



**Tonga Office**  
**of the**  
**Auditor General**

**Annual Report**  
**2018 - 2019**

Nuku'alofa  
March, 2020



*Our Reference:* LC1052/324/20

*Your Reference:*

*Date:* 27<sup>th</sup> March, 2020

Lord Fakafanua  
The Honourable Speaker  
Legislative Assembly

I have the honour to submit herewith the Annual Report of the Tonga Office of the Auditor General for the financial year ended 30<sup>th</sup> June, 2019, in accordance with section 24 of the *Public Audit Act 2007 (as amended)*.

  
Sefita Tangi  
AUDITOR GENERAL



cc: Hon. Rev. Dr Pohiva Tu'i'onetoa  
Prime Minister  
Prime Minister's Office

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## AUDITOR GENERAL'S FOREWORD AND OVERVIEW

I am pleased to hereby present the Annual Report of the Tonga Office of the Auditor General, (*TOAG*), for the financial year 2018-19.

The year has been marked with the *TOAG* delivering the audit services against its mandate under the *Public Audit Act 2007*. We delivered independent and objective audit reports and advice to the Legislative Assembly, the Government, and the community. The focus as stated in our vision, is to improve the Government public sector ***integrity, accountability, and transparency***.

### Overview

We delivered the financial and compliance audits and advisory services as planned for the year 2018-19. We completed the audits of 36 audit units, (in Line Ministries, Departments, and Agencies, *MDAs*), 21 financial statements, 4 audit reviews, 3 audit special and advisory, 200 audit certifications, 2 performance audit and the performance information guide. In our audit reports, we raised and issued 445 recommendations, the remedial actions for managements to consider and acted upon.

We completed the audit of the Government Financial Statements for the year ended 30<sup>th</sup> June, 2019 and issued our audit opinion on 2<sup>nd</sup> March, 2020.

Similar to previous years' audit conclusions, I issued a qualified audit opinion. The qualification is on the modifications of the basis for the preparations and presentations, the reporting framework, of the financial statements from the International Public Sector Accounting Standards, (*IPSAS*), Cash Accounting Basis, to "modified cash accounting basis", which is outside the *IPSAS*. This is in order to include the assets and liabilities of Government and their fair values as of the balance date and this work is still in progress. Hence, the conclusion of the audit is still a qualified audit opinion until this work is completed and financial statements is fully complied with the *IPSAS Accrual Accounting Basis*, which will report the complete Government's assets and liabilities as of the balance day.

In addition to this annual report, the summaries of our financial and compliance audits during the year are reported in a separate report to the Lord Speaker, "Financial and Compliance Audit Report 2018-19", which is consistent with previous years.

We completed and submitted to Parliament two (2) performance audits for the year, and they are; (i) Preparedness for Implementation of Sustainable Development Goals (*SDGs*) and (ii) Assets Management in Government. This is the first ever performance audit reports submitted to Parliament and is a milestone for the Performance Audit Unit and *TOAG*. We joined other Audit Offices of the world in carrying out the performance audit of our respective "Preparedness for Implementation of Sustainable Development Goals (*SDGs*)". I am very humble to report that part of our report was taken on by the International Journal of Public Audit, (manage by the General Accountability Office, (*GAO*), of the USA, in the article on the subject from the Pacific Association of Supreme Audit Institutions, (*PASAI*) region.

We also completed a Guide on "Performance Information" which noted by the Cabinet and distributed to all Ministries and Departments. This is the foundation for our planned performance review for the existence and effectiveness of performance information framework of all *MDAs*. We have started this performance review but yet to complete and report one as showed in our "Summary of Outputs" for the year. We are still seeking for every opportunity in our endeavour to build up the skills and knowledge of performance audit methodologies and techniques.

## Staff Training and Professional Development Programme

The capacity building and staff development programme continued throughout the year. Audit Manager, Lotomo'ua Tu'ungafasi, have completed her Master in Professional Accountancy course at the University of New South Wales, Sydney, Australia and she has returned back to work. 'Akuila Lomu is still progressing his study for a Bachelor of Commerce at the Victorian University of Wellington, New Zealand. Audit Senior, Inverness Filise started for a Master of Professional Accounting at the University of Auckland, New Zealand, in February 2019.

The *INTOSAI* Development Initiatives, (*IDI*), and *PASAI*, are continued with capacity building and training programs to *TOAG* on difference levels of our staff. I would like to hereby acknowledge the financial assistance of the Department of Foreign Affairs and Trade of the Australian Government, which made these trainings possible. It added value to the *TOAG*'s effort for enhanced quality of audits.

*TOAG* is still looking for work attachment opportunity to a more advance Audit Office in the area of performance audit. *TOAG* also continued with its staff professional development programme, especially trying for both Chartered and Certified Accountant, *CA* and *CPA*, professional qualifications. *TOAG* is still the approved training institution of the Australia and New Zealand Institute of Chartered Accountants.

## Audit of the *TOAG* Financial Statements 2018-19

The financial statements of the *TOAG* for the financial year ended 30<sup>th</sup> June, 2019 have been completed and is herewith attached as part of this annual report, *Item 4* below. The auditor, Grant Thornton New Zealand Audit Partnership, issued an unqualified opinion, and is similar to the previous financial year, 2018. This is another milestone achieved; the completed of the audited *TOAG* financial statements and be part of the same year annual report.

Overall, the *TOAG* underspent its budgeted allocation by \$357,216, about 18%. The unspent amount was mainly from vacancies.

## New audit computer program, Team Mate

Team Mate is an audit computer program that is widely used by audit offices. *TOAG* purchased and introduced Team Mate to *TOAG* during May/June 2015. Currently, we are at the implementation stage and most of the teams carrying out audits using Team Mate, it covers all stages of an audit from planning, field-work, review, to reporting stages. Overall, it very much help all audit officers, at all levels, with more efficiency and more focus audits. *TOAG* now joins with developed *SAIs* in using this expert audit technological package to complement its works.

We are currently mastering the using of Team Mate with the assistance of the provider and *PASAI*.

## Challenges

The major challenge is the building up of our staff capacity in order to manage the gap between the actual and the expected level of competencies and proficiencies in all our audits, and we appreciate that this is a long-term challenge. Our continuous staff training in all forms; on-job, training sessions by us, *PASAI*, and *IDI*, short term attachment to the Office of the Auditor General of Audit New Zealand and Australia, and our professional development programme are all aimed at meeting this challenge at all times.

Adding on to our major challenge above, the staff turn-over is rising at our professional level. Actually at the professional level of accounting and finance, the pasture is greener in the private sector thus, our professional level staff left for better remuneration. We maintain and hold on to the professional training programs of our staff.

Our financial resource through the *TOAG* allocated fund in the Government annual budget is always a challenge to our operation and our independent as a *SAI*. However, we are fortunate to have complimented by our development partners in areas that are not sufficiently covered by our annual budgeted allocation. We sincerely hope that we will continue to receive those valuable assistances in the future.

The challenge of timely completed of audits is always with us and the significant part of this challenge is the late submission of (draft) accounts to be audited; public accounts and quarterly statements, public enterprises, and development projects. We have started distributing a program/timetable for when each accounts to be audited to all auditees in the effort to manage this challenge but it does minimal assistance. Also, the keeping and maintaining of complete financial record and information is always a part of it.

### Looking ahead

The development of the TOAG is continuously as ongoing agenda. The priority and focus is on capacity building of staff and using of computer assisted audit techniques, which overall will advance the efficiency and quality of carrying out the audits. Appropriately restructured of our operations is a continuous efforts of us all.

We are continuing with our professional training program, currently two (2) officers are taking the *CA* and *CPA* programs and five (5) officers are taking the undergraduate courses part-time with the *USP* Campus here in Tonga as well as the Tonga Tertiary Institute. The Office is giving them all the assistance and encouragement that we could afford.

In our endeavour to fully adopt the *ISSAIs*, we are in progress with a pilot project by *IDI*, in conducting audits; financial, performance, and compliance, which fully complied with *ISSAIs* and following the risk approach of audit. We are working towards the successfully completion of this project during the coming working year, 2020-21. I wish to hereby acknowledge the assistance of *DFAT*, *IDI*, and *PASAI*, which make this project possible to pilot with us and will continue to other *SAIs*.

We are continuing with the audit computer program, Team Mate, to all our financial and compliance audits and with the assistance of the supplier of Team Mate and *PASAI*. The day-to-day management of the software and hardware components of our information technology system is always a challenge.

We are working closely with the Public Accounts Committee of Parliament and the Audit Oversight Committee of Cabinet, particularly in the scrutinizing process of our audit reports and the appropriate responses and actions from auditees. It will move forward the endeavour for integrity, accountability, and transparency in all our works and the oversight function for the public fund management, (*PFM*).

We continue striving for our vision, which “***Integrity, Accountability, and transparency***” and obviously it is starting with us and all our audits, reports and advices and then to all our audit clients which ultimately impact on whole of Government as part of the measures to expand potential and growth.

Sefita Tangi *F CPA (Aust)*  
AUDITOR GENERAL

# 1 ROLES AND RESOURCES

## 1.1 Roles

The TOAG's primary role is to provide independent report, assurance and advice to the Speaker of the Legislative Assembly on how government and other public bodies account for and use public money and public resources. The role is discharged by carrying out audits and report on whether government activities are carried out and accounted for consistent with applicable legislation, accounting and auditing standards, and achieve or otherwise the intended outcomes.

## 1.2 Core Functions of the Office

The core output of the Office for the year are classified into four (4) categories. They cover:

- Support and Parliamentary services
- Financial Audits
- Performance Audits
- Compliance Audits

(Details shown in Item 2.1 and 3 of this report)

## 1.3 Organisational Structure

The management structure of the TOAG as at 30<sup>th</sup> June, 2019 is shown in *Figure 1*. The four (4) main branches of the Corporate and Operations are directed by four Executive Directors. These positions are still vacant. Corporate Management Unit is responsible for Administration and Support Services. The Operations Branch is divided into three (3) Units; (i) Financial Audits and they are responsible for audit of the Public Enterprises and the Government Accounts (Public Accounts) (ii) Performance Audits and Performance Review; and (iii) Compliance Audits and they are responsible for audit of the Government Ministries, Departments and Agencies (MDAs) and audit of Development Projects

### 1.3.1 Staff Profile

During 2018-19 financial year, the Office had 41 staff with ten (10) vacant posts. Twenty-six (26) staff were female and fifteen (15) were males. With the exception of the Auditor General, *Table 1* presents the profile of the TOAG's established staff.

**Table 1: Profile of Established Staff at 30<sup>th</sup> June, 2019**

Positions	30 <sup>th</sup> June 2019
Executive Director	4(4 vacant)
Audit Managers	6(1 vacant)
Audit Senior	9
Human Resource Manager	1
System Analyst	1
Auditor	14(4 vacant)
Personal Assistant	1
Accountant	1
Communication Officer/Librarian	1
IT Support	1
Receptionist/Filing	1
Audit Assistant Gr I	4
Audit Assistant Gr II	3
Audit Assistant Gr III	1(1 vacant)
Driver/Messenger	2
<b>Total number of posts</b>	<b>50</b>

### 1.3.2 Staff Promotion

The Office continued to recognize the contributions, efforts and good performance of its staff. Staff promotions during the year are as follows.

<i>Name</i>	<i>Post</i>	<i>Post promoted to</i>	<i>Date</i>
1. Mrs Sisilia F. Lutui	Audit Senior	Audit Manager	01/10/18
2. Mr Patetele Tongilava	Audit Senior	Audit Manager	01/10/18
3. Mr Pita Taufatofua	Auditor	Audit Senior	01/10/18
4. Mr Sitiveni Nau	Auditor	Audit Senior	01/10/18
5. Mrs Mitolomoa Taka	Auditor	Audit Senior	08/04/19
6. Mr Filatoa Vailea	Auditor	Audit Senior	08/04/19
7. Miss Maile Fuimaono Kavaefiafi	Audit Assistant Gr III	Audit Assistant Gr I	08/04/19

### 1.3.3 Staff Recruitments

During the year there were four (4) new staff recruitments which consists of::

<i>Name</i>	<i>Post</i>	<i>Date</i>
1. Miss Taiala Paea-'i-Funga Manono Fulivai, Returning Scholar	Auditor	07/01/19
2. Miss Seini Mele Fakalolo	Auditor	08/02/19
3. Mr Siupeli Afu Jr Hakaumotu	Auditor	08/04/19
4. Miss Paea-he-lotu 'Akanete Tonga'onevai	Auditor	24/04/19

### 1.3.4 Resignation

During the year the following staff resigned and have moved to different workplaces.

<i>Name</i>	<i>Post</i>	<i>Date</i>
1. Mr Patetele Tongilava	Audit Manager	29/06/19
2. Mr Tevita Tu'ipulotu Potesio	Audit Senior	11/08/18
3. Mrs Sisilia Mohulamu Finau	Audit Senior	16/10/18
4. Mrs Sepiuta Nanasipau'u Felemi	Auditor	26/01/19
5. Miss Setila Eke	Auditor	20/05/19

### 1.3.5 Leave on sports tour

During the year the one staff participate in sporting tour.

<i>Name</i>	<i>Post</i>	<i>Dte</i>
1. Mr Viliami Fa Vatuvei	Audit Assistant Gr II	9-20/08/18

### 1.3.6 Professional Development Program

The Office has made strong commitment to the professional development of staff through a number of key initiatives. Two senior officers are currently pursuing the CPA and CA professional qualification by taking the courses with the CPA Australia and the Institute of Chartered Accountants in Australia and New Zealand. Also, five juniors took part time courses with the University of the South Pacific and the Community Development and Training Centre here in Tonga.

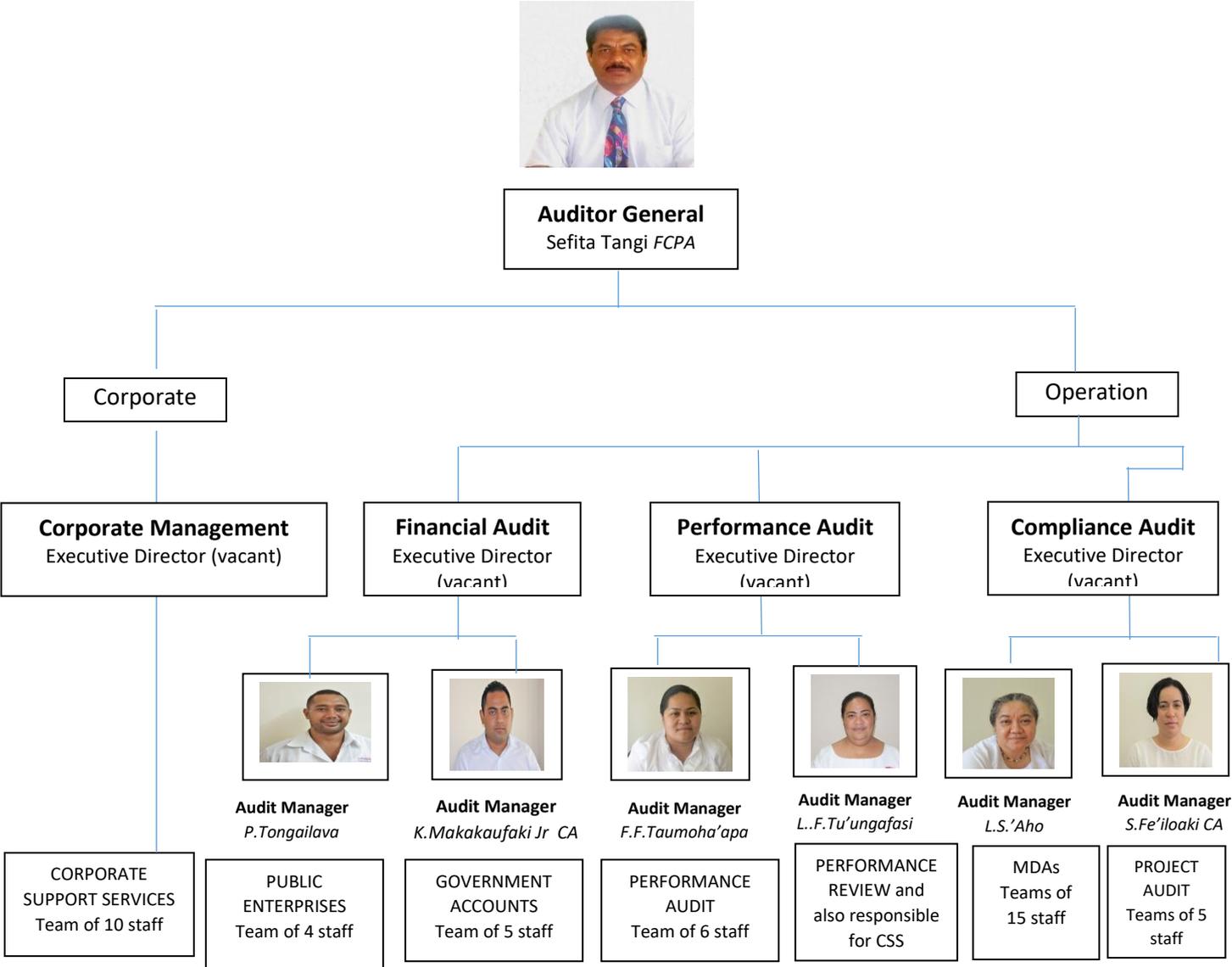
During the year, the audit staff attended training programs conducted by the *PASAI*, *IDI*, and other capacity building institutions overseas. The areas covered were; effective communication, effective audit of public assets, strengthening the oversight functions of public finance management, cooperative audit on procurement, and preparedness for the implementation of the Sustainable Development Goals, *SDGs*.

During the year, the Auditor General attended the: 19<sup>th</sup> *PASAI* Governing Board Meeting, August 2018 in Queensland, Australia; 21<sup>st</sup> *PASAI* Congress, August 2018 in Queensland, Australia; *PASAI/IDI* Strategy, Performance Measurement and Report (*SPMR*) Program Operational Planning Workshop, November 2018 in Cook Islands; 20<sup>th</sup> *PASAI* Governing Board Meeting, February 2019 in Auckland, New Zealand; the two (2) Forum Secretariat Audit and Risk Sub-Committee Meeting both in Suva, Fiji on 16<sup>th</sup> April 2019 and 12<sup>th</sup> June, 2019.

The experiences and knowledge obtained from the above training and development programs and meetings very much assisted with the capacity building programs of the *TOAG*.

The Auditor General is member of the Public Accounts Committee of Parliament and the Audit Oversight Committee of Cabinet. He is also member of the Governing Board of *PASAI* as Representative of Polynesia from August 2016 as well as member of the Audit and Risk Sub-Committee of the Pacific Islands Forum Secretariat from November 2015.

Figure 1: Management Structure as at 30<sup>th</sup> June, 2019



## 1.4 Financial Activities Summary

Table 2 summarizes the TOAG operating result for 2018-19 showing estimates compared with actual amounts. The result is based on cash accounting.

Table 2: Summary of financial results

	Estimate 2018-19	Actual 2018-19	Actual 2017-18
Total revenue <sup>1</sup>	\$100,000	\$74,000	\$74,750
Total expenditure	\$1,932,100	\$1,574,884	\$1,490,410
Net cost of services	\$1,832,100	\$1,500,884	\$1,417,660

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**1 Audits of Ministries, Departments, and Agencies are free of charge**

## 2. RESULTS ACHIEVED FOR THE YEAR

### 2.1 Summary of the output in 2018-19

The summary of the total output achieved during the year is shown *Table 3* below. The actuals are the completed audits, which indicated by the issuing of the audit opinion, management report, and audit certificate. Those audits which were still in progress as of 30<sup>th</sup> June, 2019 are not included in this summary. They will be reported when they are completed and reported.

*Table 3* **Summary of the Total Output by Divisions in 2018–19**

<b>Output 1: Support and Parliamentary Services</b>	<b>Target</b>	<b>Actual</b>
Auditor General's Reports	6	6
Advisory Services	2	2
Support Services (Capacity Building & Professional Development programs)	9	17
<b>Output 2: Financial Audits</b>	<b>Target</b>	<b>Actual</b>
Audit Management Reports issued conveying the findings of audits	23	16
Audit Opinions	9	9
Reviews, approvals and Certificates	9	7
Audit Special	3	0
<b>Output 3: Performance Audits</b>	<b>Target</b>	<b>Actual</b>
Performance Audit Reports	2	2
Performance Reviews of MDAs	6	1
<b>Output 4: Compliance Audits</b>	<b>Target</b>	<b>Actual</b>
Audit Management Reports issued conveying the findings of audits	50	48
Audit Opinions	11	12
Audit Certificates issued on the financial statements of school and TVET	42	197
Grant and Certifications on pensions	2	1

The explanations for the outputs that were not achieved against the target are as follows:

1. *Output 2*, Some of the public enterprises did not submit their accounts for audit but were budgeted for.
2. *Output 3*, Performance audit reports were achieved however, the performance review of MDAs performance information framework was yet to be fully executed.
3. *Output 4*, The output of the Compliance Audit is hereby considered to have been achieved.

### 2.2 Independent Audit Office that Lead by example

In improving our management processes, the corporate support services unit continued to manage cost as a priority. The key strategies were to:

- Practice good corporate governance
- Create and maintain efficient and effective business managerial processes
- Manage TOAG resources effectively

Table 4 below shows the labour cost of major products at 30<sup>th</sup> June 2019. As shown the chargeable products were the highest totalling \$818,219.50 or 52% of the total cost (\$1,574,884) of all activities carried out by the Office in 2018-19.

Table 4: Cost of activities at 30<sup>th</sup> June 2019

	Products	Cost(\$)	% of total
Indirect Labour:	1. Administration	44,668.00	3
	2. Corporate Services	114,774.00	7
	3. Staff Development	196,151.00	12
	4. Conference & Meeting	72,166.50	5
	5. Staff Leave	311,785.00	20
	6. Staff Social Welfare	17,120.00	1
Total Indirect Labour:		756,664.50	48
Direct Labour:	7. Chargeable	818,219.50	52
<b>Total Labour</b>		<b>1,574,884.00</b>	<b>100</b>

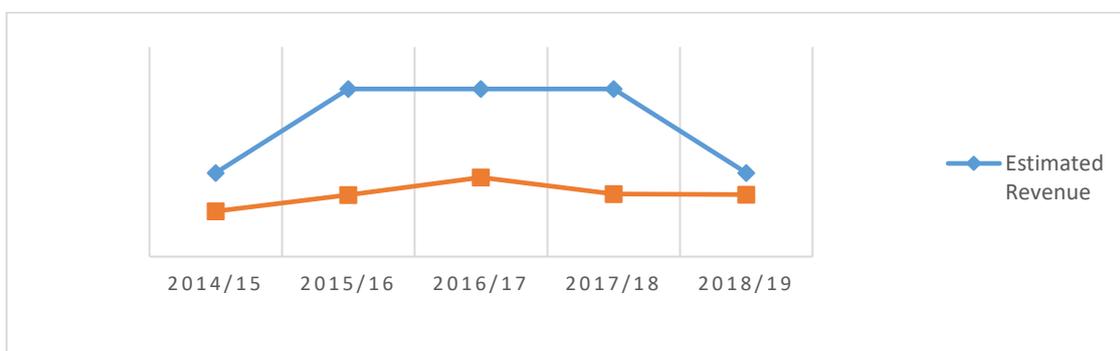
### 2.3 Total Revenue and Expenditure between 2014/15 - 2018/19

#### Revenue

Total audit fees collected in 2018-19 were \$74,000 which was \$26,000 below the estimate of \$100,000. The estimated revenue is certainly overstated since most of the audit of Government entities and development projects are free. The audit of Government Ministries is free of charge as are the audits of foreign aid donor’s projects, the TOAG services are treated as part of the Government’s contributions towards the projects.

TOAG cannot control the number of public enterprises who present their annual accounts to audit or review during the year.

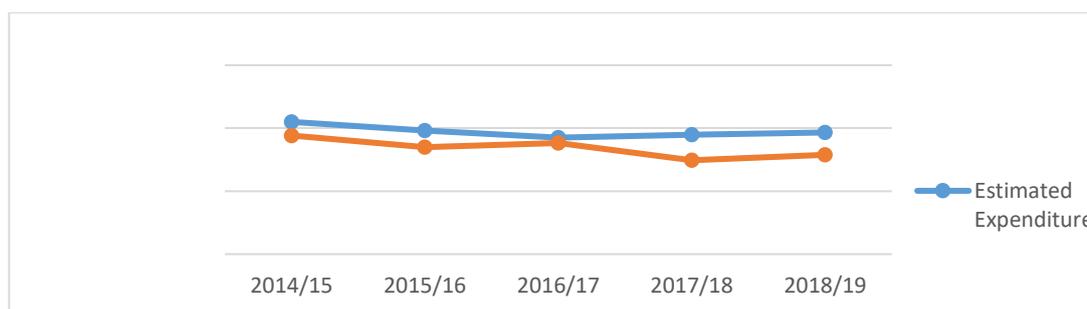
Figure 2: Provide the trend of budget revenue vs actual revenue for the last five (5) years.



#### Expenditure

The Office actual expenditure was \$1,574,884 which was below the estimate by \$357,216. The office expenditure between 2014/15 – 2018/19 are shown in Figure 3 below:

Figure 3: Estimated Expenditure vs Actual Expenditure



### 3. REPORT OF EACH UNIT

The undermentioned reports from each Unit summaries the overall total of the work completed during this financial year 2018-19. The details are reported in a separate report of the results of all the financial and compliance audits that has been carried out during this financial year.

#### 3.1 Corporate Management Unit

##### 3.1.1 Background Information

The Corporate Management Unit provides all the appropriate support services such as receptionist, files maintenance, information technology (IT), human resource services, accounts and budget, mail and messenger, library, office supplies and equipment, accommodation, personal policies etc. They are also responsible for *Output 1: Support and Parliamentary Services*.

The Unit consisted of ten (10) staff altogether headed by the Audit Manager, Mrs Lotomo'ua Tu'ungafasi. During the year Mrs Tu'ungafasi returned to work after successfully completed her Master of Professional Accounting. Out Accounting Officer is still in New Zealand studying for his Bachelor of Commerce.

##### 3.1.2 Team Output Summary

The Unit planned 17 outputs to perform during the year with a total budget hours of 8,744. At the end of the year, the Unit managed to achieve the budget outputs with a total chargeable hours of 10,125 which is more than the allocated budget hours assigned for the Unit. Fortunately, we were able to have obtained the extra hours, (1,381), from some of the staff of the Unit who deferred their annual leave as scheduled plus the Head of Unit successfully completed her programme of study earlier than expected.

Table 5 below are the outputs achieved against the target established for this Division during 2018-19

Table 5: Output 1 - Support and Parliamentary Services

Performance measures	Unit of measure	2018-19 Target	2018-19 Actual	2017-18 Actual	2016-17 Actual
<b>Quantity</b>					
Auditor-General's reports (a)	Number	6	6	5	5
Advisory Services (b)	Number	2	2	3	2
Support Services (c)	Number	9	17	9	17

(a) Reports include Corporate Plan, Annual Plan, Annual Budget, Annual Reports, Financial & Compliance Audit Report, and Annual Audited Financial Statements. Audit of the TOAG by an external auditor for the financial year ended 30<sup>th</sup> June, 2019 has been completed and included in this annual report.

(b) Advisory Services: Request from Stakeholders, Parliamentary Committees through the Honourable Speaker in particular.

(c) Support services such as staff trainings and developments.

##### 3.1.3 Auditor General's report

The audit of TOAG financial statement for financial year 2018-19 has been completed in February 2020. The financial statements together with the external auditor's audit opinion is at *Item 4* of the Tongan Version of this Annual Report.

## 3.2 Financial Audit Unit

### 3.2.1 Background information

The Financial Audit Unit is responsible for the audit of the government's wholly owned public enterprises, the whole of government financial statements, quarterly statements and special requests from Parliament or Cabinets. The division is also responsible for reviewing and approval of audited accounts that has been audited by private firm and audits of private sector entities which includes non-government organization, civil societies and private companies.

The Unit consisted of nine (9) staffs altogether which further divided into two (2) Teams both headed by an Audit Managers, Mr Kelepi Makakaufaki and Mr Patetele Tongilava.

### 3.2.2 Team Output Summary

Shown in *Table 6* below the Unit output comparison of actual vs budget for 2018/19. At year end, the total hours used up by the Unit for the audits was 7,192.

**Table 6: Output 2 – Financial Audits**

Performance measures	Unit of measure	2018-19 target	2018-19 actual	2017-18 actual	2016-17 actual
<b>Quantity</b>					
Audit management reports (a)	Number	23	16	11	11
Audit Opinions (b)	Number	9	9	10	10
Reviews, approvals and certificates (c)	Number	9	7	4	4
Audit Special (d)	Number	3		1	1

The following explanation are provided in respect of budget vs actual.

a) Management Report

The total budgeted outputs was for twenty three (23) management reports to be issued on audits and reviews to be completed during the year. During the year seven (7) were not completed due to non-submission of audited financial statements as well as audit files for review.

b) Audit Opinion

The total budgeted outputs for the year were nine (9) audits to be completed with 9 opinions to be issued on the financial statements completed. During the year TOAG completed the Audit Opinion as budgeted.

c) Review

The total planned reviews for the year were for six (6) reviews of all public enterprises who are not audited by the Auditor General and three (3) certificates of quarterly summary, in accordance with *section 10(2) of the Public Audit Act 2007 as amended*. During the year, TOAG completed four (4) reviews plus 3 certificates.

d) Advisory

Three (3) advisory services were planned for the year. This was based on our knowledge of the number of advisory request we received in previous years. However, during the year, there were no special advisory services being requested to be carried out by the Auditor General

### 3.3 Performance Audit Unit

#### 3.3.1 Background Information

The Unit carryout performance audit of selected topics and review for performance information framework of each Government Ministries, Departments and Agencies (MDAs).

This is two (2) consecutive financial years which the Audit Manager, Mrs Fatafehi Taumoha'apai was allocated to supervise this Unit which consisted of five (5) staff. Three (3) staff turnover. Two (2) staff on study leave while one (1) staff retired.

#### 3.3.2 Team Output Summary

This is a highlight year for the Unit. Since, 2010 until year ended 2019, the first ever performance audit report was submitted to Parliament. Further, the team prepared a Performance Information Guide which was approved by Cabinet to be used as a reference for all MDAs on Performance Information. Shown in *Table 7* below, the output summary of the Unit.

*Table 7: Output 3 - Performance Audits*

Performance measures	Unit of measure	2018-19 target	2018-19 actual	2017-18 actual	2016-17 actual
<b>Quantity</b>					
Performance Audit Reports (a)	Number	2	2	-	-
Performance Review (b)	Number	6	1	-	-

(a) Auditor General's reports cover only the performance audit reports

(b) Auditor General's report cover performance information review reports

The slight decrease of working total hours 4,628 compared 5,029 total hours of previous year of the Unit was based on staff turnover.

Although, performance audit reports were achieved however, the performance information review was not. The Cabinet approved the Performance Information Guide which would be the base for the review. The year ahead an expectation that all performance information review will be completed.

Since parliament is our primary stakeholder, we submitted the complete performance audit reports and they are: (1) Tonga's Preparedness for the Implementation of Sustainable Development Goals, (SDGs); and (2) Management of Government Assets.

#### Audit at a glance

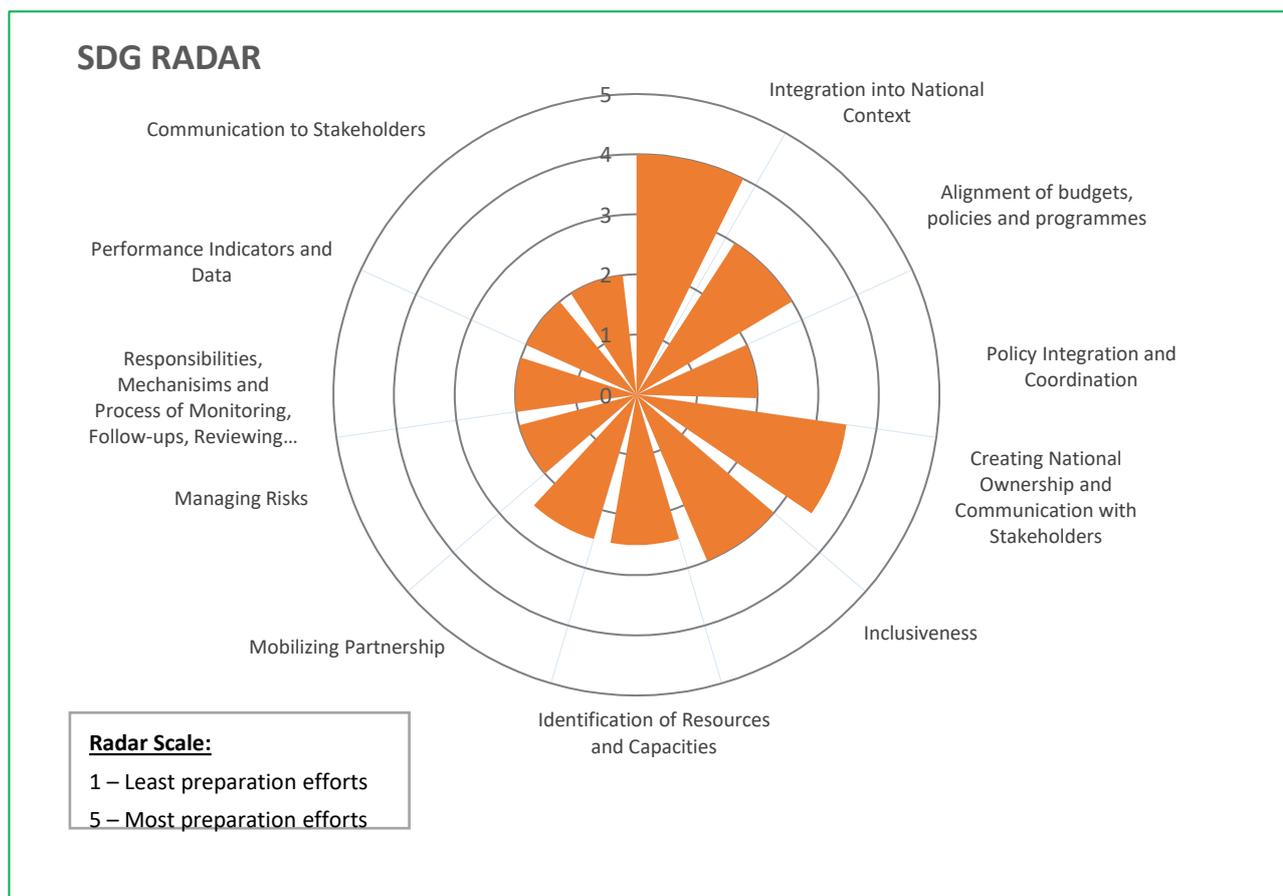
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##### 1. Tonga's Preparedness for the Implementation of Sustainable Development Goals, (SDGs)

With regards to the efforts that Tonga has taken into the preparing for the implementation of the SDGs, the SDG radar shows that Tonga has best performed in integrating the SDGs into its national context and least performed in policy integration and coordination, identification of responsibilities, mechanisms, process of monitoring, follow-ups, review and reporting, performance indicators and data, and communication to stakeholders.

Overall, Tonga has localised SDGs into the Tonga Strategic Development Framework II (TSDF II). The Parliament Office of the Clerk has coordinated different committees working together on SDGs oversight. It uses the One Process System to identify risks and assumptions and performance gaps on achieving of SDGs by 2030. Tonga is underway on finalising of a Tonga Strategy for the Development of Statistics to account for the communication channel.

Summarised by this SDGs Radar:



We issued seven (7) recommendations for considerations and actions for improvements going forward.

## 2. Management of Government Assets

We carried out an audit to provide Parliament with an independent view of the *MDAs* and Public Enterprise (*PE*) of the Government of Tonga strength in managing the assets they use to deliver expected outputs and outcomes.

Overall, a Tonga Asset Management Framework was been proposed by the Ministry of Finance have confirmed work on it in 2019. There are *MDAs* and *PE* that have already developed their own Asset Management Policy and Procedure Guide and an Asset Management Strategy.

We issued six, (6), recommendations for considerations and actions for improvements going forward.

## 3.4 Compliance Audit Unit

### 3.4.1 Background Information

Compliance Audit Unit (CAU) carried out the audit of the Government Ministries, Departments and Agencies (MDAs) as well as Development Projects.

This Unit consisted of twenty (20) staff. This 20 staff has further divided into two (2) Teams, both headed by an Audit Manager's. Team 1 responsible for auditing of all the MDAs and Team 2 responsible for auditing of the Development Project.

#### 3.1.2 Team Output Summary

Shown in Table 8 below the Units output comparison of actual vs budget for 2018-19. At the end of the financial year, the total hours used up by the Unit for the audits was 17,593.

Table 8: Output 4 – Compliance Audits

Performance measures	Unit of measure	2018-19 Target	2018-19 Actual	2017-18 Actual	2016-17 Actual
<b>Quantity</b>					
Audit Management Reports issued conveying the findings of audits (a)	Number	50	48	23	22
Audit Opinions (b)	Number	11	12	13	10
Audit Certificates issued on the financial statements of agencies (c)	Number	42	197	132	225
Audit Specials	Number	2	1		2

- (a) *Audit Management Reports on the audit of Government Ministries, Departments and Agents (MDAs) and Development Projects.*
- (b) *Audit Opinions of Development Projects.*
- (c) *Audit Certificates cover certificates on school grants, pension, and transfer values*

There are increases in total certificates in this financial year but this is due to Grant to Non-Government School for four (4) financial year: 2014, 2015, 2016 and 2017 were completed. Further, Transfer Values of Ministry of Education & Training staff, their years as untrained teachers were excluded before but they are now included in the calculation of Transfer Values.

The Compliance Audit Unit continued to use Teammate in its audit work and there is continuous capacity development activities involved. It is acknowledged that technology comes with new frontiers of skills, knowledge and competencies, that staff has to be coached and monitored regularly. The Compliance Audit Unit will continue to learn and apply new skills in an effort to improve the quality of its output.

## 4. TOAG Financial Statements for 2018-19

*(Please refer to item 4 of the Tongan Version of this report, pages 17 – 29)*

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