

Office of the Auditor General

Last article I described some of the issues that come out of our financial statement audits of the Government and its agencies, and the sorts of recommendations we make to improve reliability and completeness of their accounts and records.

This week I describe what are Performance Audit Reports and some of the Government programs that have been audited this way, the sorts of issues that came out of them, and how we make recommendations to strengthen those programs.

Performance Audits

Just to remind you, I described performance audits as “value for money audits” because they are looking at the efficiency of those programs and whether or not they actually deliver the services intended to the planned standard.

Some of the reports that have been issued to date include:

- management of the tertiary education scholarships by the Ministry of Education and Human Resource Development,
- management of the tuna fisheries industry by the Ministry of Fisheries and Marine Resources,
- teacher absenteeism in primary schools managed by the Ministry of Education and Human Resource Development; and independent and provincial Education Authorities, and
- management of the Government motor vehicle fleet managed by the Ministry of Infrastructure Development.

The findings from these reports showed how the existing management practices were failing and needed to be improved.

The main findings in each report were as follows:

Tertiary Scholarships Management [2013]

Poor financial management and budgeting

The audit found continued mishandling of tertiary scholarships for our students studying overseas which results in many of our students being paid their living allowances very late.

The audit also found that the Ministry is still very late in paying tuition fees owed to overseas universities which results in them withholding students' grades from the Ministry. This stops the Ministry from monitoring students' performance.

Failure to select suitable students for scholarships

The audit found that the Ministry continues to give scholarships to students who do not meet the Ministry's selection guidelines. This is resulting in too many of our students failing in their courses, whose places should have been taken by more able students.

Failure to implement Auditor General's recommendations from 2006

The audit found that the Ministry had failed to implement OAG's recommendations in an audit report on the same matter that was done five years ago in 2006 in that:

- no policy on rates for payment of student allowances;
- no guidelines for monitoring of scholarship holders;
- limited monitoring of poor performing students; and
- insufficient supporting documentation for payment vouchers.

Failure to follow Ministry policies

Although the Ministry carried out OAG's 2006 recommendation to develop a comprehensive policy on tertiary scholarships, it did not provide detailed procedures for staff to be able to implement those policies.

As a result, those policies are not being followed.

Failure to properly record National Training Council decisions

The audit found that the National Training Council meeting minutes record the names of the applicants approved to receive a scholarship but there is no record of the assessment of each applicant in the minutes or in documentation supporting the meeting minutes.

There were no records of how applicants were rated against the selection criteria and the resulting priority list.

Poor management of student performance

The audit found that the Ministry's student records are incomplete. This is stopping the Ministry from properly monitoring students' progress in their studies.

Further, there are delays in receiving students' results from universities due to late payment of tuition fees by the Ministry which is also preventing staff from checking students' progress in their studies.

These management gaps are delaying Ministry action to pull out students who are failing their courses so that others can take their places.

Failure to reply to OAG's audit findings and recommendations

After trying for three months to get a response from the Ministry, OAG printed the report without the Ministry's replies.

This is the first time that a Ministry has failed to reply to findings and recommendations in all the audit reports that have been issued by OAG. This is still true as of today.

Tuna Fisheries Management [2012]

Lack of up-to-date legislation and Tuna Management Plan

The audit found that the lack of up-to-date legislation and a Tuna Management Plan that was needed to adequately address Solomon Islands regional fisheries responsibilities and the current western pacific fisheries environment, prevented the Ministry from properly planning the management of off-shore fisheries.

Lack of industry analysis to ensure foreign vessels are paying all fees

It was not clear to the OAG that the Ministry had focussed on addressing economic returns to the Solomon Islands from off-shore fishing licences and access agreements, or assessing whether they are appropriate to the value of tuna taken by vessels from the Solomon Islands Fisheries Exclusive Economic Zone each year. This meant that the Ministry could not be sure that Solomon Islands was being fully paid for all the fish caught.

Lack of a formal fishing licence policy and guidelines

The Ministry did not have a formal fishing licence policy and guidelines, particularly to appropriately address new developments in the fishery sector, including the Vessel Day Scheme, and to meet its regional obligations. This meant that the Ministry could not have the tools needed to properly police the tuna catch in Solomon Islands waters.

Failure to issue or renew licences in accordance with requirements

Fishing licenses were not being issued in accordance with the requirements of current legislation, particularly the Tuna Management and Development Plan 1999 under the Fisheries Act 1998. This meant that it was not clear that all the required approvals from appropriate Solomon Islands agencies were obtained before a fishing licence was issued resulting in limited assurance that a fishing vessel is appropriately registered, is seaworthy and safe, and satisfies necessary approvals before being used in Solomon Island waters.

The Ministry had not formalised its procedures for renewal of fishing licences or made them readily available to staff to ensure renewals are processed on time and in accordance with requirements.

Teacher absenteeism [2011]

Teacher absenteeism a big problem in primary schools

The audit found that teacher absenteeism was a significant issue in primary schools.

Complicated and inefficient management systems

The audit found that the education system's administrative arrangements were unnecessarily complex and inefficient. Also, there were inadequate systems to monitor, report and enforce teacher attendance at primary schools.

Environmental factors created teacher dissatisfaction and absenteeism

The audit found that environmental factors in the education system such as teachers' conditions of service and the late return of teachers at the beginning of the academic year, in addition to poor transport, banking and communications facilities, resulted in further teacher absenteeism from schools.

Social and financial cost of teacher absenteeism

Anecdotal evidence collected by OAG suggested that the motivation and drive of children to attend school and to learn could be severely impacted when their teachers are frequently absent. Also if teachers were seen to treat coming to school as something that is not important, young children could quickly develop the same attitude.

OAG estimated that wasted teacher wages due to absenteeism exceeded \$12.2m each year.

The National Parliament subsequently took up the issue and the Parliamentary Education and Human Resources Training Committee is expected to hand down its report shortly.

Management of Government Motor Vehicle Fleet [2011]

Poor management of vehicles by ministries

The audit disclosed many significant issues in the manner in which ministries operated their motor vehicle fleets. The lack of adequate systems and processes, as well as documentation to evidence and support key management activities was a major concern. This was particularly evident in the Ministry of Infrastructure Develop which was responsible for management of government vehicles under the Public Service Vehicle Rules.

Use of vehicles for private use

The audit also identified an extensive misuse of government vehicles for private purposes by government employees, in contravention of the requirements of the Public Service Vehicle Rules.

So what happens after the reports are released?

OAG submits its audit reports to Parliament for its information and debate – and hopefully to trigger changes in the way that ministries manage their programs, people and properties once the ministries are aware of the causes of the problems.

The information is also made available to the general public through the media and copies of the reports are made available upon request.

OAG is setting up a database that will track whether ministries are making changes in line with OAG's audit recommendations and once this has been established, the general public will be able to access the information through OAG's website and in its annual reports to the Parliament.

We trust you found these articles helpful in understanding the role of OAG in providing accountability to the management of government agencies and programs.