

ASIAN DEVELOPMENT BANK

TPA: REG 2002-14

TECHNICAL ASSISTANCE PERFORMANCE AUDIT REPORT

ON

STRENGTHENING AUDIT CAPABILITY

IN THE PACIFIC

October 2002

ABBREVIATIONS

ADB	–	Asian Development Bank
DBK	–	Development Bank of Kiribati
EA	–	executing agency
FIJ	–	Fiji
FSM	–	Federated States of Micronesia
IDI	–	INTOSAI development initiative
INTOSAI	–	International Organization of Supreme Audit Institutions
KIR	–	Kiribati
OAG	–	office of the auditor general
OEM	–	Operations Evaluation Mission
PCR	–	project completion report
PDMC	–	Pacific developing member country
PNG	–	Papua New Guinea
REG	–	regional
RMI	–	Republic of the Marshall Islands
SPASAI	–	South Pacific Association of Supreme Audit Institutions
TA	–	technical assistance
TCR	–	technical assistance completion report
TPAR	–	technical assistance performance audit report

NOTE

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

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BASIC TECHNICAL ASSISTANCE DATA

Item	TA 1389-KIR ¹		TA 2463-FIJ ²		TA 5347-REG ³		TA 5589-REG ⁴		TA 5830-REG ⁵		TA 5910-REG ⁶	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
Cost												
Foreign Exchange												
Financed by ADB	234,000	162,999	550,000	488,585	290,000	290,000	136,700	86,184	700,000	459,076	200,000	129,819
Financed by Others	0	0	0	0	36,000	..	264,300	..	500,000	.. ⁷	173,000	.. ⁷
Local Currency	—	..	40,000	..	25,000 ⁸	..	39,800 ⁹	..	—	..	—	..
Total	234,000	162,999	590,000	488,585	351,000	290,000	440,800	86,184	1,200,000	459,076	373,000	129,819
Number of Person-Months (consultants)	16	16	17	21 ¹⁰	—	—	—	—	—	—	—	—
Executing Agency	DBK		Ministry of Finance and Economic Development			IDI		IDI		SPASAI		SPASAI
Milestones												
President's/Board Approval	18 Oct 1990		11 Dec 1995			16 Aug 1989		25 Jul 1994		3 Feb 1999		6 Apr 2000
Signing of TA Agreement	4 Oct 1991 ¹¹		1 Mar 1996				16 Feb 1999		11 Apr 2000
Fielding of Consultants	Nov 1991		May 1996			May 1990		Oct 1994		Mar 1999		May 2000
TA Completion	Feb 1993 ¹²		Jul 1998			Jun 1992		Nov 1995		Oct 1999		Jun 2000
TCR Circulation	Sep 1996 ¹³		Jul 1998			—		—		Jun 2002		Jun 2002
Missions												
	Number	Date	Number	Date	Number	Date	Number	Date	Number	Date	Number	Date
Fact-Finding	1	Apr 1990	0		0		0		0		0	
Inception	1	Nov 1990	0		0		0		0		0	
Review	6	1991–1995	0		0		0		2	Mar and Oct 1999	1	Nov 2000
Operations Evaluation ¹⁴	1	Jun–Jul 2002	1	Jun–Jul 2002	1	Jun–Jul 2002	1	Jun–Jul 2002	1	Jun–Jul 2002	1	Jun–Jul 2002

— = not assessed, .. = could not be confirmed, ADB = Asian Development Bank, DBK = Development Bank of Kiribati, IDI = INTOSAI development initiative, INTOSAI = International Organization of Supreme Audit Institutions, RETA = regional technical assistance, SPASAI = South Pacific Association of Supreme Audit Institutions, TA = technical assistance, TCR = technical assistance completion report.

¹ Institutional Strengthening of the Development Bank of Kiribati and the Office of the Director of Audit.

² Institutional Strengthening of the Office of the Auditor General.

³ Audit Manpower Development in the South Pacific.

⁴ Audit Training Program in the South Pacific.

⁵ Long-Term Regional Training Program for Members of the South Pacific Association of Supreme Audit Institutions (Phase I).

⁶ Long-Term Regional Training Program for Members of the South Pacific Association of Supreme Audit Institutions (Phase II).

⁷ Actual financing from non-ADB sources was not reported, but indications are that more was spent than planned.

⁸ Including \$10,000 financed by ADB.

⁹ Including \$3,300 financed by ADB.

¹⁰ Augmented by 4 person-weeks under additional funding from the Australian Agency for International Development.

¹¹ Date of loan effectiveness.

¹² Consultant inputs for TA were intermittent from 1991 to 1993.

¹³ Project completion report.

¹⁴ The Operations Evaluation Mission comprised T.M. Hutton (Senior Evaluation Specialist/Mission Leader) and H.C. Knight (Staff Consultant).

EXECUTIVE SUMMARY

This technical assistance performance audit report covers the performance of six technical assistance (TA) projects for strengthening the audit capability of the office of the auditor general (OAG), or its equivalent, in 12 Pacific developing member countries (PDMCs) of the Asian Development Bank (ADB). The TAs, for a total grant amount of \$2.1 million, were approved between 1989 and 2000. Two of them, namely TA 1389-KIR and TA 2463-FIJ, were formulated as ADB's direct interventions to strengthen the auditing capability of the OAGs in Kiribati and Fiji. Each TA included training elements, but also country-specific interventions, which in the case of Kiribati aimed at improving the system of conducting audits of the Development Bank of Kiribati, and in the case of Fiji aimed at strengthening the legislation, authority, and independence of Fiji's OAG to carry out audits more effectively. Four of the TAs, namely TA 5347-REG, TA 5589-REG, TA 5830-REG, and TA 5910-REG, were regional TAs provided through the International Organization of Supreme Audit Institutions (INTOSAI) under the INTOSAI development initiative, or through INTOSAI's regional subsidiary, the South Pacific Association of Supreme Audit Institutions (SPASAI). The regional TAs aimed to strengthen the audit capability of OAGs in the PDMCs through training audit staff and increasing the number of certified audit trainers available in the region.

Scheduling, supervision, and reporting of all TAs followed arrangements agreed at their formulation. Except for TA 5347-REG, the utilization of ADB's funding was significantly below the approved amounts, due mainly to cost savings resulting from hosting arrangements, and the demands of audit schedules that made it necessary for some small PDMCs to send one instead of two representatives to the regional training. In the case of TAs 5830-REG and 5910-REG, the full eligible costs for participants and resource persons were not claimed against the ADB budget and were met by the New Zealand OAG.

TA design and purpose were generally appropriate, but not always consistent with what could be achieved. The training time allowed for TA 1389-KIR was insufficient, and for TA 5830-REG too long. Training offered in computer and performance auditing, while enhancing awareness, could not be applied in practice everywhere because of the lack of computer hardware and computer software, weaknesses in government accounting systems, and uncertain legislation covering OAG mandates for expanding the scope of government auditing. Weaknesses in the executing capacity of the regional secretariat for TAs 5347-REG and 5589-REG meant monitoring and reporting requirements were not rigorously met.

Expected benefits from the TAs were achieved in the form of improved audit knowledge and skills of OAG staff, improved internal audit and work processes, expanded number of trained audit staff, and enhanced relations among OAGs to share audit experiences and solutions. The country-specific TAs, in addition to training, also addressed weaknesses in audit legislation and audit procedures, which had limited the independence and powers of the Fiji OAG and the competency of the Kiribati OAG to audit the Development Bank of Kiribati. The regional TAs generated a cadre of some 26 active certified audit trainers, which has allowed further audit training without having to engage external trainers. Evidence of this occurred at the training workshops in Auckland (November 2001) and Rarotonga (May 2000), where a mix of local and external trainers conducted the courses.

The longer term development impact of TA on strengthening audit capability varies across the PDMCs and is difficult to judge, but appears to have improved overall governance and accountability as evidenced from the deterrent effect of increased special investigations, expanded training in detection of fraud, and feedback from audit management reports and prosecutions. The INTOSAI/SPASAI link has successfully drawn OAG and senior audit staff

together to meet regularly to share experiences and solutions, and a strong team spirit to advance the effectiveness of auditing prevails.

The six TAs are assessed separately and their ratings take into account relevance of purpose; efficacy of inputs and outputs; efficiency of implementation; sustainability of benefits; and development impact on deterring corruption, improving government agency performance, and enhancing accountability. TAs 1389-KIR, 2463-FIJ, and 5589-REG are rated successful; and TAs 5347-REG, 5830-REG, and 5910-REG are rated highly successful. Notwithstanding the generally positive TA results, there are significant constraints on the overall effectiveness of the audit process. Weaknesses in audit legislation, reporting processes (before and after auditing), accounts preparation, and management of financial accounts and computer systems have still to be overcome.

Lessons learned include the need for (i) thoroughly investigating requirements for future regional training programs to ensure that legislation, government preparation of accounts, and computer systems are consistent with the TA purpose and expected outcomes; (ii) amending legislation to enable the scope of auditing to be expanded to the environment, performance, system, special investigation, and state-owned enterprises; and (iii) removing reporting constraints (before and after auditing) and ensuring effective follow-up after auditing to increase the overall effectiveness of the auditing process.

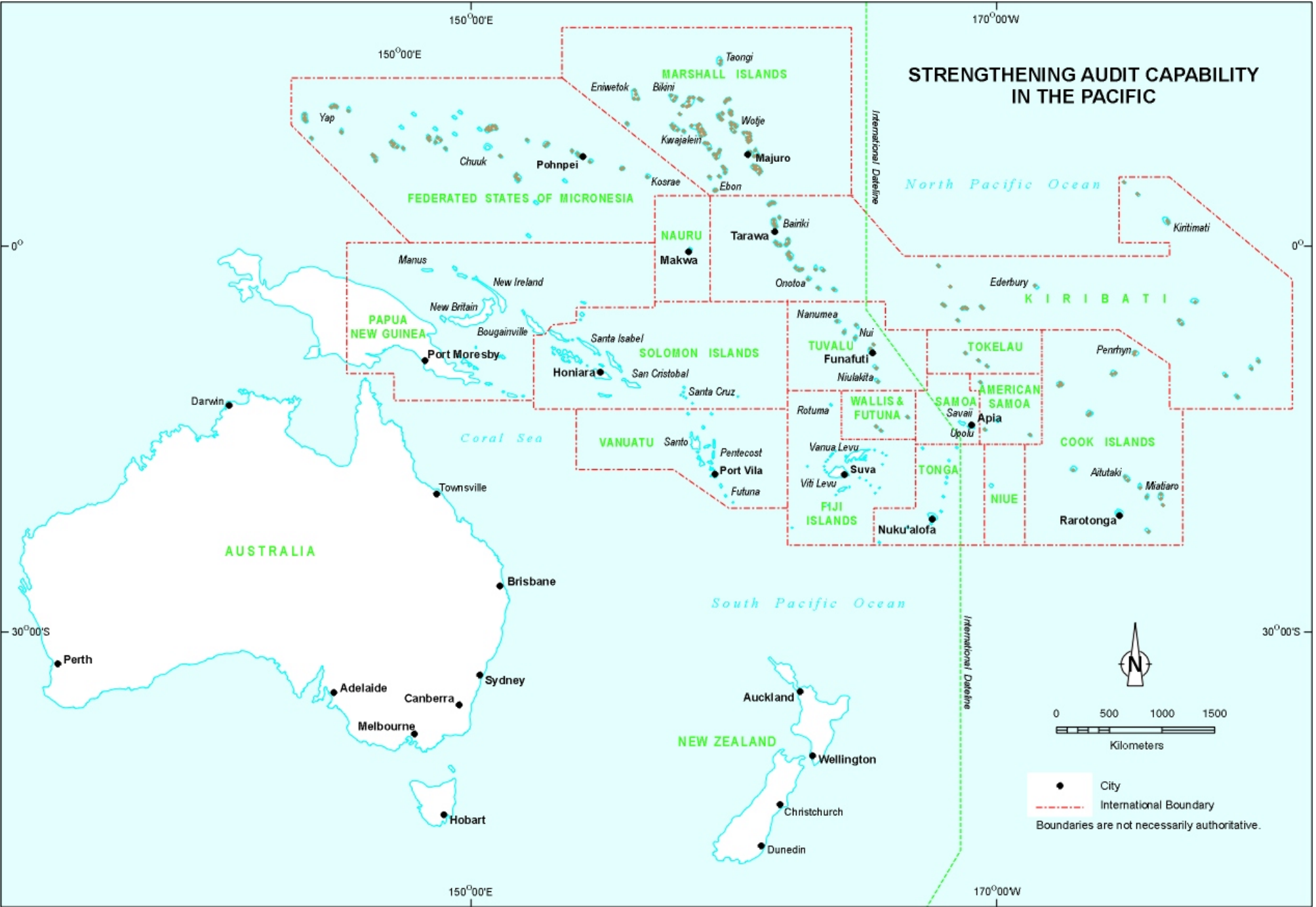
Follow-up measures that reflect the strengths and weaknesses in TA design and lessons identified include:

ADB should (i) support strengthening the legal independence and authority of OAGs in the PDMCs, their reporting and follow-up processes, accounts systems of government agencies (including local government), and computerization; (ii) adopt more comprehensive appraisal systems for addressing audit weaknesses, including coordination with other aid agencies to ensure compatibility, uniformity, and consistency in approach; (iii) continue to support INTOSAI training programs to strengthen audit effectiveness; and (iv) ensure a closer cooperation between its Office of the General Auditor and Pacific Department at TA preparation.

SPASAI should (i) reduce the duration of its training workshops and, if necessary, hold them more often; (ii) ensure that the knowledge and skills delivered under SPASAI training programs can be applied in practice; (iii) work more closely with cofinanciers to ensure that the purpose of training programs is met; and (iv) enhance the effectiveness of training programs by providing OAGs with training cassettes and videos that can be used locally after the regional training courses are completed.

OAGs and governments in the PDMCs should (i) pursue improved accounting and reporting to ensure more rigorous accountability, timely availability, and effective governance; and (ii) expand OAG's role in the audit process, performance auditing, and special investigations to generate net public expenditure savings.

STRENGTHENING AUDIT CAPABILITY IN THE PACIFIC



I. BACKGROUND

A. Rationale

1. Since the mid-1980s, the Asian Development Bank (ADB) has approved, as part of its efforts to promote good governance in the Asia and Pacific region, 42 technical assistance (TA) grants totaling \$22.0 million for developing audit capability (Appendix 1). Six of these TA grants for a total of \$2.1 million helped strengthen the office of the auditor general (OAG)¹ in ADB's Pacific developing member countries (PDMCs), namely, Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Nauru, Papua New Guinea (PNG), Republic of the Marshall Islands (RMI), Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu (see Map on page v). There were two forms of TA. On a country basis, TA was provided directly by ADB, with consultants selected by ADB.² On a regional or indirect basis, TA was provided through the International Organization of Supreme Audit Institutions (INTOSAI) under the INTOSAI development initiative (IDI), or through INTOSAI's regional subsidiary, the South Pacific Association of Supreme Audit Institutions (SPASAI).³

2. The need for strengthening reflected a common concern to improve the quality of OAG audits to match accepted international standards, to complete audits sooner, and to build training capability in audit instruction by increasing the number of certified local trainers. Associated with slow audits were uncertainties among auditing staff relating to standards, compliance requirements, and procedures, which training was designed to overcome.

B. Purpose and Outputs

3. The six TAs had a common purpose of building audit capacity in accordance with international audit standards and were designed to improve technical audit skills, auditing operating capability, and government agency performance. TA outputs were predominantly workshops to train audit staff. TA 1389-KIR also included consultant inputs to improve appraisal and loan supervision procedures of the Development Bank of Kiribati (DBK). TA 2463-FIJ, in addition to training, provided recommendations for amending Fiji's Audit Act. Appendix 2 compares the six TAs' purposes, outputs, and results.

C. Technical Assistance Completion Reports

4. TAs 1389-KIR and 2463-FIJ were formulated and implemented by ADB's then Office of Pacific Operations (now Pacific Department). TA 5347-REG was processed and implemented by ADB's Programs Department, TA 5589-REG by its Infrastructure Department, and TAs 5830-REG and 5910-REG by its Office of the General Auditor.

5. TA 1389-KIR was attached to Loan 1039-KIR: Development Bank of Kiribati, for \$1 million, approved on 18 October 1990. ADB's project completion report (PCR) prepared in

¹ Hereafter used to mean the equivalent office in each PDMC government.

² Direct TAs included TA 1389-KIR: *Institutional Strengthening of the Development Bank of Kiribati and the Office of the Director of Audit*, for \$234,000, approved on 18 October 1990; and TA 2463-FIJ: *Institutional Strengthening of the Office of the Auditor General*, for \$550,000, approved on 11 December 1995.

³ Regional TAs formulated by INTOSAI and cofinanced by ADB including TA 5347-REG: *Audit Manpower Development in the South Pacific*, for \$300,000, approved on 16 August 1989; TA 5589-REG: *Audit Training Program in the South Pacific*, for \$140,000, approved on 25 July 1994; TA 5830-REG: *Long-Term Regional Training Program for Members of the South Pacific Association of Supreme Audit Institutions (Phase I)*, for \$700,000, approved on 3 February 1999; and TA 5910-REG: *Long-Term Regional Training Program for Members of the South Pacific Association of Supreme Audit Institutions (Phase II)*, for \$200,000, approved on 6 April 2000.

1996 rated the TA unsuccessful⁴ in achieving its objectives toward audit strengthening. The TA was considered ineffective in translating recommended procedures into practice because no training was carried out due to time constraints, and the staff did not know how to operate the computer system to audit accounts. TA 2463-FIJ was a standalone project formulated by the Office of Pacific Operations in cooperation with Fiji's OAG, and Ministry of Finance and Economic Development. ADB's technical assistance completion report (TCR) considered the TA generally met its objectives and its impact was sustainable and rated the TA generally successful.⁵

6. No TCRs were completed for TAs 5347-REG and 5589-REG. However, the ADB Board information paper for the latter⁶ reported on the former. It was concluded that the training program under TA 5347-REG had been relevant and effective in imparting both knowledge and skills. It was also concluded from ADB's perspective that because of the cofinancing and shared cost arrangements, training was conducted at a relatively low cost per participant and was a cost-effective use of ADB's TA funds. ADB's Office of the General Auditor circulated a TCR for TAs 5830-REG and 5910-REG in June 2002. The TCR found that the objectives of each TA had been largely met and the TAs' success was attributable to (i) a strong sense of ownership and commitment of participants, and (ii) the existence of a regional infrastructure that enabled courses to be designed with the collaboration of supreme audit institution members. Impacts on audit performance or their sustainability were not assessed.

D. Technical Assistance Performance Audit Report Evaluation

7. This technical assistance performance audit report (TPAR) is based on (i) a review of the rationale, purpose, and expected outcomes for each TA matched against actual results; (ii) responses to questionnaires from OAGs and course participants from all participating PDMCs; and (iii) follow-up discussions by the Operations Evaluation Mission (OEM) that visited Fiji, New Zealand, PNG, Samoa, Tonga, and Vanuatu from 18 June to 4 July 2002. Also taken into account are the reported implementation experiences of the executing agency (EA) of each TA, ADB administrative records, experiences of completed country and other regional TAs for audit strengthening in non-PDMCs, and follow-up discussions with involved ADB staff.⁷ Special attention was given to assessing the achievement of intended outcomes and appropriateness of TA design. The rating for each TA is based on ADB's assessment system that takes into account relevance, efficacy, efficiency, sustainability, and institutional and other development impacts. Copies of the draft TPAR were provided for review to OAG for each PDMC, the SPASAI secretariat, and ADB staff concerned. Their comments were considered in finalizing the TPAR.

II. ASSESSMENT OF IMPLEMENTATION PERFORMANCE

A. Design of the TAs

8. TAs 1389-KIR and 2463-FIJ were formulated to help two PDMCs with inadequate auditing capabilities meet anticipated workload requirements. The Kiribati OAG needed to undertake a comprehensive audit of DBK for its anticipated expansion into the private sector.

⁴ Following the previous three-category rating system (generally successful, partly successful, and unsuccessful).

⁵ To ensure implementation sustainability, the consultants helped obtain funding from the Australian Agency for International Development for a technical advisor to the deputy auditor general.

⁶ ADB. 1994. *Regional Technical Assistance for Audit Training Program in the South Pacific*. Manila (para. 8).

⁷ The course framework developed by INTOSAI provided for a completion review and evaluation mechanism to identify lessons learned and feedback for modification to future programs.

The Fiji OAG was finding it difficult to complete audits to meet statutory deadlines, and the quality of audits was sometimes perceived to be below accepted international standards. The circumstances for Kiribati and Fiji demanded direct intervention. The TAs were designed to (i) address specific weaknesses in the audit capabilities of each OAG; and (ii) improve management of the audit process, evaluation capabilities, and efficiency. The TAs provided for the purchase of computers and training in the use of audit management software. TA 1389-KIR anticipated the need for 16 person-months of consulting services, and TA 2463-FIJ for 17 person-months. The terms of reference for consultants were appropriate for both TAs and left OAGs with useful reference materials. However, the staff-training time was insufficient for TA 1389-KIR to be fully effective. For both TAs, the training time allowed was substantially less than that provided under the regional TAs.⁸

9. The four regional TAs, in addition to providing training in the audit process and application, also focused on training representatives of the participating OAGs to train others at their home offices and in subsequent regional training workshops. The general opinion of those interviewed and from the completed questionnaires is that the training met its objectives. The course work and reference materials were appropriate and relevant and covered basic concepts,⁹ methods, and documentation. Responses from OAGs and workshop participants confirmed the appropriateness of training, but almost everyone agreed that the Course Design and Development Workshop under TA 5830-REG was unduly long.¹⁰

10. Some of the training could not be applied as planned because of (i) inadequate computer systems, (ii) unclear legislation regarding OAG's authority to support performance auditing, and (iii) inadequate accounting and reporting systems of government agencies. These factors reveal the need to ensure that TA design is consistent with laws, and accounting and computer systems, or will be in the near future. The present division of responsibility for TA processing between ADB's Office of the General Auditor and Pacific Department calls for a stronger sharing of interests and joint participation at TA preparation.

B. Engagement of Consultants

11. The process for the selection of consultants depended on the type of TA. For the two country-specific TAs, consultants were selected by ADB. The four regional TAs were implemented under the management of IDI and INTOSAI's regional subsidiary SPASAI from whom the implementing and external consultants were sourced. With the successive completion of the regional TAs, trainer graduates from the previous training courses were deployed in subsequent courses to replace the external trainers.

C. Organization and Management (Supervision)

12. Organization and management of all TAs generally followed the agreed arrangements. Cooperation between EAs and consultants was highly satisfactory, except for TA 1389-KIR, where disagreement with DBK's acting general manager prevented effective implementation of

⁸ This conclusion is based on the total person-months of consulting services allocated to each TA, the range of specific tasks required, and assumptions concerning the minimum amount of time needed to complete specified tasks. Direct comparison of consultant inputs is misleading because of the different emphasis, staff audience, and staff-specific tasks required under each TA.

⁹ Course curriculums provided an overview of the whole audit process, its principles, international audit standards, certification, approach, sampling, and reporting.

¹⁰ Participants found 9 weeks too long to be away from their families, and OAG heads considered it was too long to keep staff away from their auditing duties. It was generally agreed that workshops should be 2–3 weeks at most.

the consultant's recommendations,¹¹ and TA 2463-FIJ, where OAG thought that the consultant trainers had not offered training in the most current audit standards. For TAs 5347-REG and 5589-REG, IDI was the appointed EA and implementing agency. Although formal completion reports were intended as part of the review process, none were prepared by IDI. The OEM obtained satisfactory accounts from SPASAI members and individual participants on how the training program and separate sessions succeeded. For TAs 5830-REG and 5910-REG, the New Zealand OAG acted as the SPASAI secretariat and EA. The review process in consequence was strengthened and summary reports prepared outlining for each workshop its timing, purpose, conduct, agreements reached, and participants.

D. Implementation Schedule and Financing Arrangements

13. Implementation of all TAs closely followed their approved schedules. TA 1389-KIR was scheduled with 16 person-months of consultant inputs, including intermittent inputs to coincide with on-the-job auditing requirements for OAG from 1991 to 1994.¹² A development financing specialist was appointed in November 1991, and a computer specialist in October 1992, and their inputs were completed before 1994. Requirements under TA 2463-FIJ for 21 person-months of consultant services from July 1996 to November 1997 were also met (after funding for an additional 4 months was obtained from the Australian Agency for International Development). The first workshop under TA 5347-REG was planned for early 1990 and conducted for 20 days in Rotorua, New Zealand in May–June 1990. Training for trainers followed and was delivered in two 2-week modules, one on audit testing held in Tonga in 1991, and the other on computer auditing held in the Solomon Islands in 1992. TA 5589-REG scheduled two 10-day training workshops, one on financial audit management in 1994, and the other on using computers in auditing in 1995, both held in Fiji. TA 5830-REG, which was introduced at a regional planning meeting in Fiji in October 1998, scheduled two workshops to be completed over 63 training days by the end of 1999. The first workshop covering the audit process, standards, methods, and practical implementation was held in March–April 1999, and the second, on instructional techniques, in October 1999. Both workshops were held in Fiji. TA 5910-REG was for one 2-week workshop on audit management, carried out in Rarotonga in May 2000, and a regional planning meeting of OAGs held in Rarotonga in November 2000. The May workshop in Rarotonga formally concluded TA 5910-REG. The regional planning meeting enabled OAGs to review achievements, share experiences, and determine training requirements for coming workshops. All TAs were completed on time.

14. The TA cost estimates are compared with actual costs in the basic data sheet (page ii). Actual ADB expenditures on TAs 1389-KIR, 5589-REG, 5830-REG, and 5910-REG were about one third lower than those approved, while the cost underrun for TA 2463-FIJ was 11%.¹³ The host governments met all expectations for expenditure in kind for hosting arrangements, transport, and secretarial assistance. Additional expenditures to meet hosting requirements of two follow-up workshops and the management inputs of the SPASAI secretariat that were not

¹¹ Follow-up by ADB in 1992 found that the consultant had made all reasonable efforts to address differences and meet the objectives of the terms of reference.

¹² The purpose of Loan 1039-KIR was to provide DBK with a credit line to finance eligible subprojects and facilitate economic growth. The attached TA included two components: (i) strengthening DBK's monitoring and evaluation of subloans, and (ii) strengthening OAG's capability to comprehensively audit DBK's operations.

¹³ Initial estimates were higher than disbursements as fewer participants attended the training workshops than expected. Some of the small PDMCs only sent one representative instead of the expected two. For TAs 5830-REG and 5910-REG, the full eligible costs for participants and resource persons were not claimed against the ADB budget. The unclaimed resource costs were largely borne by the New Zealand OAG. In the case of TA 1389-KIR, the reduction represented savings on consultant costs and contingency provisions.

covered under TAs 5830-REG and 5910-REG were met by IDI, New Zealand OAG, and the PDMCs as they were part of the IDI long-term training program.¹⁴

III. EVALUATION OF OUTPUTS AND IMPACT

A. Achievement of Outputs

15. Results of institutional strengthening envisaged at approval included (i) improved audit knowledge and skills of OAG staff, (ii) improved internal audit work processes, (iii) modern audit procedures using computer systems, and (iv) enhanced external relations to share audit experiences and solutions (Appendix 2).

16. Training under the direct TAs addressed specific needs (e.g., auditing DBK and clearing the audit backlog, and introducing performance and computer auditing in Fiji). Training was generally effective where it addressed such problems, but could not be applied everywhere because OAGs did not have the appropriate computer systems and/or clear mandate to provide such. The regional TAs followed a train-the-trainer approach to developing OAGs' capacity. The course and reference material for the general audit training workshop was basic, appropriate to the level of trainees, and met essential practical requirements. The trainers were experienced and selected by INTOSAI to provide the initial training using established course designs. Future training programs need to (i) ensure that candidates are suitable for training, (ii) reduce the length of the training workshops, and (iii) include video and/or audio tapes in each module so that training offered later in OAGs adheres closely to the initial training by experienced trainers. Distance learning methods should be considered to make training easily available to accountants and auditors.

17. Under TA 1389-KIR, consultant experience and audit techniques were relevant, enabling OAG to audit DBK's accounts and portfolio performance. The effectiveness of TA 2463-FIJ was mixed. Information on finance and performance audit techniques was satisfactorily passed on to participants, and the reference materials were appropriate.¹⁵ Training in computer-assisted auditing created a stronger awareness of such techniques, but the audit software was not available at OAG, which also did not have the necessary computer hardware to apply the training given. The software was not acquired although the TA provided for it. Recommendations to rewrite Fiji's public Audit Act provisions relating to audit scope, contracting, and charging were satisfactorily prepared and presented to the Minister of Finance. The recommendations were not taken up, but the Constitution was amended to provide OAG with greater independence and authority.¹⁶

18. Under TA 5347-REG, which was the first approved for the PDMCs under IDI, the heads of OAGs and senior audit staff were brought together to discuss and identify the audit skills needed for each SPASAI member and develop an operational training plan. The OEM found unanimous agreement that the training enhanced audit skills and passed on instructional techniques. The skills and techniques acquired were also used in follow-on training for staff who did not attend the training. TA 5589-REG, which was designed to build on the training begun

¹⁴ TAs 5830-REG and 5910-REG covered the first two phases of a 5-year training program. The TAs funded the initial course training and instruction up to the end of 2000. Subsequent training and workshops organized by the SPASAI secretariat and scheduled until the end of 2003 were funded independently.

¹⁵ The OEM found some dissent that the methods and reference materials were inconsistent with accepted international practice.

¹⁶ OAG had asked ADB to follow up the recommendations of the TA and encourage the Government to change the public Audit Act, but no such follow up was made. More specific legislation is required to make clear OAG's authority and mandate, including performance audits and responsibility for all government operations.

under TA 5347-REG, had a similar reported level of success. OAG management representatives and senior audit staff were also trained in the use of computers in audit. However, the computer training was inappropriate for OAGs that lacked computers and where the government financial accounts were not computerized. TAs 5830-REG and 5910-REG covered all areas of audit development, with emphasis on training in audit programming, documentation, and fraud awareness. Responses to the OEM's questionnaires on these regional TAs show a higher representation, and levels of satisfaction in the training similar to those of the earlier training programs. Altogether, some 18 persons graduated under TA 5830-REG as audit training specialists from the 10 PDMCs.¹⁷ The follow-on training and workshops under TA 5910-REG intensified subject coverage, and 53 more trainees graduated from the workshops in the Cook Islands and New Zealand, which engaged both external instructor trainees and regional training specialist graduates from TA 5830-REG.

B. Impacts

19. A total of 129 audit staff for 10 PDMCs that responded to the OEM's questionnaire were trained under the six TAs, and an additional 90 staff were trained internally by new trainers graduating from the TAs (Appendix 3). The TA benefits and impacts have included (i) adoption of international auditing standards; (ii) improved internal audit work planning and implementation processes;¹⁸ (iii) improved audits in terms of number, coverage, effectiveness, and efficiency; (iv) better-quality management reports on audit work; and (v) improved OAG external relations. These impacts, while difficult to quantify, are reflected in the increased number of staff and auditor reports, and expanded scope of auditing. They are also the dominating opinion of respondents to the OEM's questionnaire. In half of the 10 PDMCs, the number of audit staff in OAGs has more than doubled since 1994.¹⁹ Associated with the increase in audit staff, the number of audit reports produced by OAGs has also increased.²⁰ Where uncertain legislation constrained OAGs from doing more than financial and compliance audits, OAGs did not undertake wider audits. By way of contrast, where uncertain legislation was not a constraint, as in the Cook Islands, the scope was expanded to include performance, environment, and system audits. Significantly, in the case of the Cook Islands, some 35% of all reports extended beyond financial and compliance audits, while the proportion was zero or less than 10% in the other PDMCs.

20. Key to OAGs' ability to audit effectively is a legislated mandate to provide a level of independent opinion on financial results, operational performance, special investigations, and extent of compliance with legislation. For several PDMCs (Fiji, Tonga, PNG, and Samoa), the mandates do not clearly authorize OAG to broaden the scope of performance auditing and/or include all public assets, e.g., state-owned enterprises.²¹ Most OAGs in the PDMCs report to parliament only once a year. There are indications that the reporting to parliament by OAGs in

¹⁷ Course participants list, SPASAI Course Report, Instructional Techniques Workshop, January 2000.

¹⁸ In some cases, these were supported by new computer-assisted audit techniques and audit management software, including integrated data extraction analysis.

¹⁹ In the case of PNG, staff numbers were reduced following austerity measures and budget cuts introduced in 1995. The cutback in budget expenditure for PNG's OAG was met by reducing the number of expatriate staff.

²⁰ While the OEM was unable to obtain any time series to confirm the increase in the number of auditor reports, the questionnaire responses of the OAGs and training course participants confirmed this was the case.

²¹ For example, the Law Reform Committee in Tonga has had a new public Audit Act under consideration for some time without having decided on a result. In Fiji, the Constitution was altered to provide OAG with appropriate independence, but the public Audit Act was not amended to authorize performance auditing.

Fiji, Tonga, and Vanuatu is not receiving the full attention which the process is designed to encourage.²²

21. More indirect impacts have included (i) improved financial management (with up-to-date financial reporting, strengthening of financial management systems, internal control, etc.); (ii) prevention and detection of fraud and successful prosecution; (iii) more effective and efficient utilization of scarce public resources; and (iv) financial benefits through savings of public funds through better management. While the OEM found these impacts difficult to quantify, it is clear from the reporting processes, expanded scope of auditing, quality of reports, auditor's comments attached to reports, and OAG feedback to the OEM on effectiveness that auditing has substantially improved.²³ A stronger awareness of OAGs' importance is also evident among government agencies and from media responses to the auditor's reports.

22. Several PDMCs indicated that they had launched financial management reforms to achieve more effective reporting and budgetary control. Some of these reforms are being implemented under country TA support (footnote 26).

C. Sustainability

23. The sustainability of strengthening OAG's audit capability and performance requires political commitment and ongoing attention to resource management. The sustainability will depend on human resource development in the face of staff turnover and on increases in overall staff numbers to expand audit capacity. Weaknesses addressed through nonstaff capacity building are generally dependent on strengthening the independence, scope of authority and adequacy of reporting relationships, and underlying capacity of government agencies to submit accounts in accord with accepted accounting standards and on time. Different circumstances and relative strengths apply across the PDMCs.

24. Except for Fiji,²⁴ Tuvalu, and RMI, staff turnover has not been a destabilizing factor; the records show that more than half of all persons trained since 1990 have been retained. The trainer graduates from the regional TAs are being used together with external trainers to reinforce training practices and to train new staff (para. 17). The IDI long-term training program supported by a new regional TA²⁵ is considered sufficient to ensure benefits in the form of increased number of reports, coverage, and effectiveness are sustained. The increased number of local trainers in the region is helping OAGs assume responsibility for meeting their training needs. Delays in the preparation and submission of government agency accounts to OAGs and in the processing response to OAGs' comments tend to counter the effectiveness of audit training. In one unique case involving PNG, delays in audit compliance have been exacerbated by a policy reform for audit decentralization, which has exposed deficiencies in audit training and experience at the local-government level. Improved financial management and accounts

²² Legislation should provide for OAG reports to enter the public domain shortly after they are tabled with the clerk or speaker of parliament to reinforce the independence of OAG. The normal process is for these reports to be taken up by the public accounts committee of parliament for discussion and review which, in turn, results in a response report submitted to parliament. Government is then responsible for responding to the committee's report to account for corrective actions that have been or will be taken.

²³ Sample copies of audit reports were collected and reviewed by the OEM, including (i) an investigation report on the Department of Public Works in PNG, (ii) an audit report on the national accounts of Samoa, and (iii) volumes 1 and 4 of the audit report on the national accounts of Fiji.

²⁴ In Fiji, 13 trained audit staff left OAG after a coup d'etat in 2000.

²⁵ TA 6036-REG: *Strengthening the Regional Training Capability of the South Pacific Association of Supreme Audit Institutions*, approved on 7 June 2002, to which ADB is contributing \$500,000, IDI \$110,000, and SPASAI members \$40,000.

systems, together with regulations on reporting time, are needed to reduce delays in audit compliance. This points to the need for more country-specific strengthening programs.²⁶

25. The regional training structure relies considerably on the SPASAI secretariat. The New Zealand OAG, the current secretariat, has been absorbing significant service and training support costs not claimed against the TA budget and not covered by the TA for the full training program. While this is commendable, relying on the goodwill of the incumbent auditor general raises concern for the long-term sustainability of regional training. INTOSAI needs to be strengthened to support a regular funding program.

IV. CONCLUSIONS

A. Key Issues for the Future

1. Direct and Indirect Support

26. IDI's rationale for improving the quality and performance of government auditors is predominantly the same as for audit-strengthening projects that are directly formulated, implemented, and funded by ADB. Both sponsors support training programs that improve subject knowledge and provide instructional skills for teaching others. IDI pools together PDMC OAG representatives, and trains them in auditing subjects and how to design training and instruct others. The ADB approach provides training specific to weaknesses identified at formulation. The training courses are led by consultant experts, who also organize study tours to see, firsthand, systems and operations that are working well.

27. Situations that need direct or indirect audit strengthening are generally very different. The broader objectives of IDI to promote fellowship, understanding, and closer collaboration among SPASAI members in the field of public audit are factors not promoted by ADB's country-specific TAs. Conversely, the broader objectives of direct ADB audit training that include (i) assistance for drafting audit legislation; (ii) organization restructuring; (iii) technology upgrading; and (iv) strengthening the quality, reliability, and timeliness of accounts and reports submitted by government agencies for audit review, are not provided with IDI training programs. ADB audit-strengthening programs tend to be one-off, while IDI training programs are reinforced every 2–3 years and provide advice on the latest developments in auditing. The shared experiences of OAG staff are essential to formulating and designing training programs, and help ensure a commonality of approach and results. All of ADB's PDMCs are also independent members of SPASAI. They endorse the IDI approach, and share experiences and links to other countries to encourage acceptance of international audit standards. Consequently, ADB's country-specific audit-strengthening programs and IDI's regional training programs are complementary and reinforce each other.

2. Scope for Auditing

28. The priority for auditing is financial and compliance audits of core government ministries, agencies, enterprises, and statutory bodies. In some cases, the scope of government auditing

²⁶ Delays in the submission of accounts for auditing are in part being addressed by strengthening accounting and financial systems under country TAs such as (i) TA 3159-KIR: *Strengthening Institutional Capacity for Financial and Economic Management (Phase 2)*, for \$861,000, approved on 19 January 1999; (ii) TA 3242-FIJ: *Public Enterprise Reform Program (Phase 2)*, for \$600,000, approved on 16 August 1999; (iii) TA 3812-PNG: *Strengthening Public Sector Management*, for \$850,000, approved on 18 December 2001; and (iv) TA 3839-COO: *Capacity Building To Develop Public Sector Management and Governance Skills*, for \$688,000, approved on 15 March 2002.

includes provincial, municipal, and related levels of activity. Financial and compliance audits account for more than two thirds of the total number of reports audited.²⁷ Almost nonexistent are environmental and performance audits (value-for-money audits), which would require revisions to audit legislation, considerable expansion of staff, and additional training. While in some PDMCs, the jurisdiction of OAG over the audit of state-owned enterprises and other units of government is not always adequate or clear, the financial benefits from increased investment to expand the scope of auditing are also not evident. This issue is relevant to the objective of enhancing government performance through more effective accountability, monitoring, and transparency.

3. Reporting Issues

29. The overall effectiveness of auditing depends in part on the efficacy of the reporting process (before and after auditing). OAGs need to receive financial reports on time to complete audits on time. Governance is diminished by deficiencies in government financial reporting as a result of (i) absence of reporting deadlines, (ii) inadequate accounting systems, or (iii) insufficient numbers of trained accountants. Reports issued by OAGs to parliament, and interim audit reports to management of government units, need an expeditious response if they are to have their greatest effect. For most PDMCs, inadequate reporting and the lack of effective follow-up after auditing are undermining the effectiveness of the overall auditing process.

4. Commercialization of Auditing Operations

30. Commercializing PDMC auditing operations remains a subject of contention between (i) those who believe that doing so would improve efficiency and permit a higher volume of audits; and (ii) those who think that the independence and authority of OAGs would be impaired and that the cost would be prohibitive unless extra funding were available. Equally contentious are the merits of internalizing the cost of audit services and charging government agencies. In some PDMCs—FSM, Fiji, RMI, and Samoa, for example—private sector auditors are performing audits. In others, OAGs do not have the authority to appoint the auditors or to review the resultant files audited by private sector auditors.²⁸ In view of these differences, a study could be considered that (i) examines in the Pacific context the merits and scope for commercializing OAG audit responsibilities, and (ii) helps the PDMCs assess the net savings in public expenditure that can be derived from increased investment in auditing.

B. Overall Assessment

31. For each basic criterion, namely, relevance, efficacy, efficiency, sustainability, and institutional and other development impacts, an assessment is made below to reflect one of four levels (e.g., highly relevant, relevant, partly relevant, and irrelevant).

²⁷ This is the general case reported in the questionnaire responses of PDMCs.

²⁸ The New Zealand OAG includes a division that competes commercially with private sector auditors. Commercialization of public sector audits is also practiced in some developing countries to overcome bottlenecks, provide unique audit expertise, and/or strengthen independence. OAG often sets the terms of reference and reviews the results of the audits. Examples can be seen where private companies are contracted by OAG to audit state-owned enterprises, and where senior OAG staff are contracted by private audit firms to complete public audits.

1. Relevance

32. The common underlying rationale—to upgrade staff audit skills and improve OAG internal work processes to increase the volume, scope, and quality of audits—was relevant to promoting better governance, stronger accountability, closer monitoring, and better government agency performance. The TAs were consistent with ADB's long-term strategy to strengthen governance policies and institutions. Without the TAs, audit capability and performance would have remained less effective, and audit capability weak. As good governance has also been a stated aim of the PDMCs, the rationale for all six TAs is assessed as highly relevant.

2. Efficacy

33. The audit strengthening was implemented with a mixture of country-specific and regional TAs. The country-specific TAs for Fiji and Kiribati proved effective for addressing weaknesses not general to all PDMCs, including assistance with (i) developing audit evaluation techniques for DBK; and (ii) preparing recommendations for rewriting Fiji's public Audit Act covering audit legislation, OAG independence, and powers of authority. The regional assistance provided a consistent training framework. Training covered the subject matter, procedures, and documentation to which OAGs could compare their own circumstances. The TAs achieved their intended training outcomes to improve internal work planning and implementation processes; and improve overall audit performance in terms of the number of reports audited, and scope and quality of audit reports. In most PDMCs, the number of trained auditors, other audit staff, and audited reports has increased significantly. Based on the monitored implementation performance of the individual TAs, relative to what was anticipated for their design and approval and the reported audit-strengthening results, TAs 1389-KIR,²⁹ 5347-REG, 5830-REG, and 5910-REG are assessed as highly efficacious. TAs 2463-FIJ and 5589-REG could have been also assessed as highly efficacious but for the inappropriate introduction of computer audit training without (i) computers, (ii) electronic files of government accounts systems, and (iii) computer software systems. Also reducing the efficacy of TA 2463-FIJ was the limited follow-up and lack of success in implementing the recommendations to change the Audit Act, and the perceived inconsistencies in audit training with accepted international auditing practice. Accordingly, TAs 2463-FIJ and 5589-REG are assessed at one level below highly efficacious, i.e., efficacious.

3. Efficiency

34. All TAs were implemented as scheduled, and their costs were within budget. Efficiency could not be reliably measured in other respects, although enhanced performance in relation to the number of audited reports, improved availability, and a widened scope of auditing were clear TA outcomes. These performance indicators are considered under institutional and other development impacts (para. 36). Taking into account the satisfactory implementation within schedule and budget, and the lack of accepted yardsticks by which to assess them as highly efficient, all six TAs are assessed efficient.

4. Sustainability

35. The computer training provided under TAs 2463-FIJ and 5589-REG, while enhancing awareness of more efficient processes, could not be applied in the workplace without general accounting system compliance and computer hardware and software systems. Institutional

²⁹ TA 1389-KIR also provided consultant support to improve DBK's appraisal and loan supervision methods (para. 3). Only the component for strengthening OAG's audit capability is assessed in this TPAR.

strengthening efforts, which aimed at increasing the independence and scope of authority in the audit process were partly addressed under TA 2463-FIJ, but were not addressed across the region and for some PDMCs weaknesses in legislation continue to limit the coverage of their auditing. While staff turnover for most PDMCs has not been a destabilizing factor, and more than 50% of all those trained over 12 years remain working for their OAG, overall staff numbers are a physical constraint on the level of audit outputs possible. In some PDMCs, inadequate reporting after auditing is undermining the general aims of TA training, as is the general shortage of accountants, which has led to delays in the submission of accounts for auditing. Notwithstanding these constraints, the ongoing IDI training programs, plans to increase the number of local trainers, and declared continued commitment of PDMCs provide confidence that the realized benefits in the form of increased number of reports, coverage, and audit effectiveness will remain sustainable. Taking all considerations into account, TA 5347-REG, which was designed for a specific purpose and did not provide for computer training or other institutional strengthening, is assessed as highly sustainable. The other TAs are assessed as sustainable.

5. Institutional Development and Other Impacts

36. The TAs' impact on audit capability, although difficult to judge, appears to have improved government performance and accountability as evidenced from the deterrent effect of special investigations, expanded training in detection of fraud, and feedback on successful prosecutions. The increased number of local trainers has enhanced the capacity of OAGs to take over local training programs as seen from the follow-on workshops and regional meetings conducted since the completion of TA 5910-REG. IDI training has encouraged OAG and senior audit staff to meet regularly to share experiences and solutions. A strong team spirit to improve auditing prevails. Taking these considerations into account, the overall development impact for TAs 5830-REG and 5910-REG is rated as substantial; for TAs 2463-FIJ, 5347-REG, and 5589-REG as significant; and for TA 1389-KIR as moderate (because of structural difficulties in OAG's mandate).

6. Overall Rating

37. Based on the above assessments, the overall ratings for the six TAs are shown below.

TA Reference	Rating ^a
1389-KIR	Successful ^b
2463-FIJ	Successful
5347-REG	Highly successful
5589-REG	Successful
5830-REG	Highly successful
5910-REG	Highly successful

TA = technical assistance.

^a Using the current four-category rating system (highly successful, successful, partly successful, and unsuccessful).

^b This assessment rating relates only to the TA component for strengthening the office of the auditor general audit capability (footnote 12).

C. Lessons Learned

38. The evaluation has identified the following lessons for future operations in this area:

- (i) Requirements for regional training programs need to be thoroughly investigated to ensure that (a) programs do not offer techniques or processes that cannot be applied in some PDMCs (para. 10), and (b) cost estimates cover the entire programs and not just the time slice supported by ADB (para. 14).
- (ii) ADB (country-specific TA) and IDI (regional TA) approaches to audit strengthening are compatible, with the ADB approach favored where specific intervention is required, for example, for drafting amendments to audit legislation, restructuring organizations, and installing computer audit management systems; and the IDI approach favored for regional staff training programs (paras. 26 and 27).
- (iii) As the OAG mandate to go beyond financial and compliance audits is not explicit for all PDMCs, their audit acts should be amended to expand the scope of auditing to cover environment, performance, system, special investigation, and state-owned enterprises (para. 28).
- (iv) Accounting constraints and the lack of effective follow-up after auditing undermine the effectiveness of the overall auditing process (para. 29).
- (v) More compelling justification for commercializing audit responsibilities is needed (para. 30).

D. Follow-Up Actions

39. **ADB** should (i) continue to provide direct country-specific TAs for strengthening the legal independence and authority of OAGs in the PDMCs, audit reporting and follow-up processes, and financial management and accounts systems of government agencies (including local government); as well as for introducing computer hardware and software systems for computer-aided audits; (ii) adopt more comprehensive appraisal systems for addressing audit weaknesses, including coordination with other aid agencies to ensure compatibility, uniformity, and consistency in approach; (iii) continue to support INTOSAI training programs to strengthen audit effectiveness in subject knowledge, documentation, quality of reports, and instructional skills; and (iv) ensure a closer coordination between the Office of the General Auditor and Pacific Department at TA preparation.

40. **SPASAI** should (i) reduce the length of its training workshops and, if necessary, hold them more often;³⁰ (ii) ensure the knowledge and skills delivered under its training programs can be used in practice, taking into account planned improvements in computer and financial management systems; (iii) work more closely with cofinanciers to ensure the purpose of training programs is met; and (iv) enhance the effectiveness of its training programs by providing OAGs with training cassettes and videos that can be used locally after the regional training courses are completed.

41. **OAGs and governments** in the PDMCs should (i) pursue improved accounting and reporting to ensure rigorous accountability, timely availability of reports for auditing, and effective governance; and (ii) expand OAG's role in the audit process, performance auditing, and special investigations to generate net public expenditure savings.

³⁰ At the SPASAI regional planning meeting of November 2000, the need to reduce the length of training workshops was recognized, and the subsequent regional workshop in Auckland was limited to 2 weeks.

**TECHNICAL ASSISTANCE SUPPORT FOR STRENGTHENING DEVELOPING MEMBER
COUNTRY AUDIT CAPABILITY**

TA Reference	TA Project Title	TA Amount (\$'000)	Total TA Cost ^a (\$'000)	Approval Date
A. With INTOSAI Support^b				
5244-REG	ADFIAP-ADB Symposium on Financial Control, Accounting, and Auditing Practices of Development Finance Institutions	195.0	195.0	13 Mar 1987
5347-REG	Audit Manpower Development in the South Pacific	300.0	351.0	16 Aug 1989
5386-REG	ASOSAI's Audit Training Program	446.0	935.0	1 Jun 1990
5589-REG	Audit Training Program in the South Pacific	140.0	440.8	25 Jul 1994
5688-REG	Regional Long-Term Audit Training Program for Members of ASOSAI (Phase 1)	1,000.0	1,550.0	13 Jun 1996
5830-REG	Long-Term Regional Training Program for Members of SPASAI (Phase 1)	700.0	1,200.0	3 Feb 1999
5872-REG	Regional Long-Term Audit Training Program for Members of ASOSAI (Phase 2)	300.0	500.0	3 Dec 1999
5910-REG	Long-Term Regional Training Program for Members of SPASAI (Phase 2)	200.0	373.0	6 Apr 2000
5940-REG	Audit Training Program for Central Asian Republics	500.0	509.0	28 Dec 2000
6014-REG	Strengthening the Regional Training Capability of ASOSAI	650.0	1,050.0	18 Dec 2001
6033-REG	Workshop on Diagnostic Study of Accounting and Auditing Procedures in Selected DMCs (Phase 3)	50.0	50.0	24 May 2002
6036-REG	Strengthening the Regional Training Capability of the South Pacific Association of Supreme Audit Institutions	500.0	650.0	7 Jun 2002
Subtotal A		4,981.0	7,803.8	

ADB = Asian Development Bank, ADFIAP = Association of Development Financing Institutions in Asia and the Pacific, ASOSAI = Asian Organization of Supreme Audit Institutions, DFI = development finance institution, DMC = developing member country, IDI = INTOSAI development initiative, INTOSAI = International Organization of Supreme Audit Institutions, OAG = office of the auditor general, SPASAI = South Pacific Association of Supreme Audit Institutions, TA = technical assistance.

^a The difference in value between total TA cost and TA amount is generally explained by support in kind provided by the host government, and also in the case of regional TAs by the cofinancing support of INTOSAI. In a few country-specific TAs, no support in kind was assessed for TA approval.

^b Representing regional TAs formulated and implemented by INTOSAI under its IDI and cofinanced by ADB. The main stages of the IDI approach for each regional TA included (i) an initial 3–5 day workshop for the OAG heads to identify broad strategic and human resource development issues, set goals, and develop detailed action plans; (ii) a workshop to train senior audit staff on technical auditing topics; and (iii) a workshop to train senior audit staff to be trainers.

Source: Operations Evaluation Mission.

TA Reference	TA Project Title	TA Amount (\$'000)	Total TA Cost (\$'000)	Approval Date
B. Without INTOSAI Support				
5168-REG	Critical Study of the Accounting and Financial Practices and Auditing Arrangements of DFIs in the Bank's DMCs and the Impact of Tax Regulation on these Practices	335.0	335.0	26 Dec 1984
904-NEP	Improving Government Financial Accounting and Auditing Procedures	200.0	433.0	5 Oct 1987
1322-SOL	Institutional Strengthening of the Office of the Auditor General	469.0	486.0	13 Jun 1990
1389-KIR	Institutional Strengthening of the Development Bank of Kiribati and the Office of the Director of Audit	234.0	250.0	18 Oct 1990
1421-SRI	International Financial Audit of Bank of Ceylon and People's Bank	822.0	862.0	20 Nov 1990
1483-PRC	Audit Administration of the People's Republic of China	600.0	636.0	21 Feb 1991
1322-SOL	Institutional Strengthening of the Office of the Auditor General (Supplementary)	128.5	128.5	29 Sep 1992
2045-BAN	Audit, Valuation, and Study of Restructuring Options for the Investment Corporation of Bangladesh	479.0	482.4	29 Dec 1993
2390-MON	Improving Accounting and Auditing Systems	600.0	615.0	5 Sep 1995
2460-VIE	Capacity Building at the State Auditor General's Office	600.0	670.0	8 Dec 1995
2463-FIJ	Institutional Strengthening of the Office of the Auditor General	550.0	590.0	11 Dec 1995
2566-CAM	Developing Capacity in Audit and Inspectorate Function	600.0	620.0	8 May 1996
2759-MLD	Capacity Building for the Maldives Audit Office	600.0	620.0	11 Feb 1997
2964-MON	Improving Accounting and Auditing Systems	688.0	806.0	23 Dec 1997
2987-LAO	Establishing the National Audit Office	400.0		9 Feb 1998
3060-VIE	Capacity Building at the State Auditor General's Office (Phase 2)	787.0	967.0	20 Aug 1998
3103-PRC	Strengthening the Government Auditing System	700.0	889.0	26 Nov 1998
3280-PNG	The Governance and Public Sector Reform Program	600.0	858.0	13 Oct 1999
3354-VIE	State-Owned Enterprise Diagnostic Audits	1,400.0	1,650.0	21 Dec 1999
3356-NEP	Capacity Building for the Accounting and Auditing Profession	665.0	785.0	22 Dec 1999
5908-REG	Pacific Governance and Public Sector Management Training Program	300.0	820.0	31 Mar 2000
3472-INO	Governance Audit of the Public Prosecution Office	1,000.0	1,250.0	21 Jul 2000
3563-IND	Institutional Strengthening of the Aid Accounts and Audit Division of the Ministry of Finance	600.0		8 Dec 2000
3634-CAM	Strengthening Public Financial Management	1,200.0	1,415.0	22 Feb 2001
5980-REG	Diagnostic Study on Accounting and Auditing Practices in Selected DMCs	230.0	230.0	20 Mar 2001
3705-TON	Economic Public Sector Reform Program	650.0	813.0	22 Aug 2001

TA Reference	TA Project Title	TA Amount (\$'000)	Total TA Cost (\$'000)	Approval Date
3765-FSM	Implementation of Performance-Based Management	350.0	465.0	13 Nov 2001
3771-LAO	Institutional Strengthening of the National Audit Office	700.0	830.0	14 Nov 2001
6012-REG	Capacity Building of Ministries of Finance in Selected DMCs for the Asean Surveillance Process	300.0	380.0	18 Dec 2001
3815-COO	Improving Corporate Management in Government Services	250.0	328.0	19 Dec 2001
	Subtotal B	17,037.5	19,213.9	
	Total (A + B)	22,018.5	27,017.7	

GOALS, TARGETS, AND RESULTS^a

Goals	Targets/Activities	Expected Outcomes	Actual Outcomes
Overall Sector Aim			
<ul style="list-style-type: none"> Build audit capacity in accord with international standards, improve governance and accountability, and strengthen the advancement of government accounting and auditing through training programs 	<ul style="list-style-type: none"> All Pacific members of SPASAI, including ADB's Pacific developing member countries Cook Islands, Fiji, Kiribati, Republic of Marshall Islands, Federated States of Micronesia, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu 	<ul style="list-style-type: none"> Improved performance of government agencies 	<ul style="list-style-type: none"> Heightened awareness of better governance and acceptability Improved quality and effectiveness of audits
Purpose and Outputs			
TA 1039-KIR (approved 1990)			
<ul style="list-style-type: none"> Strengthen the capability of OAG to comprehensively audit DBK's operations 	<ul style="list-style-type: none"> Provide OAG with consultant support to <ul style="list-style-type: none"> audit DBK's accounts, improve DBK's appraisal and supervision methods, and prepare audited financial statements for DBK for fiscal years 1990 and 1991 	<ul style="list-style-type: none"> Enhanced familiarization with procedures and techniques for auditing DBK accounts and portfolio performance 	<ul style="list-style-type: none"> More effective audit
TA 2463-FIJ (approved 1995)			
<ul style="list-style-type: none"> Improve OAG so that it can better discharge its constitutional statutory and public accountability obligations 	<ul style="list-style-type: none"> Training for OAG staff in up-to-date audit techniques and procedures: <ul style="list-style-type: none"> all aspects of audit, including financial and performance audit; and computer-assisted audit techniques 	<ul style="list-style-type: none"> Implementation of recommended changes in audit procedures by TA completion 	<ul style="list-style-type: none"> Improved quality and efficiency of audit work Limited capacity to conduct computer and performance auditing due to equipment and legislation constraints

ADB = Asian Development Bank, DBK = Development Bank of Kiribati, OAG = office of the auditor general, SPASAI = South Pacific Association of Supreme Audit Institutions, TA = technical assistance.

^a Although some similarity in format exists, this comparison is not intended to represent a project framework.

Goals	Targets/Activities	Expected Outcomes	Actual Outcomes
	<ul style="list-style-type: none"> Preparation of recommendations for rewriting the public Audit Act to cover audit legislation, contracting, and charging 	<ul style="list-style-type: none"> Recommendations to amend the public Audit Act, effect OAG independence, and enhance public accountability obligations 	<ul style="list-style-type: none"> Revisions prepared for the public Audit Act Changes made to Constitution to allow OAG to operate as an independent authority
<p>TA 5347-REG (approved 1989)</p> <ul style="list-style-type: none"> Support the regional manpower development program of SPASAI, upgrade the professional competence of audit staff from Pacific members, and strengthen linkages among the supreme audit institutions (SAIs) to facilitate the exchange of information on issues of common concern 	<ul style="list-style-type: none"> Training managers' workshop for deputy head and senior auditor staff, with two delegates per SPASAI member Two workshops to train audit staff, comprising <ul style="list-style-type: none"> 7 days of lectures in audit training 3 days of designing and training courses 	<ul style="list-style-type: none"> Attendees familiarized with skills needed to design, develop, and deliver training program Operational training plan for each OAG (i) Enhanced audit skills, (ii) training plan for each OAG, (iii) workshop attendees trained to train staff in areas identified for improvement 	<ul style="list-style-type: none"> Candidates identified to become trainers Eight staff certified to train others Increased staff confidence Improved quality of work
<p>TA 5589-REG (approved 1994)</p> <ul style="list-style-type: none"> Support the SPASAI audit training program in the South Pacific for 1994 and 1995 and build upon the training progress begun under TA 5347-REG 	<ul style="list-style-type: none"> 10-day workshop in 1994: Financial Audit Management and Supervision, for 25–30 attendees from SPASAI audit staff 2-week workshop in 1995: Computers in the Audit Process, for 25–30 attendees from SPASAI audit staff 	<ul style="list-style-type: none"> Enhanced capacity for audit staff to carry out responsibilities in a cost-effective manner Staff from each OAG trained to train other staff in audit concepts and skills Heads and senior staff trained in the use of computer systems for audit work 	<ul style="list-style-type: none"> Enhanced audit staff capability and competence Better management reports Acquired knowledge, but little scope for application due to lack of software

Goals	Targets/Activities	Expected Outcomes	Actual Outcomes
<p>TA 5830-REG (approved 1999)</p> <ul style="list-style-type: none"> Support the long-term training program of SPASAI to strengthen the auditing and training capabilities of Pacific members and enable SAIs to assume responsibility in developing and implementing local training programs (phase 1) 	<ul style="list-style-type: none"> 4-day meeting of SPASAI training committee to develop an operational training plan 43-day Course Design and Development Workshop completed by end-2000 to <ul style="list-style-type: none"> develop a regional core of audit training specialists, and include training in fraud awareness 20-day Instructor Training Workshop completed by end-2000 to develop instructional and group dynamic skills 	<ul style="list-style-type: none"> 5-year operational training program for the South Pacific 25–30 audit specialists familiar with ADB’s reporting and auditing requirements and fraud awareness guidelines At least one SPASAI member for each country trained in instructional techniques and audit procedures and evidence of increased training activities 	<ul style="list-style-type: none"> 18 members trained and certified from 10 OAGs Training provided to staff at the home OAG More effective audit work as a result of training
<p>TA 5910-REG (approved 2000)</p> <ul style="list-style-type: none"> Support the long-term training program of SPASAI to strengthen Pacific members' auditing and training capabilities developed under TA 5830-REG, test and reinforce skills learned under phase 1, and upgrade auditing skills of SPASAI auditors 	<ul style="list-style-type: none"> 10-day Regional Audit Workshop <ul style="list-style-type: none"> with 25–30 attendees from SPASAI members; and emphasizing programming, documentation, fraud awareness, and upgrading attendee training skills 4-day Regional Planning Workshop for heads of SPASAI members after the SPASAI congress in November 2000 to <ul style="list-style-type: none"> develop a regional operational plan to apply auditing standards and procedures to enable SAI heads to prepare time-bound action plans for their country, and review the regional guide on fraud awareness and course materials for investigating fraud as developed under phase 1 	<ul style="list-style-type: none"> Reinforcement of audit training for audit specialists in programming and documentation Endorsement with modification as agreed upon with heads for the 5-year operational training program prepared under phase 1 At least seven audit trainers with experience in regional training Additional 18 trained SAI auditors Reinforcement of training skills Agreement on application of regional guide for fraud awareness at regional and local levels 	<ul style="list-style-type: none"> Close regional cooperation in planning training and skill transfer Exchange of ideas and advice to solve problems 53 additional members trained and certified Enhanced capability to investigate fraud

PERFORMANCE INDICATORS FOR PACIFIC DEVELOPING MEMBER COUNTRIES^a

Performance Indicator	Cook Islands		FSM		Fiji ^b		Kiribati		PNG		RMI		Samoa		Tonga		Tuvalu		Vanuatu	
	Prof ^c	Other ^d	Prof ^c	Other ^d	Prof ^c	Other ^d	Prof ^c	Other ^d	Prof ^c	Other ^d	Prof ^c	Other ^d	Prof ^c	Other ^d	Prof ^c	Other ^d	Prof ^c	Other ^d	Prof ^c	Other ^d
Number of Audit Staff																				
1994	1	2	3	8	6	44	3	—	100	15	8	—	—	—	1	6	1	0	—	—
1998	4	4	3	7	21	27	—	—	80	12	5	—	9	4	3	6	0	0	1	6
2001	7	5	2	7	32	13	—	—	55	14	6	—	15	4	3	8	0	0	2	10
2002	8	5	3	5	39	12	1	6	56	11	5	6	15	3	3	8	1	3	2	10
Number of Audit Reports (2001)																				
Financial/Compliance	47		26 ^e		53		—		119		4		30		10		1		13	
Other ^f	25		0		0		—		2		1		0		2		0		1	
Number of Persons Trained																				
TA 1039-KIR	0		0		0		1	0	0		0		0		0		0		0	
TA 2463-FIJ	0		0		43		0	0	0		0		0		0		0		0	
TA 5347-REG	0		0		8		} 2	0	0		} 6		2		3		—		6	
TA 5589-REG	1		0		3			0	0	0			2		2		4		—	
TA 5830-REG	5		1		6		} 2	0	2		} 2		2		2		2		1	
TA 5910-REG	4		1		3			2	2	2			2		2		2		2	
Internal Training by New Trainers (numbers trained)	4		0		35		0		5		18		5		11		0		12	
Reports per Professional Staff (ratio)	5.5		8.7		1.0		—		1.8		1.0		1.7		1.1		1.0		1.0	
Staff Trained per New Training Specialist (ratio)	0.8		0.0		17.5		—		2.5		2.3		2.5		5.5		0.0		12.0	
Perceived Effectiveness of Training																				
Strengthened Audit Skills	√		√		√		√		√		√		√		√		√		√	
Increased Volume of Reports	√		x		√		√		√		x		√		√		x		√	
Changed Accepted Practices	√		√		√		√		√		√		√		√		√		√	
Perceived Constraints on Effectiveness																				
Uncertain Legislation/Mandate	x		x		√		√		√		x		√		√		x		√	
Reports Provided to OAG Late	x		x		√		x		√		x		√		√		x		√	
Inadequate Staff Numbers	x		√		√		√		√		√		√		√		√		√	
Limited Political Commitment	x		√		x		x		x		√		x		√		x		x	
Lack of Computer Hardware and/or Software	x		x		√		√		√		x		√		√		√		√	

√ = condition applies, x = no change or not a factor, — = zero or not available from records, FSM = Federated States of Micronesia, OAG = office of the auditor general, PNG = Papua New Guinea, RMI = Republic of the Marshall Islands.

^a No response to evaluation questionnaire was received from Nauru and the Solomon Islands.

^b The Fiji OAG, along with other departments, lost staff as a result of the coup d'etat of 2000.

^c Professional and qualified audit staff.

^d Including part-qualified audit staff, but excluding secretarial and nontechnical staff.

^e Including 23 reports contracted out to a private firm.

^f Other reports include those resulting from investigations and performance evaluations.

Source: Operations Evaluation Mission questionnaire responses.