



Technical Assistance Report

Project Number: 46506–001
Regional—Capacity Development Technical Assistance (R-CDTA)
November 2013

Implementing the Pacific Regional Audit Initiative (Phase 2) (Financed by the Japan Fund for Poverty Reduction)

Asian Development Bank

ABBREVIATIONS

| | | |
|---------|---|--|
| ADB | – | Asian Development Bank |
| IED | – | Independent Evaluation Department |
| INTOSAI | – | International Organization of Supreme Audit Institutions |
| PASAI | – | Pacific Association of Supreme Audit Institutions |
| PFM | – | public financial management |
| PFTAC | – | Pacific Financial Technical Assistance Centre |
| PIF | – | Pacific Islands Forum |
| PRAI | – | Pacific Regional Audit Initiative |
| SAI | – | supreme audit institution |
| SAS | – | subregional audit support |
| TA | – | technical assistance |

TECHNICAL ASSISTANCE CLASSIFICATION

| | | |
|---------------------------------|---|---|
| Type | – | Regional—capacity development technical assistance (R-CDTA) |
| Targeting classification | – | General intervention |
| Sector (subsectors) | – | Public sector management (public expenditure and fiscal management, public administration) |
| Themes (subthemes) | – | Regional cooperation and integration (other regional public goods), governance (economic and financial governance), capacity development (institutional development, organizational development) |
| Location (impact) | – | Regional (high), national (medium), rural (low), urban (low) |
| Partnership | – | Japan Fund for Poverty Reduction |

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. Building the capacity of Pacific audit institutions is fundamental to improving governance in the region, and high-quality external audit is an essential requirement for creating transparency in the use of public funds.
2. In October 2005, Pacific Islands Forum (PIF) leaders endorsed for further study and analysis the Pacific Plan Initiative 12.1 (Key Integrity Institutions), which included the Pacific Regional Audit Initiative (PRAI).¹ The PRAI design was subsequently developed by the Pacific Association of Supreme Audit Institutions (PASAI),² with support from the Asian Development Bank (ADB) and Australian Aid, under the coordination of the PIF Secretariat.³ The August 2008 PIF Leaders' Meeting endorsed the PRAI design. Following this endorsement, ADB, Australian Aid, the International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative, the New Zealand Aid Programme, and the World Bank supported the successful initial implementation and delivery of PRAI outputs during 2008–2013.⁴
3. This proposed regional capacity development technical assistance (TA) will support the continued implementation of the PRAI in Pacific island countries, and has been developed in consultation with the PASAI secretariat and development partners. The design and monitoring framework is in Appendix 1.⁵

II. ISSUES

4. The overarching objective of the PRAI is to raise Pacific public auditing by audit institutions (known as supreme audit institutions [SAIs]) to uniformly high standards. This in turn will contribute to good governance through improved transparency, accountability, and efficiency in the management and use of public resources in the Pacific island countries.
5. Pacific SAIs face similar difficulties in the areas of human resource capacity and the effectiveness of their audit methodologies, systems, and governing legislation. Common challenges include small numbers of trained and qualified personnel, disproportionate effects of staff turnover or absences, outdated audit methodologies, inefficient governance arrangements, and legislation that does not provide for the appropriate independence of the audit function. These issues mean that public accounts are often not audited to high standards in a timely manner, and legislatures do not always act on audit findings and recommendations. To be effective, SAIs must (i) audit all entities within the audit portfolio, (ii) issue timely audit opinions

¹ Pacific Islands Forum Secretariat. 2005. *The Pacific Plan for Strengthening Regional Cooperation and Integration*. Suva.

² PASAI is the regional organization representing all audit institutions in the Pacific island countries. PASAI operates a small secretariat currently located in Auckland, New Zealand. Supreme audit institutions from ADB member countries that are members of PASAI and will be supported by this TA are the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

³ ADB. 2006. *Technical Assistance for Strengthening Governance and Accountability in Pacific Island Countries*. Manila (TA 6360-REG, \$1,579,000, approved on 7 December 2006, cofinanced by the Japan Special Fund and the Government of Australia).

⁴ ADB. 2008. *Technical Assistance for Strengthening Governance and Accountability in Pacific Island Countries (Phase 2)*. Manila (TA 6499-REG, \$1,900,000, approved on 3 November 2008, cofinanced by the Japan Special Fund and the Government of Australia); ADB. 2011. *Implementing the Pacific Regional Audit Initiative*. Manila (TA 7794-REG, \$1,300,000, approved on 29 March 2011, financed by the Japan Fund for Poverty Reduction).

⁵ The TA first appeared in the business opportunities section of ADB's website on 30 September 2013.

and reports, (iii) be managed effectively and have well-qualified staff, (iv) have a modern risk-based audit methodology, and (v) be independent of the legislature and the executive.

6. The PASAI Annual Report 2011/12 provides a comprehensive outline of achievements from the PRAI to date and notes the improvements to capacity and associated audit impacts.⁶ It describes the following outputs.

- (i) **Regional cooperation and coordination.** Under this output (a) four manuals covering human resources management, quality assurance guidelines, reporting guidelines, and performance audit were produced and are being used by audit institutions in the region; (b) three regional cooperative performance audits covering solid waste, access to safe drinking water, and management of sustainable fisheries were completed; and (c) annual PASAI congresses were held to support regional coordination on audit issues.
- (ii) **Organizational capacity.** Training workshops on auditing fundamentals, intermediate auditing, supervisory auditing, and audit management were developed, piloted, and conducted with a total of 101 staff trained from 17 audit institutions in the Pacific island countries. A total of 15 coordinators from within the region were involved.
- (iii) **Technical ability.** Under this output the subregional audit support (SAS) program was completed. The SAS program uses an innovative model to deal with public auditing challenges in small island states by pooling the resources of the subregion. The program is working to raise the quality of public auditing in Kiribati, Nauru, and Tuvalu through the establishment of a team of secondees from each of the participating countries, supported by specialist audit expertise.
- (iv) **Transparency and accountability.** A second report on the state of accountability and transparency in the Pacific island countries was published by PASAI in July 2012.⁷ The report is being used to communicate with governments and regional organizations, and to conduct broader advocacy about the role of SAs and associated governance mechanisms in achieving the accountable and transparent use of public resources.

7. A key initiative introduced in late 2012 is a twinning arrangement, which potentially lays the groundwork for an eventual exit strategy by PASAI from development partner support. The twinning arrangement teams an audit institution from Australia (including the Australian state audit institutions) or New Zealand with a developing country PASAI member. The twinning arrangements will develop in various ways depending on the needs of each audit institution; however, they will include the provision of mentoring, advice, training, and knowledge sharing between the more developed audit institution and the PASAI member.

8. The PRAI was, and remains, highly consistent with regional priorities. It was conceptualized in response to growing regional concern, as articulated by PIF leaders, that institutional weaknesses were undermining transparency, accountability, equity, and efficiency in the management and use of resources in the Pacific island countries; and with the belief that a regional approach could be taken to addressing these issues. The PRAI design was developed by PASAI after an extensive consultation process and significant background diagnostic studies. These assessments included undertaking detailed SAI-specific stock takes,

⁶ PASAI. 2012. *Annual Report 2011/12*. Auckland.

⁷ PASAI. 2012. *Accountability and Transparency in the Pacific Region 2011*. Auckland.

building on earlier SAI assessments, along with regional benchmarking of capacity through the PASAI capability model.⁸

9. An independent review of the PRAI and PASAI was undertaken by ADB's Independent Evaluation Department (IED) at the request of and in coordination with the Government of Australia's Department of Foreign Affairs and Trade and the New Zealand Aid Programme.⁹ The review gave PRAI an overall assessment of *generally successful*. The PRAI was rated *highly relevant, effective* (on major outputs), *efficient*, and *likely to be sustainable*. The IED review provided lessons for the next PRAI program period, including the need for (i) stronger and more frequent diagnostic assessments of SAIs, including self-assessments, to improve monitoring and sharpen targeting of support; (ii) more proactive approaches to advocating transparency and accountability and to working with governments and legislatures to address long-standing constraints to SAI effectiveness; (iii) reporting more regularly on transparency and accountability issues; and (iv) establishing formal, results-oriented agreements between PASAI and key partners such as the United Nations Development Programme and the Pacific Financial Technical Assistance Centre (PFTAC).

10. PASAI has now prepared a new strategic plan in consultation with member audit institutions that incorporates the findings of the IED review.¹⁰ The plan's approach was endorsed by PASAI members in September 2013.

11. The TA is consistent with ADB's Pacific Approach, 2010–2014, which identifies continued support to good governance and regional cooperation and integration activities, including public financial management (PFM).¹¹ Also, in supporting regional and international declarations on development partner coordination and aid effectiveness, development partners have committed to relying on country PFM systems, including audit institutions.¹² Furthermore, ADB is a signatory to the memorandum of understanding between INTOSAI and the development partner community, under which development partners have committed to supporting the strengthening of PFM in partner countries, including the government auditing function, with a view to ensuring that public resources are properly used, and that funding reaches the intended end user.¹³

12. The proposed TA complements other support being provided to PFM in the Pacific developing member countries, including by PFTAC.¹⁴ PFTAC provides PFM support in three areas: (i) support for public expenditure and financial accountability assessments and the development of PFM road maps; (ii) PFM TA missions or training designed to assess, discuss, and deliver solutions; and (iii) delivering training and supporting the development of regional institutions or processes with the aim of ensuring long-term PFM system sustainability. Support to audit institutions is, however, not covered by PFTAC.

⁸ ADB. 2008. *Pacific Regional Audit Initiative Summary Design Document, 2008–2012*. Manila.

⁹ ADB. 2013. *Independent Review of the Pacific Regional Audit Initiative, 2008–2012*. Manila.

¹⁰ PASAI. 2013. *Strategic Plan 2014–2024*. Auckland.

¹¹ ADB. 2009. *ADB's Pacific Approach, 2010–2014*. Manila.

¹² Cairns Compact on Strengthening Development Coordination in the Pacific (2009), the Accra Agenda for Action (2008), the Pacific Aid Effectiveness Principles (2007), and the Paris Declaration on Aid Effectiveness (2005).

¹³ Memorandum of Understanding between INTOSAI and the Donor Community. 31 July 2012.

¹⁴ ADB. 2008. *Technical Assistance for Pacific Financial Technical Assistance Centre, 2008–2011*. Manila (TA 6466-REG, \$1,000,000, approved on 24 June).

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

13. The TA will support public entities in Pacific island countries to improve transparency and accountability in the management and use of their public resources. The outcome of the TA will be that SAIs in Pacific island countries will operate in accordance with uniform standards at a measurably higher level.

B. Methodology and Key Activities

14. The TA will deliver the following outputs and associated activities during 2014–2016, consistent with PASAI's new strategic plan.

- (i) **Strengthened supreme audit institution independence.** The TA will assist the PASAI secretariat in providing support to SAIs that need to have their audit legislation revised or enhanced to improve accountability and transparency.¹⁵ Some SAIs in the Pacific island countries have yet to obtain full independence, a complete mandate encompassing the entire public sector, unrestricted access to information, and freedom from restrictions to report on their work.
- (ii) **Strengthened transparency and accountability by contributing to and promoting an integrated approach to public financial management.** The TA will support the PASAI secretariat in continuing to regularly survey and report on the status of transparency and accountability in the Pacific island countries. Consistent with the recommendations in the IED review, the report will be used to inform stakeholders and advocate the significance of good accountability and transparency. In addition, PASAI, together with key partners, will start working toward a more integrated regional approach to strengthening the accountability system.
- (iii) **Strengthened public financial reporting, public audit, and legislative oversight.** The TA will continue to support two initiatives that have demonstrated results under phase 1—cooperative audits and the SAS program. Cooperative audits involve multiple audit institutions working together on a single audit. They also enable high-quality audit services to be delivered, particularly in specialist or complex areas, and support effective capacity development. The TA will continue to support the completion of cooperative performance audits using this approach. The TA will also support the SAS program for Kiribati, Nauru, and Tuvalu; and may add a fourth country.
- (iv) **Strengthened capacity and capability of supreme audit institutions to carry out their mandates.** Under phase 1 of the TA, SAIs were provided with advice and support on strategic and corporate planning; records management; internal performance management and reporting; and human resources, legal, information and communication technology, and funding models. These requirements and other management and operational best practices are contained in the PASAI Strategic Management and Operational Guidelines. The TA will continue to assist SAIs in the development of strategic and business plans consistent with the guidelines, or provide advice where necessary to

¹⁵ Consistent with the United Nations General Assembly Resolution on SAIs (resolution A/66/209) and the International Standards of Supreme Audit Institutions.

ensure that the plans align with PASAI initiatives, as well as the INTOSAI performance measurement framework.¹⁶

C. Cost and Financing

15. The TA is estimated to cost \$1,300,000, which will be financed on a grant basis by the Japan Fund for Poverty Reduction and administered by ADB. The PASAI secretariat and participating SAIs will provide in-kind contributions. The cost estimates and financing plan is in Appendix 2. The PASAI secretariat is currently consulting with other development partners on its new strategic plan to also provide financing to support the continued implementation of the PRAI.

D. Implementation Arrangements

16. ADB will be the executing agency and the PASAI secretariat will be the implementing agency.¹⁷ Disbursements under the TA will be made in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The equipment will be purchased in accordance with ADB's Procurement Guidelines (2013, as amended from time to time).

17. The TA will require international consultants (estimated 30 person-months of inputs) and national consultants (estimated 24 person-months of inputs) with skills and expertise in public auditing, performance auditing, legal and governance support, capacity development, and TA administration. All consultants will be engaged on an individual basis.¹⁸ The consultants will be engaged by ADB in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). TA activities will be implemented over 30 months, from 1 January 2014 to 30 June 2016. The outline terms of reference for consultants are in Appendix 3.

18. Monitoring of the broader aims of the TA will draw on the findings of assessments by ADB and development partners. This will include measuring the performance of each PASAI member against the PASAI capability model. Ongoing monitoring of activities will be undertaken through regular meetings of the PASAI governing board.¹⁹ Good practices and lessons will be disseminated throughout the implementation of the TA.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$1,300,000 to be financed on a grant basis by the Japan Fund for Poverty Reduction for Implementing the Pacific Regional Audit Initiative (Phase 2), and hereby reports this action to the Board.

¹⁶ INTOSAI. 2013. *Supreme Audit Institutions Performance Measurement Framework. Pilot Version. INTOSAI Working Group on the Value and Benefits of SAIs*. Oslo. www.idi.no/artikkel.aspx?Mid1=102&Ald=704

¹⁷ No TA activities will be financed or undertaken in the territory of a developing member country until confirmation of a no-objection has been obtained from the government of the developing member country concerned.

¹⁸ Individual consultant selection will be used because (i) it is unlikely that any firm will have the range of expertise to provide the required international consultants, and (ii) it will provide flexibility to respond to the needs of the PASAI secretariat.

¹⁹ PASAI has a governance structure to oversee the implementation of the PRAI. Pacific Association of Supreme Audit Institutions. www.pasai.org/About+Us/PASAI+Governing+Board.html

DESIGN AND MONITORING FRAMEWORK

| Design Summary | Performance Targets and Indicators with Baselines | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|---|--|--|--|
| <p>Impact Public entities in Pacific island countries improve transparency and accountability in the management and use of their public resources</p> | <p>Average one-step improvement by the end of 2017 in the following public expenditure and financial accountability (PEFA) performance indicators (PI):</p> <ul style="list-style-type: none"> (i) PI-10: public access to key fiscal information (ii) PI-25: quality and timeliness of annual financial statements (iii) PI-26: scope, nature, and follow-up of external audit (iv) PI-28: legislative scrutiny of external audit reports^a | <p>Country PEFA public financial management (PFM) assessments</p> <p>Pacific Regional Audit Initiative (PRAI) status reports prepared by the Pacific Association of Supreme Audit Institutions (PASAI) secretariat</p> | <p>Assumptions Participating jurisdictions remain committed to improving transparency and accountability.</p> <p>PFM systems continue to improve.</p> |
| <p>Outcome Supreme audit institutions (SAIs) in Pacific island countries operate in accordance with uniform standards at a measurably higher level</p> | <p>By the end of 2015, 70% of available public accounts and their components will have been audited to internationally accepted standards within 12 months of the end of the fiscal year</p> <p>Improvement by the end of 2015 of the PEFA PI-26 indicator to an average rating of B for all completed country PEFA assessments</p> <p>By the end of 2015, 80% of participating SAIs will be at level 3 or higher on the PASAI capability model</p> | <p>PASAI secretariat's stocktaking of audited public accounts</p> <p>PEFA PFM assessments</p> <p>PRAI status reports</p> <p>PASAI capability model</p> <p>International Organisation of Supreme Audit Institutions performance measurement framework</p> | <p>Assumptions Participating jurisdictions continue to be strongly committed to effective public auditing.</p> <p>PASAI members continue to work collaboratively.</p> <p>Accounting systems, standards, and records continue to improve.</p> <p>Risk Financial reports and records are not available for audit in a timely manner.</p> |

| Design Summary | Performance Targets and Indicators with Baselines | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|---|--|--|--|
| <p>Outputs</p> <p>1. Strengthened SAI independence</p> <p>2. Strengthened transparency and accountability by contributing to and promoting an integrated approach to PFM</p> <p>3. Strengthened public financial reporting, public audit, and legislative oversight</p> <p>4. Strengthened capacity and capability of SAIs to carry out their mandates</p> | <p>Support provided to five SAIs on legislative amendments is consistent with international guidance</p> <p>One public release in 13 PASAI member countries following the publication of a regional accountability and transparency report</p> <p>Two strategic partnership agreements with joint results-oriented frameworks are agreed upon</p> <p>One cooperative performance audit in eight countries is completed in accordance with a common cooperative performance audit methodology and tabled in each country's parliament by June 2015</p> <p>Six financial audits in three countries are completed under the Subregional Audit Support Program in accordance with a common financial audit methodology and tabled in each country's parliament by December 2015</p> <p>Overall one-step increase in the performance of SAIs as measured by the PASAI capability model by December 2015</p> | <p>Audit legislation</p> <p>Completed PASAI report on regional accountability and transparency</p> <p>Strategic partnership agreements</p> <p>Cooperative performance audit reports</p> <p>Audit opinions; management letters and reports</p> <p>Records of Public Accounts Committee hearings</p> <p>Completed SAI strategic and business plans</p> <p>PASAI capability model</p> | <p>Assumptions</p> <p>SAIs are willing to participate in the peer review program.</p> <p>For cooperative audits, suitable secondees are available from participating countries.</p> <p>Risks</p> <p>Participating jurisdictions resist a stronger PASAI secretariat.</p> <p>Training and practical experience are not relevant for SAIs' needs.</p> <p>Demand from jurisdictions to participate in the cooperative audits overstretches organizational and financial capacity.</p> |

| Design Summary | Performance Targets and Indicators with Baselines | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|---|---|--|-----------------------|
| Activities with Milestones 1. Strengthened SAI independence 1.1 Support provided to five SAIs on legislative amendments (December 2015) 2. Strengthened transparency and accountability by contributing to and promoting an integrated approach to PFM 2.1 PASAI report on regional accountability and transparency issues released (December 2015) 2.2 Results of PASAI accountability and transparency report disseminated (December 2015) 2.3 Two strategic partnership agreements with joint results-oriented frameworks agreed upon (December 2015) 3. Strengthened public financial reporting, public audit, and legislative oversight 3.1 One cooperative performance audit involving eight SAIs undertaken (June 2015) 3.2 Subregional audit support program involving three SAIs undertaken (December 2015) 4. Strengthened capacity and capability of SAIs to carry out their mandates 4.1 Individual strategic and business plans for 10 SAIs that align with PASAI initiatives and the INTOSAI performance measurement framework prepared (December 2015) | | Inputs Japan Fund for Poverty Reduction: \$1,300,000 | |

^a Baseline data are included in PEFA reports for each country. Indicators are graded from A (highest) to D (lowest). Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

| Item | Amount |
|--|-----------------|
| Japan Fund for Poverty Reduction^a | |
| 1. Consultants | |
| a. Remuneration and per diem | |
| i. International consultants | 655.60 |
| ii. National consultants | 90.00 |
| b. International and local travel | 72.00 |
| c. Reports and communications | 2.50 |
| 2. Equipment ^b | 5.00 |
| 3. Training, seminars, and conferences ^c | 285.00 |
| 4. Miscellaneous administration and support costs ^d | 122.00 |
| 5. Contingencies | 67.90 |
| Total | 1,300.00 |

^a Administered by the Asian Development Bank.

^b Includes notebook computers for secondees in the Subregional Audit Support Program. At the end of the technical assistance the notebook computers will be turned over to the participating supreme audit institutions.

^c Covers the costs of implementing the Subregional Audit Support Program in Kiribati, Nauru, and Tuvalu (with the possible addition of a fourth country); including secondees' travel, per diem, accommodation, and insurance.

^d For the costs of the Pacific Association of Supreme Audit Institutions secretariat to support the delivery of technical assistance outputs and activities. The Asian Development Bank's advance payment facility will be used for these costs.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Subregional Audit Support Program Coordinator

1. The subregional audit support (SAS) program coordinator (international, 8 person-months, intermittent) will have sound project management and administration skills; recent, practical experience in public auditing; and at least 10 years of relevant professional experience. The coordinator will hold a recognized accounting, auditing, or similar qualification; and will ideally be a member of an accounting professional association. Experience in the Pacific island countries is highly desirable. The assignment will involve travel to Kiribati, Nauru, and Tuvalu. In addition, a possible fourth country may be introduced for this cycle of the program.

2. The SAS program coordinator will be engaged for the full cycle of the SAS program, and will work in close collaboration with the other SAS team members under the guidance of the Pacific Association of Supreme Audit Institutions (PASAI) secretariat and the SAS program committee. The program committee comprises the auditors-general of Kiribati, Nauru, and Tuvalu; the PASAI secretary-general; and the PASAI executive director. Development partner representatives will also be invited to attend meetings of the committee.

3. The SAS program coordinator will establish, manage, and coordinate the SAS team to undertake financial audits of the annual public accounts, including advising on the preparation of audit opinions and reports for Kiribati, Nauru, and Tuvalu. The auditors-general of Kiribati, Nauru, and Tuvalu will remain responsible for signing, issuing, and presenting audit reports to each country's parliament.

4. The SAS program coordinator will lead the following tasks working with the SAS public auditing expert.

- (i) Prepare and maintain a rolling subregional audit program, which will identify the focus, sequencing, and timing of audits and other activities and provide the basis for monitoring and evaluation, for consideration and endorsement by the SAS program committee.
- (ii) Liaise with the auditors-general of Kiribati, Nauru, and Tuvalu to implement the program, including the selection and mobilization of SAS secondees.
- (iii) Prepare a detailed resource schedule that outlines audit timing and sequencing.
- (iv) Provide general logistical and administrative support to the program, including (a) facilitating SAS team members' travel and accommodation arrangements; (b) ensuring adequate facilities and equipment are provided to SAS team members; and (c) coordinating training provided to SAS secondees, SAI personnel, and other related personnel such as finance ministry staff.

5. Outputs will include (i) a rolling subregional audit program, (ii) guidance materials on auditing practices and approaches, (iii) completed financial audits, (iv) trained SAS secondees, (v) completed financial statements (working in conjunction with finance ministries), and (vi) identification of capacity and accountability constraints that could benefit from additional support.

B. Subregional Audit Support Program Public Auditing Expert

6. The SAS program public auditing expert (international, 8 person-months, intermittent) will be engaged for the full cycle of the SAS program and will provide specialist audit expertise

to the SAS team. The expert will have recent, practical, public auditing experience, most likely gained in a supreme audit institution, and at least 5 years of relevant professional experience. The expert will hold a recognized professional accounting, auditing, or similar qualification; and will be a member of an accounting professional association. The assignment will involve travel to Kiribati, Nauru, and Tuvalu. In addition, a possible fourth country may be introduced for this cycle of the program.

7. Working as an SAS team member, the public auditing expert will support the completion of the financial audits of annual public accounts, including advising on the preparation of audit opinions and reports in Kiribati, Nauru, and Tuvalu. The auditors-general of Kiribati, Nauru, and Tuvalu will remain responsible for signing, issuing, and presenting audit reports to each country's parliament. The public auditing expert will work in close collaboration with the other SAS team members under the SAS program coordinator's direction. The provision of training and knowledge transfer will be integral to this role.

8. The public auditing expert will support the following tasks, working with the SAS program coordinator: (i) prepare and maintain a rolling subregional audit program, which will identify the focus, sequencing, and timing of audits and other activities, and provide the basis for monitoring and evaluation for consideration and endorsement by the SAS program committee; (ii) liaise with the auditors-general of Kiribati, Nauru, and Tuvalu to implement the program, including the selection and mobilization of SAS secondees; and (iii) prepare a detailed resource schedule that outlines audit timing and sequencing.

9. The public auditing expert will also take a lead role in

- (i) identifying and preparing guidance materials on auditing practices and approaches to support the introduction of PASAI's financial audit methodology and manual;
- (ii) undertaking the agreed financial audits, with a strong emphasis on improving audit quality and timeliness, and improving audit report impact;
- (iii) training and providing knowledge transfer to SAS secondees;
- (iv) advising on and assisting in the preparation of financial statements; and
- (v) training SAI personnel and other related personnel such as finance ministry staff.

10. Outputs will include (i) a rolling subregional audit program, (ii) guidance materials on auditing practices and approaches, (iii) completed financial audits, (iv) trained SAS secondees, (v) completed financial statements (working in conjunction with finance ministries), and (vi) identification of institutional and individual capacity and accountability constraints that could benefit from additional support.

C. Cooperative Performance Audit Expert

11. The cooperative performance audit expert (international, 4 person-months, intermittent) will support the completion of PASAI's cooperative performance audit program. The expert will have performance audit experience and at least 10 years of relevant professional experience, most likely gained from working in a public sector audit institution. Experience in undertaking performance audits and developing cooperative audit approaches, as well as experience working in the Pacific island countries, is desirable.

12. The PASAI governing board in consultation with PASAI members will determine the performance audit topic. The cooperative performance audit expert, under the overall guidance of the PASAI secretariat, will undertake the following tasks:

- (i) Prepare for the consideration of PASAI a detailed performance audit plan for undertaking the cooperative performance audit.
- (ii) Source and assemble background materials relating to the identified performance audit topic.
- (iii) Provide support to a planning and reporting meeting for the cooperative performance audit.
- (iv) Provide advice as required while PASAI members are undertaking the cooperative performance audit.

D. Other Experts

13. The TA will provide approximately 10 person-months of intermittent international consulting services and 24 person-months of intermittent national consulting services with a focus on public auditing, performance auditing, legal support, capacity development, and technical assistance administration. Specific consulting requirements will be refined further based on consultations with the PASAI secretariat and will be in accordance with PASAI's strategic plan.¹

¹ PASAI. 2013. *Strategic Plan 2014–2024*. Auckland.