed and included in the new Audit Regulations (see Goal #18).

Our goal here will be to develop *pro forma* reports which meet the needs of the recipients for use by all audit staff. These will be available on the central server of the Office’s LAN.

Goal 9: Public Relations and Communications (Audit Awareness)

The goal here is that all stakeholders are aware of the role of the Office of the Auditor-General that should play in good governance, transparency and accountability and how the Office will be developing over the next few years. This requires the development of an **External Communications Strategy**.

The first stage will be the developing of a detailed Stakeholder map to identify all stakeholders. A preliminary version of this appears in Table #4 below:

Table #4: Stakeholder Mapping

Stakeholder	Interests	Influence	Level of Interest	Response Strategy
Citizens of Solomon Islands	Good Governance; absence of waste; absence of fraud	L	M	Change law to enable direct reporting (see Goal 18)
Public Accounts Committee (PAC)	Good Governance; Systems Assurance; Avoidance of waste and absence of material fraud.	H	H	Work closely with PAC to ensure effective implementation of audit recommendations.
Parliament of Solomon Islands	Good Governance; Systems Assurance; Avoidance of waste and absence of material fraud through reports of the PAC.	H	M	Assist PAC to produce appropriate reports for Parliament

Clients (including the Government of Solomon Islands)	Systems Assurance; Audit Certificate on accounts; Good Corporate Image exhibited by auditors as they interface with clients.	H	H	Provide timely and quality service
Donors	Good Governance Use of Donor Funds	H	H	Keep informed and satisfied

H = High; M = Medium; L = Low

This goal will also include making a presentation to the Public Accounts Committee to explain what information the Auditor-General will be reporting to them and the action they should be taking on that information.

There will be a conference or seminar for all client organisations to ensure that they are aware of the powers that the Auditor-General has and how those powers are going to be used in the forthcoming years.

The Auditor-General will prepare a press release and hold a press conference at a suitable time to advise the general public of the existence of his Office and to ask for their assistance in identifying fraud and waste in public expenditure. The use of television and/or radio as part of this process would be very useful.

In addition to the **External Communications Strategy**, it may be necessary to develop a suitable **Internal Communications Strategy** if the size of the Office grows.

Goal 10: Library, Research and Information Material

The provision of an Office Library where non on-line research can take place is an important goal.

In addition to its own reports, the Office library will contain reports from other audit offices in the region.

Other prime sources of material will be from INTOSAI, PASAI and professional accounting and auditing organisations.

Professional Services Goals

The goals contained in this section are those related to the Professional Services which the Office of the Auditor-General provides.

Goal 11: Professional Standards

This goal calls upon the Office to establish an effective framework for the adoption of professional standards that correspond to the demands and expectations of stakeholders.

The goal shall be achieved by means of developing accountability and transparency principles; review and restructure the current arrangements of service delivery; and develop effective working partnerships with other key stakeholders.

These standards shall be in accordance with those laid down by INTOSAI in its Lima and Mexico Declarations (ISSAI 1 and 10).

Goal 12: Certification Audit

To ensure that all financial statements for which the Auditor-General is responsible are comprehensively audited in a timely manner within the time frame established by law.

Achievement of this goal will be evidenced in the Annual Report.

Goal 13: Compliance Audit

To ensure audit reports are issued for each Compliance audit undertaken and that these contain details of the findings and recommendations to

primary accounting systems, internal controls and disclosures in their financial statements.

Achievement of this goal will be evidenced in the Annual Report.

Goal 14: Performance Audit

To complete Performance Audits and Special Reviews in high risk areas and Forensic and Fraud Investigations in areas of waste, misappropriation and mismanagement.

The goal here will be achieved by the completion and issue of a Performance Audit Report followed by action by organisation being reported on.

Goal 15: Special Investigations

To undertake a wide range of Special Investigations on matters arising from audit work, requests by clients or by the government or PAC.

The goal here will be achieved by the completion and issue of a Special Investigation Report followed by action on the topic investigated.

Monitoring and Evaluation Goals

These goals cover both Monitoring and Evaluation **within** the Audit Office as well as Monitoring and Evaluation **of** the Audit Office. There is a need to develop Key Performance Indicators (KPI) in both areas.

Goal 16: Internal Quality Control

External Quality Control should be built into the legislation and is dealt with below. However, it is also important that there be a mechanism for Internal Quality Control (IQC).

The goal here is to ensure that verifiable IQC is built into the supervisory and review systems which govern each audit.

At its simplest this will be the Audit Managers reviewing the work of the Senior/Principal Auditors prior to reports being submitted to the Deputy Auditor-General (when appointed).

The Deputy Auditor-General will then also perform an Internal Quality Control check, which will give the two layers of internal quality control checking expected in any Supreme Audit Institution. Table #5 below indicates some of the IQC areas which will be considered when developing the mechanism to achieve this goal.

Table 5: Possible Measures for Internal Quality Control

Type of KPI	Description
Quality	Customer Satisfaction Surveys following each assignment or the results of structured interviews with senior management.
Quality	Marking working papers against set standards.
Recommendations	Recommendations Made v those Accepted (%)
Time	Total Time Taken for an assignment v Time Allocated.
Time	Productive Time v Total Available (%)
Time	Days between the Closing Meeting/Issue of Draft Report and issue of Final Report.
Time	Reports produced within Target Time-scale (%)
Time	Productive Time: Actual v Planned (%)
Cost	Cost of each Individual Audit
Cost	Total Audit Costs: Budget v Out-turn
Cost	Average Cost per Productive Audit Day (v Planned)

Staff	Staff in Post v those Required
Staff	Skill Levels v those Required
Staff	Ratio of Trainees to Total Staff (%)
Staff	Staff Turnover Rate

Goal 17: External Quality Control

This area should be covered by legislation which should lay down when and to whom the Auditor-General should report on the operation of the Audit Office. It should also cover the accounting for and auditing of audit revenue and expenditure.

This oversight is usually the responsibility of the Public Accounts Committee (PAC) and this goal will be achieved if the relevant section of the draft National Audit Office act is enacted in full.

External Quality Control can also be exercised through PASAI by way of inter-SAI peer reviews.

Table #6 below indicates some of the areas which the PAC can consider when implementing the mechanism to achieve this goal.

Table 6: Possible Measures for External Quality Control

Type of KPI	Description
Plans	Progress against strategic or annual plan (% completed)
Plans	Number of Audits completed (compared with plan)
Quality	Results of third party review (e.g. peer review via PASAI)

Legislative and Administrative Framework Goals

These goals cover the Legislative and Administrative Frameworks within which the Office of the Auditor-General will operate. The present elements are either outdated or non-existent and will need development.

Goal 18: Auditor-General Act and Audit Regulations

The current audit legislation is outdated and needs replacing. The sections relating to the Office of the Auditor-General are the only sections of the Public Finance and Audit Act (CAP. 120) which have not been repealed.

A draft Auditor-General Bill has been prepared and, once passed, will form the basis of the legislative framework, together with the current Constitutional provisions, for the plan period.

The new Act will be:

“An Act to provide for the functions, duties and powers of the Auditor-General, the establishment of the National Audit Office and the National Audit Fund, the audit and examination of the accounts of the government, public entities, provincial government, the Honiara City Council and public purpose entities, to create offences for failing to provide information or documents to the Auditor-general or for disclosing protected information, to repeal the Public Finance and Audit Act (CAP. 120) and for related matters.”

The new Act will comprise seven parts:

- **Part One – Preliminary:** Short Title and Interpretation;
- **Part Two – Auditor-General and National Audit Office:** Auditor-General and Deputy Auditor-General; Powers of the Auditor-General; National Audit Office and National Audit Fund; Appointment of Auditors and Independent Auditor;
- **Part Three – Financial Audits:** Reporting Obligations; Financial Audit of Government Agencies, Provincial Governments and Honiara City Council; Financial Audit of Public and Public Purpose Entities;

- **Part Four – Performance Audits;**
- **Part Five – Requirements for Reporting by Auditor-General;**
- **Part Six – Offences; and**
- **Part Seven – Miscellaneous.**

In addition, there will be the need for **Audit Regulations** which will be made under the Act. These will include the Scheme of Service for the staff of my Office.

Goal 19: Audit Manual

The Audit Office requires Audit Manuals to help train and guide all audit staff in the undertaking of their duties.

Given the fact that the nature of different types of audit varies, we will be developing two manuals initially;

- **Financial and Compliance Audit Manual:** to cover the work required to develop an audit opinion and report on the Annual Financial Statements of Clients; and
- **Performance Audit Manual:** for the specific needs of performance audits and special investigations.

Draft manuals will be prepared and, once field-tested, will be finalised and staff will be trained in their contents and usage (see Goal #20).

Goal 20: Operational Guidelines and Checklists

Whilst the Audit Manual is a mixture of theory and practical advice, the Operational Guidelines and Checklists are specific audit programmes or check lists on how to do planning, reporting or undertake a particular audit.

Their use, in conjunction with the Manual, will help achieve the other goals of enhancing the quality of the audit work.

Summary of Goals

There are thus 20 Goals which this plan seeks to achieve:

- **Staffing and Logistical Goals:**

- ✚ **Goal 1:** Structure of the Audit Office;
- ✚ **Goal 2:** Quality of the Audit Staff;
- ✚ **Goal 3:** Staff Retention;
- ✚ **Goal 4:** Development of Training Programme;
- ✚ **Goal 5:** Logistical Support;
- ✚ **Goal 6:** Inclusion, Diversity and Gender;

- **Executive Service Goals:**

- ✚ **Goal 7:** Audit Planning;
- ✚ **Goal 8:** Report Preparation;
- ✚ **Goal 9:** Public Relations and Communications (Audit Awareness);
- ✚ **Goal 10:** Library, Research and Information Material;

- **Professional Services Goals:**

- ✚ **Goal 11:** Professional Standards;
- ✚ **Goal 12:** Certification Audit;
- ✚ **Goal 13:** Compliance Audit;
- ✚ **Goal 14:** Performance Audit;
- ✚ **Goal 15:** Special Investigations;

- **Monitoring and Evaluation Goals:**

-  **Goal 16:** Internal Quality Control;

-  **Goal 17:** External Quality Control;

- **Legislative and Administrative Framework Goals:**

-  **Goal 18:** Auditor-General Act and Audit Regulations;

-  **Goal 19:** Audit Manual; and

-  **Goal 20:** Operational Guidelines and Checklists.

The Strategic Initiative to achieve these goals appears in the next section of the plan.

Strategic Initiatives

Each of the above goals appears in the Implementation Matrix table below. This table contains the following columns:

- **Goal Reference Number:** for each of the 20 goals;
- **Goal:** the title of the goal;
- **Activities/Strategies:** to achieve the goal;
- **Verifiable Output:** proof that the goal has been achieved;
- **Risks:** to prevent the goal being achieved;
- **Response to Risk:** steps to be taken to minimize risk;
- **Milestones:** target dates for achieving the goals;
- **Costs:** indicative costs; and
- **External Technical Assistance:** required donor assistance.

Implementation Matrix

#	Goal	Activities/ Strategies	Verifiable Output	Risks	Response to Risk	Milestones	Cost	External Technical Assistance
1	Structure of the Audit Office	Draft new Structure and submit to cabinet to approve it.	New Structure agreed	Cabinet will fail to approve new structure	New Law should give this power to A-G	In place by 1 January 2020	To be calculated	Minimal advice on structure of Office
2	Quality of the Audit Staff	Recruit good quality staff; train existing staff	Improved quality of work (see goals 16 and 17)	Inability to find suitable staff	More emphasis on in-house training	Ongoing but senior staff in place by 1 January 2020	Nil	Assistance in staff selection and training as required
3	Staff Retention	Retain staff by offering good terms and conditions of service	Reduced staff turnover ration	Inability to retain staff	Ensure that training and work undertaken are an attractive package	Reduction of staff turnover ratio year on year over the plan period	Nil	Minimal advice on terms and conditions of service
4	Development of Training Programme	Finalise Training Matrix and Competency-based Job Descriptions	Training Programme	Lack of funding for all required training	Prioritise training needs	In place by 1 January 2019	Cost of each course will vary.	Ongoing in-house training; funding of overseas courses and attachments

#	Goal	Activities/ Strategies	Verifiable Output	Risks	Response to Risk	Milestones	Cost	External Technical Assistance
5	Logistical Support	Buy new furniture, vehicle and IT software	Work place for every employee; IT software for audit management and interrogation	Lack of funding. Lack of skills to use software	Prioritise spending; training on IT usage	Furniture as required; LAN and Audit Management software (2021); Audit Interrogation software (2022)	Furniture etc.; IT equipment to be calculated.	Funding of IT hardware, software and training of staff in its use.
6	Inclusion, Diversity and Gender	Develop plan to achieve goal	Wider range of employees more women in senior roles.	Lack of suitable candidates	Train up existing staff.	Greater staff equality by 2020	Nil	Use of a specialist to develop plan.
7	Audit Planning	Develop a five year Strategic Audit Plan and Annual Audit Plan	Plans in place	Nil	N/A	Plan ready for 1 January 2020	Nil	Draft plan to be prepared by Senior Adviser (SA). Further assistance as required for updating.
8	Report Preparation	Develop <i>pro forma</i> reports for staff to use	Reports being produced in new format	Nil	N/a	Reporting formats used from 1 January 2020	Nil	Report formats drafted by and staff trained by SA

#	Goal	Activities/ Strategies	Verifiable Output	Risks	Response to Risk	Milestones	Cost	External Technical Assistance
9	Public Relations and Communications (Audit Awareness)	Prepare Stakeholder Map; Brief PAC and other clients; brief press and public	Stakeholder Map; meetings with PAC and clients	Failure to understand the role of the Audit Office	Ensure briefings are clear and simple	As soon as possible after Corporate Plan is finalised.	Limited; for seminars; copies of Corporate Plan	Assistance as required.
10	Library, Research and Information Material	Providing source material for auditors to use.	An area of the Audit Office where written material is accessible; identification of key websites	Inability to obtain required material	Develop, maintain good relations with other PASAI countries	Library area prepared by 1 January 2020; websites identified	Minimal; copying of documents	Provide details of written material and websites.
11	Professional Standards	Ensure that all audit work is undertaken to INTOSAI standards	Improved quality of work (see goals 16 and 17)	Staff do not follow standards	More detailed training	Improvement in professional standards over plan period	Nil	Training course on standards run; updates as required.
12	Certification Audit	The A-G's certificate on annual financial statements within legal time-frame	Report on accounts containing certificate	Failure of clients to provide accounts; inability of staff to undertake audit work in time	Development of audit plans covering interim and final accounts audits and training of staff to work with those plans	Full certification audit for 2020 accounts onwards	Nil	Specialist assistance as required.

#	Goal	Activities/ Strategies	Verifiable Output	Risks	Response to Risk	Milestones	Cost	External Technical Assistance
13	Compliance Audit	Reports to management on the extent to which they have followed legislation and rules	Reports to management numbers in accordance with audit plan	Lack of co-operation from clients and of audit skills from audit staff	Stakeholder meeting to gain client confidence; training to ensure audit staff can undertake the necessary work	Increasing numbers of compliance audits over the plan period.	Nil	Specialist assistance as required.
14	Performance Audit	Reports to management on the extent to which their systems provide value-for-money in service delivery	Performance audit reports to management in accordance with numbers in audit plan	Lack of co-operation from clients and of audit skills from audit staff	Stakeholder meeting to gain client confidence; training to ensure audit staff can undertake the necessary work	Increasing numbers of Performance audits over the plan period.	Nil	Specialist assistance as required from, for example, PASAI.

#	Goal	Activities/ Strategies	Verifiable Output	Risks	Response to Risk	Milestones	Cost	External Technical Assistance
15	Special Investigation	Reports on findings of investigation to instigating client.	Reports to clients as requested.	Failure to act on recommendations.	Include in reports to PAC	For all investigations from 1 January 2021	Nil	Specialist assistance as required.
16	Internal Quality Control	Develop supervisory and review systems for every audit	Audit Working papers indicating that IQC has taken place	Failure to implement IQC	Training of senior management	For all audits from 2020 onwards	Nil	Assistance to develop IQC framework and training course
17	External Quality Control	Develop supervisory mechanism for OAG	Reports of independent reviewer	PAC fails to appoint suitable reviewer	Educate PAC on the importance of ensuring that the OAG is fully functional	Review for 2021	Cost of Audit of OAG accounts	Use of PASAI to develop inter-SAI peer reviews.
18	Audit-General Act and Audit Regulations	Finalise new law to govern the operation of the OAG; develop Audit Regulations	Draft Law prepared and enacted Audit Regulations drafted	Parliament fails to pass law	Educate Parliament on the need for a new law	Law to be passed during 2019/20 and come into effect 1 January 2020	Nil	SA to work with A-G on refining draft law and developing audit Regulations.

#	Goal	Activities/ Strategies	Verifiable Output	Risks	Response to Risk	Milestones	Cost	External Technical Assistance
19	Audit Manual	Develop Audit Manuals for the OAG in accordance with ISSAI	Existence of manual	Nil	N/a	Available from 1 January 2019	Printing costs	SA to provide Draft Manuals for discussion with A-G
20	Operational Guidelines	Determine areas where guidelines required and draft them	Existence of Guidelines – proposed and actual	Guidelines not produced for key areas	Attempt to identify all guidelines required	Initial guidelines in place by 1 January 2020		SA to provide Draft Guidelines for discussion with A-G

External Technical Assistance

The Implementation Matrix above indicates where Technical Assistance may be required to implement the specific Corporate Planning goals. This section of the Plan briefly summarises area where External Technical Assistance (ETA) may be required.

These areas include:

- **Deputy Auditor-General:** the secondment of a suitable officer for a period of two years to help cement the current development in the Office and work with a designated successor;
- **Adviser to the Auditor-General:** the current provision of such an adviser – for a total of 80 working days – has proved very beneficial to my Office. A continuation of such support will be very useful over the plan period – especially if it is not possible to obtain the services of Deputy Auditor-General;
- **Short Term Experts:** such TA would be very useful - especially in areas such as IT - over the plan period;
- **Training and Scholarships:** there is a definite need for overseas training and attachments for which donor funding would be required. PASAI offers regional training activities which are currently funded through DFAT; MFAT; the Asian Development Bank (ADB) and the World Bank; and
- **Equipment:** the Office will require additional equipment if more staff are recruited. Also, IT hardware becomes obsolete very rapidly and will need replacing at least once over the plan period.

Summary

This Corporate Business Plan is the key document for the development and building of capacity within my Office.

Without such development, it will not be possible for me to fulfil my mandate and provide the independent review necessary to ensure good governance through the transparency of government activities and its accountability to the people of Solomon Islands.

Peter Lokay
Auditor-General of Solomon Islands

September 2018

Annex #1: Audit Clients of Office of Auditor General Solomon Islands

National Government

Constitutional Agencies:

1. Governor General
2. National Parliament
3. Public Service Commission
4. National Judiciary
5. Ombudsman
6. Leadership Code Commission
7. National Debt
8. Pensions and gratuities
9. Electoral Commission
10. Judicial and Legal Services Commission
11. Constituency Boundaries Commission
12. Parliament Entitlements Commission
13. Teaching Service Commission
14. Police and Correctional Services Commission

Ministries:

1. Agriculture and Livestock Development
2. Education and Human Resources Development
3. Finance and Treasury
4. Foreign Affairs and External Trade
5. Health and Medical Services
6. Infrastructure Development
7. Forestry and Research
8. Office of Prime Minister and Cabinet
9. Police, National Security and Correctional Services
10. Provincial Government and Institutional Strengthening
11. Lands, Housing and Survey
12. Development Planning and Aid Coordination
13. Culture and Tourism
14. Commerce Industries Labour and Immigration
15. Communication and Aviation
16. Fisheries and Marine Resources
17. Public Service
18. Justice and Legal Affairs

19. Home Affairs
20. National Unity Reconciliation and Peace
21. Mines Energy and Rural Electrification
22. Women Youth and Children's Affairs
23. Rural Development
24. Environment Climate Change Disaster Management and Meteorology

Departments:

1. High Commission – Australia
2. High Commission – NZ
3. High Commission – PNG
4. High Commission - Fiji
5. High Commission – UK
6. UN Mission – New York
7. Embassy – Cuba
8. Embassy – Brussels
9. Embassy – Switzerland
10. Embassy – Taiwan
11. Embassy – Malaysia
12. Embassy – Indonesia
13. Inland Revenue Division
14. Customs and Excise Division

Special Funds:

1. Aviation Fund
2. National Transport Fund
3. Noro Fuel Depot Sinking Fund
4. Correctional Fund
5. Telecommunications Fund
6. Educational Rehabilitation Fund
7. National Disaster Fund

Local Government:**Provincial Assemblies:**

1. Central Province
2. Choiseul Province
3. Guadalcanal Province
4. Isabel Province
5. Makira Ulawa Province
6. Malaita Province

7. Rennell Bellona Province
8. Temotu Province
9. Western Province

Municipal Councils:

1. Honiara City Council
2. Noro Town Council

Public Bodies/Public Entities:**Statutory Bodies:**

1. Central Bank of Solomon Islands
2. Solomon Islands National University
3. Solomon Islands National Provident Fund
4. Solomon Islands Visitors Bureau
5. Telecommunication Commission of Solomon Islands

State-owned Enterprises:

1. Commodities Export Marketing Authority
2. Investment Corporation of Solomon Islands
3. Solomon Airlines Ltd
4. Solomon Islands Airports Company
5. Solomon Islands Broadcasting Corporation
6. Solomon Islands Cable Company
7. Solomon Islands Electricity Authority
8. Solomon Islands Postal Corporation
9. Solomon Islands Ports Authority
10. Solomon Islands Water Authority

National Councils:

1. National Sports Council
2. National Council of Women
3. National Disaster Council
4. 2023 Pacific Games
5. Solomon Games

Education Institutions:

1. Solomon Islands National University
2. Education Authorities (10)
3. KGVII

4. Waimapuru

Other Audits:

Donor Funded Projects:

1. World Bank projects
2. ADB projects
3. NZ projects
4. Australia projects
5. UN
6. EU
7. ROC

Political Parties:

1. People's Alliance Party (PAP)
2. Kadere Party of Solomon Islands (KPSI)
3. SI People's First Party (SIPFP)
4. Democratic Alliance Party (DAP)
5. Solomon Islands Democratic Party (SIDP)
6. Youth Owned Urban Rural Party (YOUR)
7. Solomon Islands Party for Rural Advancement (SIPRA)
8. New Nation Party (NNP)
9. United Democratic Party (UDP)
10. National Transformational Party of Solomon Islands (NTPSI)
11. People's Progressive Party (PPP)
12. Direct Development Party (DDP)
13. SI Pan-Melanesian Congress Party (SIPMCP)