



Samoa Public Financial Management Performance Report

October 2006



Table of Acronyms and Abbreviations	3
Summary Assessment	4
1 Introduction	7
1.1 Objective of the PFM-PR	7
1.2 Process of preparing the PFM-PR	8
2 Country background information	9
2.1 Description of country economic situation	9
2.2 Description of budgetary outcomes	10
2.3 Description of legal and institutional framework for PFM	12
3 Assessment of the PFM systems, processes and institutions	16
3.1 Introduction	16
3.2 Budget credibility	16
3.3 Comprehensiveness and transparency	20
3.4 Policy-based budgeting	25
3.5 Predictability and control in budget execution	28
3.6 Accounting, recording and reporting	37
3.7 External scrutiny and audit	41
4 Government reform process	44
4.1 Description of recent and on-going reforms	44
4.2 Institutional factors supporting reform planning and implementation	44
Attachment 1 Performance Indicators Summary	47
Attachment 2 Terms of Reference	48
Attachment 3 Persons consulted	52
Attachment 4 Reference documents	53
Attachment 5 Revenue	54
Attachment 6 Expenditure	56
Attachment 7 List of Participants Apia	58
Attachment 8 List of Participants Suva	59



Table of Acronyms and Abbreviations

ACEO	Assistant Chief Executive Officer
ADB	Asian Development Bank
AGA	Autonomous Government Agencies
AusAID	Australian Agency for International Development
BOP	Balance of Payments
CEO	Chief Executive Officer
COFOG	Classification of Functions of Government
CS-DRMS	Commonwealth Secretariat Debt Recording Management System
DSA	Debt Sustainability Analysis
EC	European Commission
EPPD	Economic Policy and Planning Division
FMIS	Financial Management Information System
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GoS	Government of Samoa
HDI	Human Development Index
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
ISP	Institutional Strengthening Project
IT	Informational Technology
PO	Purchase Order
MoF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
NZAID	New Zealand International Aid and Development Agency
PAC	Public Accounts Committee
PEFA	Public Expenditure and Financial Accountability
PFMA	Public Finance Management Act 2001
PFM	Public Finance Management
PMF	Performance Management Framework
PFM PR	Public Financial Management Performance Report
PI	Performance Indicator
PSIP	Public Sector Investment Programme
SAI	Supreme Audit Institution
SDS	Strategy for the Development of Samoa
SOE	State Owned Enterprise
Tala	Samoa Tala – local currency
TIN	Tax Identification Number
UN	United Nations
VAGST	Value Added Goods and Services Tax



Summary Assessment

This section provides a brief strategic picture of PFM performance, including the extent to which the PFM system enables achievement of fiscal discipline, strategic allocation of resources and efficient service delivery. It is firstly concerned with PFM performance, then impact of PFM weaknesses and finally the PFM reform outlook.

Integrated Assessment of PFM performance

1. **Credibility of the budget** - The Samoan PFM system is characterised by a budgeting system, which tends to be very realistic in terms of aggregate revenue and expenditure projections and outcomes. It tends not to be so strong on the planned allocation by Ministry as insufficient resources are often allocated to Health and Education and implementation tends to be characterised by some transfers from the smaller Ministries to these Ministries plus Finance in supplementary budgets, although Finance usually does not need the additional appropriation. Monitoring of the payment of accounts payable tends not to occur on a regular basis. On the revenue side the Ministry of Revenue agencies tend to be conservative and generally collect at least their budget estimates while other line Ministries tend to under perform.
2. **Comprehensiveness and transparency** - The Government Budget is robust in terms of getting practically all Government Revenues and Expenditure into the documents and documenting the total fiscal risk posed by State Owned Enterprises. Its economic reporting is of a high order through the quality of the material tabled with the budget and in Ministry of Finance quarterly economic reports. Financial statements of government revenues and expenditures, i.e. budget outcome data tend not to be the subject of timely reports. Fiscal and budget information is accessible to the public in the form of summary documents at the time the budget is tabled in the Legislative Assembly but access to the complete set of documents is not available until after the time of their adoption by the Assembly.
3. **Policy-based budgeting** - The budget is prepared with due regard to government policy and the budget timetable is made very clear and does actively include all stakeholders who should be making a contribution. The only key factor missing is forward estimates of recurrent revenues and expenditures and this is planned to be resolved over the next 18 months. The budget and fiscal risk oversight are quite complete except to that extent. Medium term estimates have been adopted in the public sector investment programme.
4. **Predictability and control in budget execution** – While the budget is implemented in an orderly and predictable manner and there are significant controls placed on the release of public funds, these are not of optimal effectiveness. Accounts payable are not always paid in a timely manner.



While the format of regular reports and information disseminated on revenues and expenditure should be adequate to enable good decision-making, enforcement of transaction controls and for management and reporting purposes, they do not achieve these objectives. There is a justifiable lack of faith in the integrity of the data and many agencies run their own separate accounting systems. The internal control framework is characterised by excessive transaction level controls which may not be effective and a lack of other internal controls such as monitoring of revenues, expenditures and cash management which are not given sufficient attention. Consequently corrective action on incorrect transactions is not done in a timely manner. Other shortcomings in the internal control framework are that assessments of efficiency and effectiveness and systems audits are not done enough. Greater use could also be made of FMIS controls in enforcing separation of duties and controls on access to accounts. Lack of connectivity between information systems for revenue and debt and the Finance One system is also a problem.

5. Accounting, recording and reporting – Some three years ago, the MoF was able to submit its audited public accounts on time broadly in accord with legislative requirements. Since that time, it has not been able to do so. The 2003-04 accounts have just been completed and the 2005-06 accounts are now overdue in that the MoF should have submitted them to the Office of the Controller and Chief Auditor. Over those three years since the public accounts could be done on time, a new information system has been introduced and been in place for only 15 months, and staff turnover has been considerable. In addition to the late finalization of public accounts, the current format accounts do not disclose development spending done by bilateral and multi lateral agencies outside the Treasury fund. To the extent that data is available from these agencies, this spending is currently included in fiscal reports and GFS accounts. It should also be included in explanatory notes to the public accounts.
6. External scrutiny and audit – While the scrutiny of public finances and follow-up by the executive to the findings of the Public accounts committee and the Office of the Controller and Chief Auditor is certainly carried out, in operation and effective, this performance is compromised by the late submission of final accounts from the Ministry of Finance.

Assessment of Impact of PFM weaknesses

Budget preparation and economic reporting tend to be handled quite well but the Ministry of Finance is not able to report timely and accurately on Government Revenues and Expenditures. So the key weaknesses in the Samoan PFM framework are exhibited in the final three of the six dimensions of PFM performance which are –

- Predictability and control in budget execution,
- Accounting, recording and reporting, and
- External scrutiny and audit operations.

The impact of these weaknesses on aggregate fiscal discipline is not material.



It is on the strategic allocation of resources and efficient service delivery that potential benefits are available from correcting the weaknesses. While the current budget could enable discussion on efficiency, the lack of a medium term framework would make such analysis incomplete. The fact that the information dividends accruing from efficiency, effectiveness and value for money audits are generally not available could be compromising the most strategic allocation of resources.

The reality that suppliers face in sometimes not being paid in a timely manner or when financial resources are not available for key inputs like pharmaceuticals is also likely to compromise the effectiveness of service delivery.

The failure to develop a complete internal control framework, perhaps guided by the INTOSAI guidelines on this matter has facilitated the accumulation of inaccurate data in the financial management information system and led to staff being unable to perform timely reconciliation and reporting work. The impact of this weakness on resource allocation is quite serious. Improved controls in revenue collection could potentially increase the size of the resource envelope.

Transparency is reduced by the non issuance of timely operating statements and the late issue of annual financial statements compromises the effectiveness of scrutiny by the Legislative Assembly and external auditors.

Prospects for Reform planning and implementation

While PFM reform or continual improvement has continued on budgeting, economic reporting and monitoring of state owned enterprises, problems have emerged in the whole internal control framework, liability management, cash management, reconciliation and financial reporting.

The prospects for reform are quite good, but it will most likely require some external assistance. That assistance may include reform plan design, particularly in the context of an overall internal control framework, and it is also quite likely that management staff who do understand the problems in the accounting areas could design reform plans, terms of reference and implementation plans as has been done by Budget staff in designing a way forward on a medium term expenditure framework.

With guidance, the many young graduates and management in place are keen to improve performance, and so could adopt modern internal control parameters, collectively face problems associated with correcting current erroneous transactions as well as those of some two years ago and bring reconciliation activities up to date. Formal training, on the job training and a review of procedure (all at least partly based on a review of current erroneous transactions) are some of the basic requirements; which could form part of a reform implementation plan.

The desire among staff and management to correct the problems and the frustration with the current state of play in finalising accounts is very real.



1 Introduction

The Government of Samoa (GoS) has asked the EU to commission a preliminary assessment of the Samoan Public Financial Management (PFM) system based on the Public Expenditure and Financial Accountability (PEFA) PFM Performance Measurement Framework (PMF).

The EU appointed Mr. Richard Walsh from the Linpico company to carry out this assessment during September and October 2006.

The PFM PMF is made up of a set of indicators for a country's PFM system for measuring and monitoring results over time designed by the PEFA Program based in World Bank. PEFA is a multi-donor partnership including the UK's Department for International Development, the Swiss State Secretariat for Economic Affairs, the Royal Norwegian Ministry of Foreign Affairs, the French Ministry of Foreign Affairs and the IMF.

The dimensions of PFM that the Performance Indicators assess are

1. Credibility of the budget,
2. Comprehensiveness and transparency,
3. Degree to which budget is prepared with due regard to government policy,
4. Predictability and control in budget execution,
5. Accounting, recording and reporting,
6. External scrutiny and audit operations, and that
7. Donor practices in country are appropriate.

1.1 Objective of the PFM-PR

The overall objective of the report is to provide all stakeholders with an assessment of the PFM using PEFA methodology.

The objectives of the PMF are to:

1. Enable an integrated and comprehensive assessment of PFM performance.
2. Demonstrate progress in PFM performance over time, based on a regular, rigorous, evidence-based monitoring by domestic and international stakeholders
3. Provide a common information pool on PFM performance and contribute to streamline donor information requirements, so as to allow increased focus on reform implementation, capacity-building and results on the ground.



1.2 Process of preparing the PFM-PR

1.2.1 Methodology

The assessment has been made for the 3 year period ended 30th June 2006 based on a review of documentation and interviews with stakeholders. To enable assessment, Mr. Walsh and Ms. Nadia Meredith from the Ministry of Finance (MoF) interviewed MoF staff in all the relevant areas to the PEFA PMF. They have also met with the CEO and staff from the Ministry of Revenue, senior staff from the audit office including the Chief Auditor, the Central Bank Deputy Governor, Legislative Assembly Publications staff and officials from the EC, ADB, NZAID and AusAID

Relevant key documents including Budget Estimates, the Samoan Development Strategy, Public Sector Investment Program, MoF Corporate Plan, Budget Address and the Economic Statement to support the 2006-7 Budget were reviewed.

The consultant was provided with soft copies of draft and final Government Public Accounts data for each of the years ended 30th June 2003, 2004 and 2005 which was utilised for analysis of revenue and expenditure data in accord with the PEFA PMF.

The consultant has taken account of very useful reports from IMF in the Country Report Samoa: 2005 Article IV Consultations and the Report on Observance of Standards and Codes—Fiscal Transparency Module. The World Bank report on procurement has also been valuable

On September 29th an interactive workshop was held in the MoF conference room where Mr Walsh explained the PEFA process as well as the draft performance indicator scores and specific findings in respect of the assessment of performance of the Samoan Public Finance system. Attendees included the acting CEO at MoF, MoF officials Audit Office and Revenue Ministry staff and representatives from the ADB, EC, NZAID and AusAID.

After that workshop, discussions were held with management in Budget, Accounts, Internal Audit and External Audit so as to rework the draft report to take account of all observations received and work through the scoring basis underlying individual performance indicators.

This version of the report was submitted late on Monday October 2nd Samoan time to the MoF and the EC offices in Brussels and Suva.

A presentation will be delivered in Suva on October 5th to officials from the EC and the Pacific Financial Technical Assistance Centre.

1.2.2 Scope of the assessment

The assessment covers all government expenditure. Samoa does not have sub national levels of government, so intergovernmental fiscal relationships are not in existence and do not require assessment.



2 Country background information

2.1 Description of country economic situation

Samoa has a population of around 179,000 and is located in the South West Pacific Ocean north east of the Fiji Islands and south west of Hawaii. The Samoan land mass consists of two main islands Upolu and Savaii and a number of small islands. Land area totals 2,934 sq. km and some 20 percent of the population reside in Apia, the capital city.

Samoa is a small island state, with a small domestic market remote from larger markets, vulnerable to terms of trade shocks and impacts of cyclones, low level economic diversification, narrow resource base and a shortage of skilled labour. The export base is mainly made up of fish, nonu fruit and juice, coconut products and beer. The major private sector activities are in agriculture, tourism, small-scale manufacturing and fisheries.

The economy is significantly influenced by external factors in the form of commodity export prices, remittances, tourist flows, and external aid resources. The trade deficit widened in 2004 and 2005 due to increased imports. A large emigrant community has enabled significant remittance inflows amounting to just over 40 percent of Gross Domestic Product (GDP).

While Samoa's Gross National Income per capita places it in the lower-middle income group of countries, its social indicators are stronger than those of other countries in that income group. The infant mortality rate is 22 per thousand, life expectancy at birth is 69 years, 99 percent of the population has access to safe drinking water and primary and secondary education coverage rates approach 100 percent of the target population. On the Human Development Index 2005 (HDI), Samoa was ranked 74th out of the 177 countries listed with an HDI of 0.776.

Communicable and infectious diseases are largely under control and the main health concern is "lifestyle" diseases attributable to dietary issues. Samoa has a young population with nearly 40 percent in the under- 15 age group. Generating employment opportunities for school leavers is a key challenge for government.

Samoa's economy has performed strongly with real GDP growth of 3.5 percent in 2004 and 5.1 percent in 2005 driven largely by the construction and commerce sectors. The agriculture and tourism sectors also performed very well. Inflation was high in 2004 at 14.8% due to Cyclone Heta impacts and was slowed to 1.5% in 2005.

Government has had to manage two big public finance management challenges in the form of the recommendation tabled to it that public sector wages be



increased by 42% and to deal with another round of expense associated with restructuring Polynesian Airlines to make it ready for the already profitable joint venture agreement with Virgin Blue.

The wage increase is being implemented over three years of which one half was being implemented in the 2005-06 year and the financial outflows to clear Polynesian Airlines liabilities have been significant totalling 28.8 million Tala in 2005-06 and 3.5 million Tala in 2006-07.

2.2 Description of budgetary outcomes

2.2.1 Fiscal performance

The government's fiscal policy objective as expressed in the Strategy for the Development of Samoa 2005-2007 is to achieve balanced budgets through current budget surpluses of 3.5% and to ensure that no annual deficit (after development or capital spending) exceeds 3.5% of GDP in the event that deficits are required to finance viable investment.

Table 1 Budgeted aggregates in percent of GDP

	2003/4	2004/5	2005/6	2006/7
Total revenue	36.4%	50.0%	32.3%	41.0%
- Own revenue	29.6%	28.1%	26.2%	33.0%
- Grants	6.7%	21.9%	6.0%	8.0%
Total expenditure	39.2%	52.0%	37.3%	43.6%
- Wages and salaries	6.8%	6.2%	7.9%	9.3%
- Capital expenditure	9.4%	23.5%	8.8%	10.6%
Aggregate deficit	2.9%	2.0%	5.0%	2.7%
Primary deficit (excl. interest)	2.4%	1.7%	4.6%	2.4%
Net financing	2.7%	2.0%	5.0%	2.7%
- external	2.7%	1.6%	2.8%	2.7%
- domestic	0.2%	0.4%	2.2%	0.0%

Source: GoS: Approved Estimates of Receipts and Payments and EPPD GDP statistics

2.2.2 Allocation of resources

Budget allocations and actual spending expressed as a percentage of total current expenditure over the last three years are shown in table 3.

Table 2 Original budget allocation and actual expenditure as a percentage of total

	Budget			Actual		
	2003/4	2004/5	2005/6	2003/4	2004/5	2005/6
Agriculture	3.7%	3.5%	3.4%	3.6%	3.6%	3.4%
Attorney General	0.4%	0.4%	0.5%	0.4%	0.4%	0.4%
Audit	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Commerce, Industry and Labour	1.1%	1.2%	1.1%	1.0%	1.0%	1.1%
Communication, Information and Technology	0.5%	0.6%	0.5%	0.5%	0.5%	0.7%
Education, Sports and Culture	16.4%	16.5%	16.1%	17.4%	17.4%	15.9%
Finance	26.2%	22.2%	27.9%	24.4%	24.4%	27.8%
Foreign Affairs and Trade	4.1%	4.8%	4.5%	4.3%	4.3%	4.6%
Health	11.7%	12.0%	10.4%	12.9%	12.9%	13.6%
Justice and Courts Administration	1.8%	1.8%	1.7%	1.7%	1.7%	1.6%
Legislative Assembly	0.8%	0.7%	0.6%	0.8%	0.8%	0.7%
Natural Resources and Environment	2.0%	3.1%	3.7%	2.0%	2.0%	3.6%
Ombudsman	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Police, Prisons and Fire Services	3.5%	3.1%	3.4%	3.7%	3.7%	3.8%
Prime Minister's	1.3%	1.5%	1.3%	1.4%	1.4%	1.5%
Public Service Commission	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Revenue	1.8%	1.7%	1.7%	1.7%	1.7%	1.6%
Women, Community and Social Development	2.2%	2.3%	2.3%	2.1%	2.1%	2.5%
Works, Transport and Infrastructure	9.7%	12.5%	7.9%	10.1%	10.1%	8.5%
Electoral Commissioner			0.4%			0.5%
Statutory, unforeseen and unauthorised expenditure	11.8%	11.0%	11.3%	10.9%	10.9%	7.2%
Total	100%	100%	100%	100%	100%	100%

Source: Government of Samoa - Approved Estimates of Receipts and Payments and Draft Public Accounts

Budget allocation by economic classification is shown in Table 4.

Table 3 Actual and budget allocations by economic classification (as percentage of total expenditures)

	Budget			Actual		
	2003/4	2004/5	2005/6	2003/4	2004/5	2005/6
Recurrent expenditures	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Goods and services	51.4%	55.6%	57.7%	51.8%	57.0%	57.9%
Salary and wages	22.7%	21.9%	27.6%	22.6%	21.5%	26.4%
Interest payments	1.5%	1.3%	1.3%	1.4%	1.4%	1.2%
Subsidies and other transfers	12.0%	10.8%	10.7%	11.8%	10.4%	10.3%
Acquisition of fixed capital assets	5.9%	6.9%	4.1%	5.7%	6.3%	4.2%
Transfers to Government bodies	6.6%	3.6%	11.4%	6.6%	3.5%	11.7%

Source: MoF Government of Samoa Draft Public Accounts and Approved Estimates of Receipts and Payments



2.3 Description of legal and institutional framework for PFM

2.3.1 The legal framework for PFM

The legal framework for PFM in Samoa begins with the Constitution and then the Public Finance Management Act 2001 (PFMA).

The budget must be presented to the Parliament by the Executive before the start of the fiscal year. The Constitution provides for expenditure in anticipation of appropriation if the budget has not been passed by the first day of the financial year, and the PFMA contains further provisions to give effect to this provision. The Constitution provides that except in strictly limited circumstances related to emergency and unforeseen expenditures, government moneys cannot be spent except in accordance with an existing legal appropriation.

The PFMA provides a comprehensive framework for effective fiscal management. All public money is to be paid into the General Revenue Fund, and it may only be removed as provided for by the Constitution or the PFMA. The Minister of Finance has the ability to exercise effective control over economic policy and fiscal management with specific responsibilities for budget formulation and supervision.

The PFMA gives the Minister of Finance control over government borrowing and lending, and the granting of guarantees, when authorized by Parliament or Cabinet. Under the Public Bodies Act (Accountability and Performance) 2001, the Minister of Finance is the shareholding minister in all public bodies (except those where he is the responsible minister).

The Financial Secretary, now known as the Chief Executive Officer (CEO) is responsible for advice on and oversight of all public spending (capital and current), monitoring of public enterprises, is chair of the Revenue Board and has power to obtain access to all records relating to public money or public property. Part XV of the PFMA sets down the financial management responsibilities of heads of departments

Part XII of the PFMA deals with Procurement and Contracts under which the Minister of Finance and the Ministers of the spending departments are obliged to comply with procurement procedures and processes. The Tenders Board is designated as the authority to issue regulations, instructions and operating manuals relating to procurement of goods, works and services.

In addition to the PFMA there are Treasury Instructions 1965 and 1977, which require amendment to give effect to the PFMA, and Tender Board Guidelines for Government Procurement by Public Tender which were issued in February 2003.



A PFMA Implementation Plan has been specifically mentioned in the MoF Corporate Plan, but new regulations are yet to be tabled.

The Public Bodies (Accountability and Performance) Act 2001 deals with Community Service Obligations, the appointment of Directors and Accountability requirements in the form of corporate plans, financial statements and performance audits.

Judges salaries are statutory expenditures which are not subject to annual appropriation by Parliament as is the salary of the Head of State, Controller and Chief Auditor, Attorney General and Parliamentary Under Secretaries.

2.3.2 The institutional framework for PFM

Samoa's parliament is a 49 member body and MPs are elected by universal adult suffrage for a period of five years. The Public Accounts Committee (PAC) is responsible for public finance matters.

The central government comprises fourteen ministries and five constitutional offices. The public sector comprises, in addition, twenty nine public bodies which are listed in a schedule to the PFMA

The judiciary is constitutionally independent from the other two branches of government. It is headed by a Chief Justice and includes district courts, the Supreme Court and Appeals court.

The Office of the Controller and Chief Auditor is a constitutional body and so is provided with a degree of independence for its operations but budgetary and operational independence is potentially undermined by its reliance on allocation of funds by the government for those expenses in excess of the requirements for the Office of the Controller and Chief Auditor alone. The PAC has expressed concerns about this constraint.

The Minister of Finance is responsible to the Cabinet and Parliament for ensuring compliance with the PFMA with its responsibilities under the Act. These include the formulation of economic strategy and managing and coordinating the distribution of the Government's financial resources.

Chief Executive Officers of individual ministries are appointed as the administrative head of a Ministry. This assigns specific responsibilities including compliance with the PFMA as well as sound economic and expenditure management of the Ministry's affairs.

2.3.3 Key features of the PFM system

The financial year for Government in Samoa ends on the 30th June each year.



Samoa has a centralised payments and payroll system located in the MoF. In 2005, MoF installed a financial management information system (FMIS) known as Finance One based on the Technology One Accounting package. It includes modules for budget, general ledger, funds control, accounts payable, accounts receivable, purchasing and payroll. Access to the system by line ministries is provided by a network.

Financial reporting tends to be done from down loaded data in Excel worksheets. Crystal reporting software is available for preparing non standard reports from the Finance One system.

Across Government, too much reliance is placed on manual and information systems outside of Finance One for monitoring and reporting.

2.3.4 Assessment of the PFM systems, processes and institutions

The key concern identified is the late finalization of public accounts and the non disclosure of much development spending done outside the Treasury fund in the notes to the public accounts. The unsatisfactory performance on reporting is at least partly attributable to high staff turnover. It is also related to the fact that monitoring does not attract sufficient emphasis at MoF and wrongly recorded transactions remain in the system for a very long time.

The control environment appears to be incomplete. The Samoan PFM system is characterised by an unusually large number of controls. One key example of this is the pre audit processing of all claims for payment by the Office of the Controller and Chief Auditor. The work keeps two auditors employed full time and the results or savings generated are considered sufficient to make the investment worthwhile.

The purchase order system from the Finance One Information system at Treasury means that commitments are recognised against appropriations once purchase orders are issued.

The missing parameters of an internal control framework are monthly monitoring activity, corrective action on mis posted transactions, assessments of efficiency and effectiveness, use of FMIS controls – separation of duties and controls on access to accounts and on time recording of certain categories of transactions.

At the top level of the PFM system, problems are emerging in the form of the non submission of the public accounts for audit for the years ended 30th June 2004 and 2005. This is in contravention of Section 107 of the PFMA which does require submission to the audit office within four months of the end of financial year. The existing format for public accounts may also represent a breach of this section as much development expenditure is excluded from the public accounts.



Another major concern is the lack of connectivity between underlying information systems and the Finance One system. Currently the ASYCUDA system, CSDRMS, Revenue Management system and Inland Revenue Taxation Management Information system do not upload information into Finance One. Only bank statement data is uploaded and this requires considerable reformatting.

3 Assessment of the PFM systems, processes and institutions

3.1 Introduction

The following paragraphs provide the detailed assessment of the PFM indicators contained in the PFM PMF framework. The summary of scores has been provided in the Executive Summary

The scoring methodology outlined below does not take account of planned reforms or activities that have not been implemented. This assessment measures what is in place now or was as at the 30th June 2006.

Each indicator contains one or more dimensions in order to assess the key elements of the PFM process. Two methods of scoring are used. Method 1 (M1) is used for all single dimensional indicators and for multi-dimensional indicators where poor performance on one dimension of the indicator is likely to undermine the impact of good performance on other dimensions of the same indicator (in other words, by the weakest link in the connected dimensions of the indicator). A plus sign is given, where any of the other dimensions are scoring higher

Method 2 (M2) is based on averaging the scores for individual dimensions of an indicator. It is prescribed for selected multi-dimensional indicators, where a low score on one dimension of the indicator does not necessarily undermine the impact of a high score on another dimension of the same indicator. Though the dimensions all fall within the same area of the PFM system, progress on individual dimensions can be made independent of the others and without logically having to follow any particular sequence. A conversion table is then provided for 2, 3 and 4 dimensional indicators to arrive at the overall score. In both scoring methodologies, the 'D' score is considered the residual score, to be applied if the requirements for any higher score are not met.

3.2 Budget credibility

3.2.1 PI-1 Aggregate expenditure out-turn compared to original approved budget

This indicator assesses the difference between actual primary expenditure and the originally budgeted primary expenditure and reflects the government's ability to implement the budgeted expenditure. The expenditure figures exclude donor funded project expenditures.

Table 5 below compares actual outcome data with original budget, and not any supplementary estimates, in accord with the PEFA PMF requirements.

Table 4 Aggregate expenditure out-turn and approved budget Tala '000s

	2003/4		2004/5		2005/6	
	Original budget	Actual	Original budget	Actual	Original budget	Actual
Total expenditure	296,792	293,610	314,427	324,623	338,630	348,016
Deviation (%)	- 1.1%		3.2%		2.8%	
- of which debt service	17,808	16,345	17,081	17,162	19,062	16,963
Total primary expenditure	278,984	277,265	297,346	307,461	319,568	331,053
Deviation (%)	- 0.6%		3.4%		3.6%	

Source: GoS - Approved Estimates of Receipts and Payments and Draft Public Accounts

The expenditure outcomes have been very close to the original budgeted allocations in each of the years under review.

The reasons behind deviations from the budgeted expenditure are documented in the supplementary budget appropriations and in the period under review the key factors underlying supplementary budgets have been additional requirements for the Ministries of Health and Finance, although the Ministry of Finance twice went on to under spend its original allocation. Two sets of Supplementary Estimates were presented in each of the first two financial years under review and one set was presented in the 2005-06 year.

Indicator	Score	Meaning of PEFA score	Evidence
PI-1. Aggregate expenditure out-turn compared to original approved budget	A	In no more than one out of the last three years has the actual expenditure deviated from budgeted expenditure by an amount equivalent to more than 5% of budgeted expenditure.	Data in table 5. above

3.2.2 PI-2 Composition of expenditure out-turn compared to original approved budget

Changes in overall level of expenditure (assessed in PI-1) are reflected by changes in expenditure for administrative budget lines. This indicator measures the extent to which reallocations between budget lines have contributed to variance in expenditure composition beyond the variance resulting from changes on the overall level of expenditures. The analysis of expenditure has been done on an administrative basis comparing recurrent expenditure appropriated to line ministries with actual expenditure.

Changes in overall level of expenditure (assessed in PI-1) will translate into changes in spending for administrative budget lines. Indicator (PI-2) measures the extent to which reallocations between budget lines have contributed to

variance in expenditure composition beyond the variance resulting from changes in the overall level of expenditure.

Variance is calculated as the weighted average deviation between actual and originally budgeted expenditure calculated as a percent of budgeted expenditure on the basis of administrative or functional classification, using the absolute value of deviation

Indicator	Score	Meaning of PEFA score	Evidence
PI-2. Composition of expenditure out-turn compared to original approved budget. (Extent to which variance in primary expenditure composition exceeded overall deviation in primary expenditure (as defined in PI-1) during the last three years)	C	Variance in expenditure composition exceeded overall deviation in primary expenditure by 10 percentage points in no more than one of the last three years.	As indicated in Table 6. below the variance in composition indicator exceeded 5% in two of the years under analysis

Table 5 Expenditure composition variance in excess of total expenditure deviation.

Year	For PI-1 total expenditure deviation	Total expenditure variance	For PI-2 variance in excess of total deviation
2003/4	1%	7%	6%
2004/5	3%	5%	2%
2005/6	3%	11%	8%

Source: Attachment 5, Approved Estimates of Receipts and Payments and Draft Public Accounts

The data underlying the steps in performing the calculations for this indicator are provided at attachment 5.

In each of the years under review Health and Education have over spent their original budget allocations and Finance has under spent in the first two. The overspend in Health amounted to 9% and 5% in the first two years and then a particularly significant 35% of budget in 2005/ 6 at 12 million overspend from a budget of only 35 million. In the 2005/6 year, the budget had been cut in both real and nominal Tala.

The main additional requirements for Health were in overseas medical treatment expenses, pharmaceuticals and local clinical health service costs.

3.2.3 PI-3 Aggregate revenue out-turn compared to original approved budget

This indicator assesses the quality of revenue forecasting by comparing domestic revenue estimates in the original approved budget to actual domestic revenue collection based on tax and non tax recurrent revenues.

Table 6 Revenue performance over the period 2003 - 2006

	2003/4		2004/5		2005/6	
	Revenue forecast	Actual revenue	Revenue forecast	Actual revenue	Revenue forecast	Actual revenue
Total recurrent revenue	294.86	284.50	310.09	329.59	312.18	335.55
Deviation recurrent (%)	-3.5%		6.3%		7.4	
Tax revenue	262.67	278.75	273.77	278.80	266.91	293.46
Taxes on international trade	41.0	34.8	41.0	37.3	41.0	40.9
Non-tax recurrent revenue	38.4	35.8	48.7	50.8	36.6	42.09
Grants from abroad	66.98	71.16	241.38	241.38	71.82	71.82
Total Revenue and Grants	361.84	355.70	551.47	524.41	383.99	407.37

Source: Ministry of Finance Draft Public Accounts

The dimension to be assessed for this indicator is comparison of actual revenue collection compared to revenue estimates in the original approved budget. The actual revenue data utilised in the table above and in attachment 4 is drawn from draft and final government accounts.

Performance in this area tends to be good as it is almost an ingrained part of the Samoan public finance revenue management culture that revenue estimation must be conservative as there will be an inevitable demand for increased resources in the form of supplementary estimates as did occur on five occasions during the period under review.

Indicator	Score	Meaning of PEFA score	Evidence
PI-3 Aggregate revenue out-turn compared to original approved budget	A	Actual domestic revenue collection was below 97% of budgeted domestic revenue estimates in no more than one of the last three years.	Data in table 7 obtained from Finance system and Budget Estimates

3.2.4 PI-4 Stock and monitoring of expenditure payment arrears

This indicator is concerned with measuring the extent to which there is a stock of arrears, and the extent to which the systemic problem is being brought under control and addressed.

Indicator	Score	Meaning of PEFA score	Evidence
PI-4 Stock and monitoring of expenditure payment arrears	C		



Indicator	Score	Meaning of PEFA score	Evidence
Availability of data for monitoring the stock of expenditure payment arrears.	C	(i) The stock of arrears constitutes 2-10% of total expenditure; and there is no evidence that it has been reduced significantly in the last two years.	Aged Accounts payable Finance One
Stock of expenditure payment arrears (as a percentage of actual total expenditure for the	C	(ii) Data on the stock of arrears has been generated by at least one comprehensive ad hoc exercise within the last two years.	Details of any outstanding arrears are submitted by Ministries with their budget estimates in early April each year

The stock of arrears accounts payable as recorded in the FMIS is not material at an amount of just less than 2% of total expenditure, but is a matter that should be the subject of monitoring. At the time of writing this report the Finance One system indicated that some 289 thousand Tala in Accounts Payable was outstanding from the 2005-06 year. Some 4.8 million Tala was outstanding for the current year and of that amount, 1.4 million was over 60 days overdue. MoF officials do not currently utilise the Aged Accounts Payable reporting system.

Other outstanding accounts payable do exist and are not recorded in the finance system. The first example of this is often long over due VAGST refunds. The second concerns receipt of goods and services and the invoices by line Ministries who have not gone onto prepare claims for payment. MoF officials are made aware of this problem through suppliers contacting them about payment when no claim for payment has been prepared by the line Ministry.

A performance indicator score of C has been derived as the addition of these amounts to the accounts payable figure available from the finance system will take the arrears to in excess of 2% of total expenditures.

As an integral part of the preparation of budget estimates process Ministries are required to submit full details of any outstanding arrears in their budget estimates, which are submitted in Excel pre templated spreadsheets in early April each year

Toward the end of the financial year MoF officials do also reject some claims for payment that they believe should be more appropriately drawn from the following year's appropriation. In this event, officials in line Ministries will have to prepare a new claim for payment to enable payments to be made.

3.3 Comprehensiveness and transparency

3.3.1 PI-5 Classification of the budget



This indicator describes the classification system used for formulation, execution and reporting of the central government’s budget by reference to international standards (GFS for example)

Budget classification is not done by reference to any international standard. GFS could not be adopted at this time as the GoS has not received technical assistance it has requested to facilitate reporting in accord with the GFS 2001 framework.

A robust classification system nevertheless exists which facilitates tracking of expenditure against the amounts appropriated by the Legislative Assembly in respect of

- Outputs delivered by departments and under the managerial control of those departments,
- Outputs provided by third parties where departments can only be held accountable for disbursements, and
- Outputs that are transactions on behalf of the State.

The system also classifies expenditure transactions by economic classification, albeit not utilising the exact wording of GFS. The system does allow the tracking of spending by administrative unit, economic, functional and program.

GFS functional and economic reporting in accord with GFS 1986 is relatively straight forwardly derived from the system.

The program classification asked for by the MoF in the budget circular should result in clear descriptions of outputs and links to outcomes documented in corporate plans and the SDS. In practice the quality of program descriptions known as activities and outputs is mixed and is expected to improve over time as the sectoral and Ministry planning process becomes more dynamic.

Indicator	Score	Meaning of PEFA score	Evidence
PI-5. Classification of the budget			
The classification system used for formulation, execution and reporting of the central government’s budget.	B	(i) The budget formulation and execution is based on administrative, economic and functional classification (using at least the 10 main COFOG functions), using GFS/COFOG standards or a standard that can produce consistent documentation according to those standards.	Current reporting is done to GFS 1986 only. GFS format Government spending data is included in the Central Bank bulletin.

3.3.2 PI-6 Comprehensiveness of information included in budget documentation

This indicator assesses the completeness of Annual budget documentation in terms of whether they allow a complete picture of central government fiscal forecasts, budget proposals and out-turn of previous years. To be considered complete, the annual budget documentation should include all of the information listed in the left hand side of Table 8. below.

The Budget Address from the Minister of Finance and the Economic Statement to support the Budget do provide comprehensive information on economic performance, economic outlook including medium term forecasts regarding the rate of inflation, nominal GDP growth, real GDP growth, exchange rate, yields on short term securities, current account balance and capital and financial account balance.

Estimated out-turn data on the previous and coming budget year are provided and the Ministry of Finance is currently progressing development of a framework to enable the tabling of two forward years estimates with budget documentation for the 2008-09 year.

The activity based budget estimates provide appropriations by ministry for current expenditures and appropriations for the development budget are shown by Ministry and individual project. The activity based budget narrative presents each activity or output along with the quantity, quality and timeliness characteristics.

Table 7 Summary of budget information provided against set of information included in PMF

Elements of budget documentation	Availability	Source
Macro-economic assumptions, incl. at least estimates of aggregate growth, inflation and exchange rate	Yes	Economic Statement to support the 2006-7 Budget
Fiscal deficit, defined according to GFS or other internationally recognised standard	Yes	Economic Statement to support the 2006-7 Budget
Deficit financing, describing anticipated composition	Yes	Economic Statement to support the 2006-7 Budget
Debt stock, incl. details at least for the beginning of the current year	Yes	Economic Statement to support the 2006-7 Budget
Financial assets, incl. details at least for the beginning of the current year	Yes	Public Accounts
Prior year's budget out-turn, presented in the same format as the budget proposal	Yes	Economic Statement to support the 2006-7 Budget
Current year's budget (revised budget or estimated out-turn), presented in the same format as the budget proposal	Yes	Budget Address and Economic Statement to support the 2006-7 Budget
Summarised budget data for both revenue and expenditure according to the main heads of the classification used, incl. data for current and previous year	Yes	Budget Address
Explanation of budget implications of new policy initiatives, with estimates of the budgetary impact of all major revenue policy changes and/or some major changes to expenditure programs	Yes	Budget Address

Indicator	Score	Meaning of PEFA score	Evidence
PI-6. Comprehensiveness of information included in budget documentation			
Share of the above listed information in the budget documentation most recently issued by the central government	A	Recent budget documentation fulfils 7-9 of the 9 information benchmarks	Table 8.

3.3.3 PI-7 Extent of unreported government operations

The extent of unreported government operations is assessed against two unreported extra-budgetary expenditure and income/expenditure information on donor-funded projects which is included in fiscal reports.

The GoS Annual budget estimates and other fiscal reports for the public do cover all activities of central government and enable a complete picture of central government revenue and expenditures across all categories and financing. There are no extra budgetary funds and, in general terms, all moneys collected by ministries and their agencies are treated as public moneys and may only be expended in accordance with an appropriation.

There are 5 Special Purpose Accounts disclosed in the Public Accounts for which expenditures totalling 1.3 million Tala are not appropriated by Parliament. MoF is looking to close at least the Education account which involves the receipt of school fees and payment of normal education expenses. All government expenditures are covered in the year-end financial statements which are known as the Public Accounts. The public accounts do not currently include the donor funded proportion of development projects but they are included in the Economic Statement to support the 2006-7 Budget and the fiscal data included in the Central Bank Bulletin.

Indicator	Score	Meaning of PEFA score	Evidence
PI-7 Extent of unreported government operations	A		
The level of extra-budgetary expenditure (other than donor funded projects) which is unreported i.e. not included in fiscal reports.	A	The level of unreported extra-budgetary expenditure (other than donor funded projects) is insignificant (below 1% of total expenditure).	Unforeseen expenditures are reported in the budget. Enquiries did not reveal any extra budgetary expenditure.
Income/expenditure information on donor-funded projects which is included in fiscal reports	A	Complete income/expenditure information for 90% (value) of donor-funded projects is included in fiscal reports, except inputs provided in-kind	Reported in Economic Statement to support the 2006-7 Budget but not in Public Accounts



3.3.4 PI-9 Oversight of aggregate fiscal risk from other public sector entities

This indicator reflects the extent to which central government monitors fiscal position of autonomous government agencies and public enterprises.

The Samoan Government has placed great importance on this sector by establishing the State Owned Enterprise Monitoring Division (SOEMD) in the Ministry of Finance which prepares thorough analysis of exposure, performance and impact on the fiscal position. Complete statements of risk in the form of Government's exposure to guarantees and contingent liabilities are placed in the public accounts and are the subject of quarterly monitoring reports by the SOEMD can be given in this section with tables of potential exposures etc.

SOEMD does impose a charge for Government guarantees which has led to the quantum of guarantees falling. The guarantees are all recorded in the statement of contingent liabilities which forms part of the Public Accounts

The analysis currently covers some 23 organisations such as the Samoa Water Authority, Development Bank of Samoa, Electric Power Corporation, Polynesian Airlines Group and Samoa Shipping Corporation Limited; but not the Offshore Financial Centre which was not included in the relevant schedule to the PFMA.

As evidenced by the SOEMD quarterly reports Government's monitoring of these fiscal risks enables it to take corrective measures in a manner consistent with transparency, governance and accountability arrangements.

Indicator	Score	Meaning of PEFA score	Evidence
PI-9. Oversight of aggregate fiscal risk from other public sector entities	A		
(i) Extent of central government monitoring of AGAs and PEs.	A	(i) All major AGAs/PEs submit fiscal reports to central government at least six-monthly, as well as annual audited accounts, and central government consolidates fiscal risk issues into a report at least annually.	SOEMD quarterly reports

3.3.5 PI-10 Public access to key fiscal information

Transparency will depend on whether information on fiscal plans, position and performance of the government is easily accessible to the general public or at least interested groups. The PFMA does require publication of quarterly in-year budget execution reports in The Savali – the Government newspaper as well as another widely circulating newspaper; but this is not currently done. The indicator is determined by whether public access is given to information mentioned in the left had side of the following table.



Elements of information for public access	Availability and means
Annual budget documentation when submitted to the legislature	Documentation submitted to the legislature is only available to the public once it has been adopted. It is not difficult to obtain Budget Documentation or Legislation and the charge for legislation is 20 Tala per Act or photocopying of other documentation is done at 20 sene per page.
In-year budget execution reports within one month of their completion	These are printed shortly after month end but are not made available to the public.
Year-end financial statements within 6 months of completed audit	Not available since accounts for the year ended 30 ^t June 2003 were issued as subsequent years have not been finalised.
External audit reports within 6 months of completed audit	Not available since accounts for the year ended 30 ^t June 2003 were issued as subsequent years have not been finalised
Contract awards (app. USD 100,000 equiv.) published at least quarterly	Not publicised, except for all awards of contracts in excess of 500,000 Tala which are the subject of a Cabinet decision and press release.
Resources available to primary service units: Information is publicized through appropriate means, at least annually, or available upon request, for primary service units with national coverage in at least two sectors (such as elementary schools or primary health clinics).	Not done

Indicator	Score	Meaning of PEFA score	Evidence
PI-10. Public Access to key fiscal information	C		
(i) Number of the above listed elements of public access to information that is fulfilled (in order to count in the assessment, the full specification of the information benchmark must be met).	C	(i) the government makes available to the public 1-2 of the 6 listed types of information	

3.4 Policy-based budgeting

The indicators in this group assess to what extent the budget is prepared with due regard to government policy.

3.4.1 PI-11 Orderliness and participation in the annual budget process

This indicator reflects the organisation, clarity and comprehensiveness of the annual budget process as well as participation of ministries, departments and agencies (MDA)¹. It is assessed against existence of and adherence to a fixed budget calendar, political involvement in the guidance on the preparation of budget submissions and timely budget approval by the legislature.

While the MoF is the driver of the annual budget formulation process, effective participation in the budget formulation process by other MDAs well as political leadership, impacts the extent to which the budget will reflect macro-economic,

¹ The scope of PEFA assessment covers only those MDAs which are directly responsible for implementing the budget and receive funds or authorisation to spend from the Ministry of Finance, rather than through a parent ministry.

fiscal and sector policies. Full participation requires an integrated top-down and bottom-up budgeting process, involving all parties in an orderly and timely manner, in accordance with a pre-determined budget formulation calendar.

Indicator	Score	Meaning of PEFA score	Evidence
PI-11. Orderliness and participation in the annual budget process	A		
(i) Existence of and adherence to a fixed budget calendar	B	A clear annual budget calendar exists, but some delays are often experienced in its implementation. The calendar allows MDAs reasonable time (at least four weeks from receipt of the budget circular) so that most of them are able to meaningfully complete their detailed estimates on time	Budget Circular
(ii) Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions (budget circular or equivalent);	A	A comprehensive and clear budget circular is issued to MDAs, which reflects ceilings approved by Cabinet (or equivalent) prior to the circular's distribution to MDAs.	Budget Circular
(iii) Timely budget approval by the legislature or similarly mandated body (within the last three years);	A	The legislature has, during the last three years, approved the budget before the start of the fiscal year.	

The Samoan Budget Circular clearly outlines the requirements and timetable for preparation of budget estimates. It is meticulously applied.

While the Samoan budget preparation process is a fully participatory process, it is also a frustrating one for MDAs as the resource envelope is generally very constrained.

Rigorous application of the PEFA PMF means that the second dimension must be scored at B even though 4 weeks rather than 6 weeks for preparation of budget estimates may well be appropriate in the Samoan context.

3.4.2 PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting

This indicator looks at the link between budgeting and policy priorities from the medium-term perspective and the extent to which costing of the implications of policy initiatives are integrated into the budget formulation process. In particular, it assesses multi-year fiscal forecast and functional allocations, scope and frequency of debt sustainability analysis, existence of costed sector strategies and linkages between investment budgets and forward expenditure estimates.

Analysis is provided in the Economic Statement to support the 2006-7 Budget on Government's largely concessional external debt which amounted to 461.6 million Tala as at December 2005, or 40.7% of GDP.

This amount has been consistently reduced as a proportion of GDP since 2001. Information is also provided on the total Debt servicing costs as a proportion of export earnings and foreign exchange receipts. During the year, quarterly reporting on external debt and debt servicing does appear in the MoF Quarterly Economic Review.

Multi-year implications of expenditure policy decisions have not been aligned with the projections of availability of resources in the medium-term. Multi-year forecasts of expenditure aggregates associated with development expenditures do form part of the Public Sector Investment Programme (PSIP) but the analysis does not extend to other recurrent expenditures and potential deficit financing. Reviews of debt sustainability in the medium term involving both external and domestic debt are not part of the current framework for development and recurrent budgeting or policy changes.

Sector strategy documents, which should fully estimate forward expenditures, to determine whether current and new policies are affordable within aggregate fiscal targets, are in a developmental stage.

Indicator	Score	Meaning of PEFA score	Evidence
PI-12. Multi-year perspective in fiscal planning, expenditure policy and budgeting	C		
(i) Preparation of multi-year fiscal forecasts and functional allocations;	D	No forward estimates of fiscal aggregates are undertaken	Budget Estimates
(ii) Scope and frequency of debt sustainability analysis	A	DSA for external and domestic debt is undertaken annually	Reported in Economic Statement to support the 2006-7 Budget
(iii) Existence of sector strategies with multi-year costing of recurrent and investment expenditure;	C	Statements of sector strategies exist for several major sectors but are only substantially costing for sectors representing up to 25% of primary expenditure OR costing strategies cover more sectors but are inconsistent with aggregate fiscal forecasts.	Public Sector Investment Program 2005-2008
(iv) Linkages between investment budgets and forward expenditure estimates	D	Budgeting for investment and recurrent expenditure are separate processes with no recurrent cost estimates being shared.	Budget Estimates

MoF intends to introduce a Medium Term Expenditure Framework with effect in the 2008-09 budget.

3.5 Predictability and control in budget execution

This set of indicators reviews the predictability of funds for budget execution and the internal controls and measures in place to ensure that the budget is executed in an accountable manner.

3.5.1 PI-13 Transparency of taxpayer obligations and liabilities

The assessment of tax liabilities is subject to the overall control environment that exists in revenue administration but is also dependent on the involvement and co-operation of taxpayers. This indicator assesses the transparency of tax administration by reviewing clarity and comprehensiveness, taxpayer access to information and functioning of a tax appeals mechanism.

Indicator	Score	Meaning of PEFA score	Evidence
PI-13. Transparency of Taxpayer Obligations and Liabilities	B		
(i) Clarity and comprehensiveness of tax liabilities	B	Legislation and procedures for most, but not necessarily all, major taxes are comprehensive and clear, with fairly limited discretionary powers of the government entities involved.	
(ii) Taxpayer access to information on tax liabilities and administrative procedures.	C	Taxpayers have access to some information on tax liabilities and administrative procedures, but the usefulness of the information is limited due coverage of selected taxes only, lack of comprehensiveness and/or not being up-to-date.	To access legislation, taxpayers would have to go to Legislative Assembly
(iii) Existence and functioning of a tax appeals mechanism.	B	A tax appeals system of transparent administrative procedures is completely set up and functional, but it is either too early to assess its effectiveness or some issues relating to access, efficiency, fairness or effective follow up on its decisions need to be addressed.	Taxpayers can appeal to the courts after an objection is disallowed.

The approach to taxpayer education adopted by Inland Revenue and Customs is considered positive in facilitating taxpayer compliance with registration, declaration and payment procedures. Actual and potential taxpayers can easily access user friendly, information briefs on the laws, regulations and procedures through information that is placed in newspapers, made available through taxpayer seminars and targeted distribution of guidelines and pamphlets.

An adverse side to these relations has developed from delays and periods of non payment of VAGST refunds to exporters. GoS undertook to address this problem in the SDS. Duty refunds are also released late.

An effective complaints/appeals mechanism that guarantees the taxpayer a fair treatment may be in place in the form of the opportunity to take cases to the Ombudsman and or the courts. There is no independent appeals tribunal for assessment of tax appeals, once the Ministry has disallowed an objection to an assessment or amended assessment. The Ombudsman has advised that he has jurisdiction in a case where a tribunal or court does not have jurisdiction. So it appears that matters like complaints about the behaviour or approach of the taxation administration or investigation could be taken to his office.

3.5.2 PI-14 Effectiveness of measures for taxpayer registration and tax assessment

Effectiveness is determined by reviewing controls in the taxpayer registration system, penalties and conduct of tax audits. Effectiveness in tax assessment is ascertained by an interaction between registration of liable taxpayers and correct assessment of tax liability for those taxpayers.

Indicator	Score	Meaning of PEFA score	Evidence
PI-14. Effectiveness of measures for taxpayer registration and tax assessment	B		
(i) Controls in the taxpayer registration system.	B	Taxpayers are registered in a complete database system with some linkages to other relevant government registration systems and financial sector regulations	TIN used for Business Licence, VAGST and Income Tax
(ii) Effectiveness of penalties for non-compliance with registration and declaration obligations	A	Penalties for all areas of non-compliance are set sufficiently high to act as deterrence and are consistently administered.	
(iii) Planning and monitoring of tax audit and fraud investigation programs.	C	There is a continuous program of tax audits and fraud investigations, but audit programs are not based on clear risk assessment criteria.	Audit cases are selected from examination of VAGST and Income Tax documentation

Prior to commencement of business activity potential taxpayers are required to secure registration in the form of a business licence. This requires the completion of an application form, provision of photographs, an identity check, details of proposed business activity and projections of financial information. Companies must also submit their Memorandum of Incorporation and Articles of Association. Foreign Investors must submit a Certificate of Investment provided by the Department of Trade, Commerce and Industry.

On issuing the business licence the Ministry of Revenue will advise the client of their Taxpayer Identification Number (TIN) and VAGST and Income Tax obligations. Customer Service staff will actively monitor business clients record keeping and provide advice on how they should be recording transactions.

3.5.3 PI-15 Effectiveness in collection of tax payments

Collection efficiency is determined by reviewing collection ratio for gross tax arrears, transfer mechanism of funds to the Treasury and frequency of complete accounts reconciliation.

Accumulation of tax arrears can be a critical factor undermining budgetary outturns, while the ability to collect tax debt lends credibility to the tax assessment process and reflects equal treatment of all taxpayers, whether they pay voluntarily and need close follow up.

Indicator	Score	Meaning of PEFA score	Evidence
PI-15. Effectiveness in collection of tax payments	D		
(i) Collection ratio for gross tax arrears, being the percentage of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year (average of the last two fiscal years).	D	(i) The income tax debt collection ratio in the most recent year was below 60% and the total amount of tax arrears is significant (i.e. more than 2% of total annual collections).	
(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration.	A	(ii) All tax revenue is paid directly into accounts controlled by the Treasury or transfers to the Treasury are made daily.	
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury.	D	(iii) Complete reconciliation of tax assessments, collections, arrears and transfers to Treasury takes place at least annually within 3 months of end of the year.	

Income Tax and VAGST arrears are actively monitored and followed up with business house visitations, bank account checks and recovery actions including garnishee notices and prosecution actions.

VAGST arrears are not material at around 3% of gross collections. The amount outstanding is not all collectible as some businesses are defunct and write off action would be appropriate

Information on income tax arrears is still recorded manually. The collection ratio for gross income tax arrears, being the percentage of tax arrears at the beginning of the fiscal year, which was collected during the year was 40.1%.

Transfer of tax collections to the MoF by the Revenue Ministry is done daily before the end of the transaction day.

Reconciliations of collections occur at the time of the mid year budget review and also at the annual review.

3.5.4 PI-16 Predictability in the availability of funds for commitment of expenditures

Budget execution is more effective when there is a reasonable degree of predictability in the availability of funds so this indicator assesses cashflow forecasts, in year information to MDAs on funds available and frequency and transparency of adjustments to budget allocations above the level of MDAs.

Indicator	Score	Meaning of PEFA score	Evidence
PI-16. Predictability in the availability of funds for commitment of expenditures	D		
(i) Extent to which cash flows are forecast and monitored.	D	(i) Cash flow planning and monitoring are not undertaken or of very poor quality.	
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment	D	(ii) MDAs are provided commitment ceilings for less than a month OR no reliable indication at all of actual resource availability for commitment.	
(iii) Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs.	C	(iii) Significant in-year adjustments to budget allocations take place only once or twice in a year and are done in a fairly transparent way.	

Bank account reconciliation is currently three months late on the most important of the five main accounts operated at one commercial bank and the Central Bank. The quality of cash flow forecasting by MDAs is considered poor and generally MoF appears to be responding to cash flow situations rather than managing the situation.

Cash flow planning and management is not considered good in the view of MoF officials, Central Bank, the private sector and line Ministries.

The consultant was told some private sector businesses are contemplating liquidation in response to ongoing difficulties with late payment of Government accounts while others are asking MDAs to pay cash up front before processing purchase orders.

The non payment of VAGST refunds between April and June 2006 and the accrual of accounts payable appear to be MoF responses to cash shortages.

3.5.5 PI-17 Recording and management of cash balances, debt and guarantees

This indicator assesses overall fiscal management by reviewing the recording and management of cash, debt and guarantees. In particular it assesses the quality of debt recording and reporting, the extent of consolidation of cash balances and systems for contracting loans and issuing guarantees.

Indicator	Score	Meaning of PEFA score	Evidence
PI-17. Recording and management of cash balances, debt and guarantees	B		
(i) Quality of debt data recording and reporting	B	Domestic and foreign debt records are complete, updated and reconciled quarterly. Data considered of fairly high standard, but minor reconciliation problems occur. Comprehensive management and statistical reports (cover debt service, stock and operations) are produced at least annually.	Reporting from Debt management.
(ii) Extent of consolidation of the government's cash balances	C	Calculation and consolidation of most government cash balances take place at least monthly, but the system used does not allow consolidation of bank balances	Advice from MoF Accounts and Central Bank
(iii) Systems for contracting loans and issuance of guarantees.	A	Central government's contracting of loans and issuance of guarantees are made against transparent criteria and fiscal targets, and always approved by a single responsible government entity.	Reporting from SOEMD

While debt recording and reporting from an Excel spreadsheet appears to be complete, updated and reconciled on a monthly basis with data considered of high integrity, it is unfortunate that the Commonwealth Secretariat Debt Recording and Management System is not utilised to its full potential and for automatic uploading in to the Finance ONE system.

While correct data is available from the Excel worksheet, the debt service information in the Finance One system for the year ended 30th June 2006 is currently significantly understated. Data in an old version of CSDRMS has been reconciled to the 30th June 2006 but the information referred from Debt Management to enable Accounts Division to post transactions into Finance One appears not to have been processed for around twelve months.

Consolidation of balances is precluded to some degree by funds being separately managed at commercial banks and the Central Bank. Some bilateral and multi lateral development project transactions are processed through the Central Bank as are all of the debt servicing transactions. All revenues and payments to employees and suppliers are processed through the commercial banks. IMF has previously recommended some consolidation of foreign exchange accounts to facilitate achievement of this objective which MoF accepted; but this has not been implemented according to Central Bank officials.

The GoS procedure for contracting loans and issuance of guarantees is outlined in Section 83 of the PFMA and requires a cabinet decision, compliance with fiscal responsibility provisions and Ministerial approval. A payment of 3% of the value of the guarantee on execution is required from the entity and one percent each year thereafter which has led to a reduction in the total amount of guarantees.

3.5.6 PI-18 Effectiveness of payroll controls

As a major component of expenditure, effective control of the payroll is an important indicator of sound financial management. The assessment looks in particular at the degree of integration/reconciliation between personnel and payroll databases, timeliness of changes, adequacy of internal controls and the existence of payroll audits which identify control weaknesses and/or ghost workers.

Indicator	Score	Meaning of PEFA score	Evidence
PI-18. Effectiveness of payroll controls	B		
(i) Degree of integration and reconciliation between personnel records and payroll data.	B	Personnel data and payroll data are not directly linked but the payroll is supported by full documentation for all changes made to personnel records each month and checked against the previous month's payroll data.	MoF
(ii) Timeliness of changes to personnel records and the payroll	A	Required changes to the personnel records and payroll are updated monthly, generally in time for the following month's payments. Retroactive adjustments are rare (if reliable data exists, it shows corrections in max. 3% of salary payments).	MoF Internal Audit
(iii) Internal controls of changes to personnel records and the payroll.	B	Authority and basis for changes to personnel records and the payroll are clear.	
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers.	B	A strong system of annual payroll audits exists to identify control weaknesses and/or ghost workers.	MoF Internal Audit External Audit

The GoS personnel database is managed by the Public Service commission and is separate to the payroll module of the Finance One system. Nevertheless, controls are considered good and the PSC is credited with timely communication of all change.

Payroll audits are common place by both internal and external audit and pre audit checks of claims for payment by the External Auditor have resulted in reduction of over claimed allowances in at least one Ministry in the current year.

In addition the process for preparation of budget estimates by MDAs can represent a control by its direction to start with payroll data and Public Service Commission approved organisation structure.

3.5.7 PI-19 Competition, value for money and controls in procurement

This indicator focuses on the quality and transparency of the procurement regulatory framework in terms of establishing the use of open and fair competition as the preferred procurement method and defines the alternatives to open competition that may be appropriate when justified in specific, defined situations.

This indicator assesses the use of open competition, justification for use of less competitive methods and operation of a procurement complaints mechanism.

Indicator	Score	Meaning of PEFA score	Evidence
PI-19. Competition, value for money and controls in procurement	B+		
(i) Evidence on the use of open competition for award of contracts that exceed the nationally established monetary threshold for small purchases (percentage of the number of contract awards that are above the threshold);	A	Accurate data on the method used to award public contracts exists and shows that more than 75% of contracts above the threshold are awarded on the basis of open competition.	Information from Budget Division and Tenders Board
(ii) Extent of justification for use of less competitive procurement methods.	B	Other less competitive methods when used are justified in accordance with regulatory requirements.	
(iii) Existence and operation of a procurement complaints mechanism	B	A process (defined by legislation) for submitting and addressing procurement process complaints is operative, but lacks ability to refer resolution of the complaint to an external higher authority.	Guidelines for Government procurement by public tender

The Tenders Board determines how Contracts will be let if they have a potential value in excess of 100,000 Tala and less than 500,000 Tala. For amounts in excess of that a Cabinet decision will be required. The bulk of these contracts go to open competition.

Information collected by Budget Division from the Tenders Board indicated that 80% of these contracts were awarded on the open competition basis. Exceptions are allowed in cases of repeat purchase and highly specialised goods and services.

Complaints are to be initially referred to the relevant MDA and in the event of being dissatisfied with the explanation given may refer the matter to the Secretary of the Tenders Board.

3.5.8 PI-20 Effectiveness of internal controls for non-salary expenditure

This indicator assesses the internal control mechanisms in place by reviewing the effectiveness of expenditure commitment controls, comprehensiveness, relevance and understanding of procedures and degree of compliance.

Indicator	Score	Meaning of PEFA score	Evidence
PI-20. Effectiveness of internal controls for non-salary expenditure	C		
(i) Effectiveness of expenditure commitment controls.	B	Expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations for most types of expenditure, with minor areas of exception.	FMIS Accounts
(ii) Comprehensiveness, relevance and understanding of other internal control rules/procedures.	C	(ii) Clear, comprehensive control rules/procedures are lacking in other important areas.	Extensive non posting and misposting of transactions
(iii) Degree of compliance with rules for processing and recording transactions.	B	Compliance with rules is fairly high, but simplified/emergency procedures are used occasionally without adequate justification.	In the event of breaches MoF reject claims for payment

An effective internal control system is one that is based on an assessment of risks and the controls required to manage the risks, incorporates a comprehensive and cost effective set of controls (which address compliance with rules in procurement and other expenditure processes, prevention and detection of mistakes and fraud, safeguard of information and assets, and quality and timeliness of accounting and reporting), is widely understood and complied with, and is circumvented only for genuine emergency reasons.

In the Samoan PFM system great reliance is placed on traditional manual controls and procedures and the additional pre audit checks. These are all ostensibly complied with in manual documentation. Audit results reveal that unauthorised officers sign documents and other controls are breached. All of these activities represent a transaction based approach to internal control.

The internal control framework is missing some key parameters like timely monthly monitoring, assessments of efficiency and effectiveness and the use of some FMIS controls – separation of duties and controls on access to accounts and ensuring on time recording of all transactions.

The evidence for the insufficient management and MoF monitoring of transactions because brief enquiries reveal a significant proportion of

wrongly posted transactions. Monitoring by MDAs and MoF early each month would enable instructions to be given to MDA officials to correct transactions. Currently, it appears that the Accounts Division at MoF may correct matters many months or years after the event.

The focus on excessive pre payment controls may not represent the most cost effective approach in the Samoan environment where there tends to be a high level of attempts to secure inappropriate payments, but this is a matter worthy of research and debate. Utilising a more complete internal control framework in accord with INTOSAI guidelines on the subject will most likely be more appropriate.

3.5.9 PI-21 Effectiveness of internal audit

Internal control mechanisms can be improved through the effective use by management of internal audit. Internal audit capability is assessed by reviewing its coverage and quality, frequency and distribution of reports and extent of management response.

State owned enterprises generally do have effective Internal Auditors. In the General Government Sector, the MoF Internal Audit Team is thought to be insufficient and that vacant Internal Auditor positions should be filled in the Ministries of Health and Public Works.

Indicator	Score	Meaning of PEFA score	Evidence
PI-21. Effectiveness of internal audit	D		
(i) Coverage and quality of the internal audit function.	D	(i) There is little or no internal audit focused on systems monitoring.	Advice from Internal Audit
(ii) Frequency and distribution of reports.	B	Reports are issued regularly for most audited entities are distributed to the audited entity, the ministry of finance and the SAI.	Advice and sighting of reports from Internal Audit
(iii) Extent of management response to internal audit findings.	C	(iii) A fair degree of action taken by many managers on major issues but often with delay	Advice from Internal Audit

Internal audit effectiveness may be compromised by the lack of emphasis on systems monitoring, lack of focus on risk and the focus on traditional transaction based audits without documented procedures or working papers. Reports are prepared on Irregularities and on controls and in each case are addressed to the Chief Executive Officer.

The intent of the Internal Audit Division is to perform 4 system based audits per year but the resources placed into programmed spot checks and investigation has precluded this being done for some years.



Action is taken by management in many Ministries on internal audit findings. As the Internal Auditor reports to the CEO, some MDAs do ignore findings and recommendations.

While reporting to the CEO and a board audit committee is generally regarded as best practice internationally, an alternate approach may be appropriate in the Samoan context because of the size of the entities involved. Reporting to a position like the CEO Finance may be worthy of consideration.

3.6 Accounting, recording and reporting

3.6.1 PI-22 Timeliness and regularity of accounts reconciliation

This is assessed on the basis of regularity of bank account reconciliations and regularity and clearance of suspense and imprest accounts.

Reliable reporting of financial information requires constant checking and verification of the recording practices of accountants – this is an important part of internal control and a foundation for good quality information for management and for external reports. Timely and frequent reconciliation of data from different sources is fundamental for data reliability.

Indicator	Score	Meaning of PEFA score	Evidence
PI-22. Timeliness and regularity of accounts reconciliation	D		
(i) Regularity of bank reconciliations	D	Bank reconciliation for all Treasury managed bank accounts take place less frequently than quarterly OR with backlogs of several months.	Discussion with MoF Accounts
(ii) Regularity of reconciliation and clearance of suspense accounts and advances.	D	Reconciliation and clearance of suspense accounts and advances take place either annually with more than two months' delay, OR less frequently.	Discussion with MoF Accounts

Accounts Staff do try to reconcile accounts every month. Reformatting of data from the commercial bank is required before reconciliation can be attempted using the Finance ONE system. Clearing problem transactions tends not to be resolved for many weeks and reconciliation is currently 3 months in arrears for the major account which handles the bulk of revenues and expenditures.

3.6.2 PI-23 Availability of information on resources received by service delivery units

Problems frequently arise in front-line service delivery units providing services at the community level (such as schools and health clinics) in obtaining resources that were intended for their use, when overall resources fall short of budget estimates or when higher level organizational units decide to re-direct resources to other purposes.

Indicator	Score	Meaning of PEFA score	Evidence
PI-23. Availability of information on resources received by service delivery units	B		
(i) Collection and processing of information to demonstrate the resources that were actually received (in cash and kind) by the most common front-line service delivery units (focus on primary schools and primary health clinics) in relation to the overall resources made available to the sector(s), irrespective of which level of government is responsible for the operation and funding of those units.	B	(i) Routine data collection or accounting systems provide reliable information on all types of resources received in cash and in kind by either primary schools or primary health clinics across most of the country with information compiled into reports at least annually;	Discussion with MoF Budget

While the FMIS should yield reports enabling quality information on all types of resources received in cash and in kind by both primary schools and primary health clinics across the country, the system does not appear to be utilised in this way. Many cost centres are running their own separate financial information systems.

3.6.3 PI-24 Quality and timeliness of in-year budget reports

This indicator assesses the scope of reports, their timeliness and the quality of information on actual budget implementation.

Real time revenue and expenditure reports showing monthly, year to date and budgetary data for both payments made and commitments are available at all times to corporate services staff in all ministries that are on line to the MoF Finance One Financial Management Information System.

The standard reports are easily read and provide the quality and timeliness most users would want. Information on expenditures paid and commitments are provided in standard reports for monitoring of budget implementation and utilization of funds released.

So timely accurate information on actual budget performance is available from the MoF information system to monitor performance against budget and if necessary the drawing out of prior year data is also relatively easy for both MoF and line Ministries. Obtaining sub Ministry level reports accounting for expenditures at divisional or sub activity level is also relatively straightforward.

Enquiries made at both MoF and line Ministries indicate that data is sufficiently accurate and is available within 48 hours of the end of the reporting period and they are of real use.

Indicator	Score	Meaning of PEFA score	Evidence
PI-24. Quality and timeliness of in-year budget reports	A		
(i) Scope of reports in terms of coverage and compatibility with budget estimates	A	(i) Classification of data allows direct comparison to the original budget. Information includes all items of budget estimates. Expenditure is covered at both commitment and payment stages.	Timely revenue and expenditure reports showing monthly, year to date and budgetary data for both payments made and commitments. Enquiries made at MoF and line Ministries indicate that reports required for all forms of monitoring are easily obtained.
(ii) Timeliness of the issue of reports	A	(ii) Reports are prepared quarterly or more frequently, and issued within 4 weeks of end of period.	Enquiries made at MoF and line Ministries indicate that reports are available inside 48 hours after the end of a reporting period.
(iii) Quality of information	A	(iii) There are no material concerns regarding data accuracy.	

3.6.4 PI-25 Quality and timeliness of annual financial statements

Dimensions used for this indicator include: i) completeness; ii) timeliness; and iii) accounting standards used.

The Public Accounts of the Government of Samoa as required by Section 107 and Schedule 5 of the Public Finance Management Act 2001 should include -

- A. Operating Statement showing receipts payments and surplus or deficit
- B. Statement of Financial Position showing assets liabilities and net financial position,
- C. Statement of Cash Flows
- D. Statement of Funds
- E. Statement of Cash Balances
- F. Statement of Budget Performance showing expenditure by output and Appropriation account
- G. Disaggregated Statements of Budget Performance by departmental expenditure by output and Appropriation account
- H. Statement Of Statutory Expenditure
- I. Statement of Investments
- J. Statement of Borrowings
- K. Statement of Contingent Gains and Liabilities
- L. Statement of Ex Gratia payments
- M. Statement of Write Offs
- N. Statement of Government Transactions prepared under GFS format
- O. Statement of movements in Special Purpose Fund



The MoF does not comply with the Act and Schedule 5 to the Act as Public Accounts are submitted some years later than the requirement to refer the accounts to the Controller and Chief Auditor within four months.

The last accounts presented to the Legislative Assembly were the Public Accounts for the year ended 30th June 2003 which were the subject of the Controller and Chief Auditor's opinion of 21st December 2004. In that opinion he noted that MoF had failed to comply with the requirement of Schedule 5 to provide a Statement of Cash Flows.

While the Act requires that statements be prepared in accordance with Generally Accepted Accounting Principles and Practice, notes to the Public accounts simply state that they are "prepared primarily on a cash basis". Standards are not mentioned. Schedule 5 to the Act appears to require full accrual accounting for all assets and liabilities which is not done. The Schedule 5 requirements do appear to be too onerous given the information currently available at MoF and staffing capacity constraints. The MoF acknowledged this position in a statement accompanying the 2003 public accounts.

Consideration could be given to adopting a cash basis of reporting in accord with the International Public Sector Accounting Standard on cash reporting. This would require change to bring into the notes to the public accounts the value of receipts and payments from development spending which are currently not channelled through the Treasury Fund. Such receipts and payments should be recognised providing that bilateral and multi lateral agencies have provided all the necessary information to the MoF as outlined at 1.3.24 of the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting".

Indicator	Score	Meaning of PEFA score	Evidence
PI-25. Quality and timeliness of annual financial statements	D		
(i) Completeness of the financial statements	B	A consolidated government statement is prepared annually. They include, with few exceptions, full information on revenue, expenditure and financial assets/liabilities	The information in the public accounts is substantially complete but omits some accounts payable. Receipts and payments associated with overseas development that do not flow through the treasury Fund are also not recognised.
(ii) Timeliness of submission of the financial statements	D	If annual statements are prepared, they are generally not submitted for external audit within 15 months of the end of the fiscal year	Financial statements are significantly delayed by non attendance to journal entries and other issues raised by the Controller and Chief Auditor.
(iii) Accounting standards used	C	Statements are presented in consistent format over time with some disclosure of accounting standards	An accounting standard is not used. The statements are presented in a consistent readable format.

3.7 External scrutiny and audit

3.7.1 PI-26 Scope, nature and follow-up of external audit

Greater transparency in the use of public funds is provided through an effective external audit. This is assessed on the basis of scope of audit, timeliness and follow up or recommendations.

The office of the Controller and Chief Auditor does have a very complete audit program which is placed in some difficulty by the late placement of the public accounts in their hands by MoF. The audits include systems audits in many state owned organisations and effectiveness audits against budgeted outputs in some Ministries. The approach to systems audits involves risk assessment, compliance checks and an examination of internal control. If internal controls are considered strong and risk is considered low, no further action is taken.

The D score effectively being assigned to the external auditor is most likely unfair in this case as it is an MoF problem that causes the delay. The external audit is said to only require four weeks work.

While the office is guided by the INTOSAI internal control framework, International Auditing Standards and International Accounting Standards, assistance will be sought through an institutional strengthening project to improve the approach to audit planning and use of working papers.

Indicator	Score	Meaning of PEFA score	Evidence
PI-26. Scope, nature and follow-up of external audit	D		
(i) Scope/nature of audit performed (incl. adherence to auditing standards).	A	(i) All entities of central government are audited annually covering revenue, expenditure and assets/liabilities. A full range of financial audits and some aspects of performance audit are performed and generally adhere to auditing standards, focusing on significant and systemic issues.	Audit Office and SOEMD discussions – very few entities are now late
(ii) Timeliness of submission of audit reports to legislature	D	(ii) Audit reports are submitted to the legislature more than 12 months from the end of the period covered (for audit of financial statements from their receipt by the auditors).	Public Accounts for the year ended 30 th June 2003
(iii) Evidence of follow up on audit recommendations.	A	(iii) There is clear evidence of effective and timely follow up.	Audit Office advice re PAC hearings

3.7.2 PI-27 Legislative scrutiny of the annual budget law

In order to assess the role of the legislature in the annual budget process, this indicator reviews the scope of the legislature's scrutiny, procedures followed, time allowed and rules for in year budget amendments.

Indicator	Score	Meaning of PEFA score	Evidence
PI-27. Legislative scrutiny of the annual budget law	D		
(i) Scope of the legislature's scrutiny.	C	(i) The legislature's review covers details of expenditure and revenue, but only at a stage where detailed proposals have been finalized.	
(ii) Extent to which the legislature's procedures are well-established and respected.	B	(ii) Simple procedures exist for the legislature's budget review and are respected.	
(iii) Adequacy of time for the legislature to provide a response to budget proposals both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined).	D	(iii) The time allowed for the legislature's review is clearly insufficient for a meaningful debate (significantly less than one month).	Budget Circular and Budget Speech
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature.	A	(iv) Clear rules exist for in-year budget amendments by the executive, set strict limits on extent and nature of amendments and are consistently respected.	

The budget must be presented to the Parliament by the Executive before the start of the financial year. Except with the consent of the Head of State on the advice of the Executive, the Parliament may only vote to reduce expenditure in the Budget presented by the government, and may not increase expenditure or revenue, or transfer funds from one vote to another.

The Budget process commences in March and documentation is presented to the Legislative Assembly (LA) at the end of May. The Public Accounts Committee (PAC) is allowed at least two weeks to conduct hearings before the budget is tabled for approval along with the PAC report.

Despite the PEFA PFM indicator score on the time allowed for the LA's consideration, this timing and scheduling is considered appropriate in the Samoan context given the size of the budget documentation and the availability of key officials.

3.7.3 PI-28 Legislative scrutiny of external audit reports

The effectiveness of legislative scrutiny is assessed by timeliness of audit reports, extent of hearings and issuance and response to recommendations.

Indicator	Score	Meaning of PEFA score	Evidence
PI-28. Legislative scrutiny of external audit reports	B		
(i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years).	A	(i) Scrutiny of audit reports is usually completed by the legislature within 3 months from receipt of the reports.	Audit and PAC discussions
(ii) Extent of hearings on key findings undertaken by the legislature.	A	(ii) In-depth hearings on key findings take place consistently with responsible officers from all or most audited entities, which receive a qualified or adverse audit opinion.	Audit and PAC discussions
(iii) Issuance of recommended actions by the legislature and implementation by the executive.	B	(iii) Actions are recommended to the executive, some of which are implemented, according to existing evidence.	PAC discussion

The legislature has a key role in exercising scrutiny over the execution of the budget that it approved.

The Samoan LA and PAC are provided with external audit reports which come in the form of an annual bound volume providing reports on the public accounts, donor aid projects, Government Departments and Statutory Corporations. The PAC proceeds to summon and question responsible parties about the findings of the reports. The committee conducts hearings for some three to four weeks after the tabling of the report. Representatives from MoF, Statutory Corporations and DMAs are summoned to the hearings. The PAC tables a report on the auditor's reports in the LA and leaves Cabinet with the responsibility for implementing recommendations.

These matters are all followed up by the Office of the Chief Auditor to check and report on whether implementation has occurred.



4 Government reform process

4.1 Description of recent and on-going reforms

Under the ongoing Strategy for the Development of Samoa 2005 to 2007 (SDS) the Government has undertaken civil service reform including restructuring of ministries and downsizing of some functions. A gradual reduction in staffing levels has been achieved through natural attrition.

In reforming state owned enterprises, the government's priority has been to divest minority shareholdings in various enterprises and privatise those that are of no strategic public interest. For those of strategic public interest, a corporatisation program has been adopted to strengthen corporate governance and financial reporting.

There has been Institutional strengthening programs in Immigration, Customs and Treasury between 1996 and 2001. Ongoing programs exist in Water supported by the European Community. A sector wide approach involving New Zealand, Australia and the Asian Development Bank has been adopted in Education. The World Bank and Australia are facilitating reform in the Health sector.

An FMIS project in MoF assisted by Australia enabled the launch of the Finance One system in July 2005. While the system has only been in place for 15 months it has not facilitated improvement in the timeliness and accuracy of financial reporting. There is a lack of faith in the integrity of the data held in the system and misposting of data appears to be a significant problem.

4.2 Institutional factors supporting reform planning and implementation

4.2.1 Government leadership and ownership

The fact that Samoa prepares its own SDS after consultation with civil society and the traditional leadership groups of village communities does attest to Government leadership and ownership.

While reform efforts have generally been supported by some technical assistance programs, the Samoan Ministers and CEOs have articulated the way forward first.

4.2.2 Coordination across government



The framework for coordination of reform and development is good with the overall SDS, all MDAs being required to submit corporate plans as well as quantify service delivery in securing budget appropriations. The MoF is now facilitating change to enable sector wide planning which should improve the planning and coordination process.

Coordination of development activity is managed by the Cabinet Development Committee (CDC) consisting of over 70 members including CEOs of all MDAs. The CDC approves and monitors the Public Sector Investment Program and individual development projects. A 7 member Aid Coordination Committee considers resource allocation for development activities if external sources are to be utilised.

4.2.3 Sustainability of the reform process

The reform process in Samoa has generally proved to be sustainable. Exceptions can arise with staff turnover, non performance by external consultants and other problems.

The framework surrounding the selection and contracting of CEOs to head up MDAs has proved resilient and sustainable for some years.

4.2.4 Public Financial Management Reform Requirements

The MoF performance in some areas has declined. Some three years ago it was able to submit public accounts on time, broadly in accord with legislative requirements. The current situation in this area is largely because of significant staff turnover.

As mentioned in the executive summary, PFM reform or continual improvement has continued in budgeting, economic reporting and monitoring of state owned enterprises.

The MoF already has some reforms in train which are relevant to the findings of this assessment. The move to adopting forward estimates (PI-12) is to be progressed shortly through the appointment of a forecasting officer in budget division. Some 3.5 months of technical assistance has been requested from one multilateral agency in commencing rollout of the preparation of forward estimates across MDAs for the 2008-09 budget and this is expected to be delivered during 2007.

Turning to the particularly low scoring performance indicators mentioned in Chapter 3, the D Scores arose in scoring PI-15, 16, 22, 25, 26, 27. On PI-15, it is not obvious whether reform is required as further data analysis and information collection is required. This score resulted from analysis of the income tax collection arrears numbers and if it is largely explained by the failure to secure write - off of amounts that are no longer collectible, material reform may not be required. If further analysis suggest that collection efforts are not



adequate, a reform plan may be appropriate and should possibly be combined with an improved information system facilitating better analysis and monitoring of arrears.

PI-27 is not considered a genuinely negative score in the Samoan context as 2 weeks is thought to be adequate for consideration of the proposed budget by the Public Accounts Committee given the size of the documents involved and the fact that officials are very quickly summoned to hearings.

Almost all of the rest of the low score performance indicators are the responsibility of the Accounts Division. This was the subject of specific discussion with the ACEO of Accounts who stressed a need for technical assistance to address the problems. Fundamentally, the problem is that people in the division are addressing transaction recording problems that may be two years old in order to enable the preparation of the 2004-05 public accounts. Meanwhile the 2005-06 accounts have now become overdue. Quarterly reports are also not produced in accord with PFMA requirements. Timely monthly monitoring of revenue and expenditures is not done which could enable MoF Accounts staff to direct MDA officials preparing erroneous transactions to correct them. The introduction of additional controls in the FMIS, such as preventing debit transactions to revenue accounts and credit transactions to expenditure accounts except to very senior officers could also reduce the problem. Benefits should also accrue from commissioning other improvements to the Finance One software. Staff managing this work tend to be young graduates who could learn from technical assistance how to perform reconciliation, cash management, monitoring and reporting more efficiently and effectively.

To get out of the current situation requires simultaneous correction of the problem transactions being input now, training activities based on analysis of those problem transactions as well as corrective action on all the wrong transactions posted up to two years ago.

Reform and institutional strengthening along these lines is likely to be sustainable. Staff turnover will not stop completely but improved documented procedures and systems which are handed onto new staff should enable a changed approach to stay in place. Government has addressed the pay disparity issue which should reduce losses to SOEs and the private sector but may not reduce losses to Australia, New Zealand and the United States.

These requirements are not addressed by the corporate plan or request for technical assistance at this time. The consultant is not aware of any political demands or commitment to carry out the required reforms and improve compliance with the PFMA but there is a very real desire among Accounts staff and senior staff in other divisions to address the situation. The office of the Controller and Chief Auditor also engages in extensive discussions with Accounts to facilitate improvement.

Attachment 1 Performance Indicators Summary

A. PFM-OUT-TURNS: Credibility of the Budget		
PI-1	Aggregate expenditure out-turn compared to original approved budget	A
PI-2	Composition of expenditure out-turn compared to original approved budget	C
PI-3	Aggregate revenue out-turn compared to original approved budget	A
PI-4	Stock and monitoring of expenditure payment arrears	C
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency		
PI-5	Classification of the budget	B
PI-6	Comprehensiveness of information included in budget documentation	A
PI-7	Extent of unreported government operations	A
PI-9	Oversight of aggregate fiscal risk from other public sector entities.	A
PI-10	Public access to key fiscal information	C
C. BUDGET CYCLE		
C(i) Policy-Based Budgeting		
PI-11	Orderliness and participation in the annual budget process	A
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	C
C(ii) Predictability and Control in Budget Execution		
PI-13	Transparency of taxpayer obligations and liabilities	B
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	B
PI-15	Effectiveness in collection of tax payments	D
PI-16	Predictability in the availability of funds for commitment of expenditures	D
PI-17	Recording and management of cash balances, debt and guarantees	B
PI-18	Effectiveness of payroll controls	B
PI-19	Competition, value for money and controls in procurement	B+
PI-20	Effectiveness of internal controls for non-salary expenditure	C
PI-21	Effectiveness of internal audit	C
C(iii) Accounting, Recording and Reporting		
PI-22	Timeliness and regularity of accounts reconciliation	D
PI-23	Availability of information on resources received by service delivery units	B
PI-24	Quality and timeliness of in-year budget reports	A
PI-25	Quality and timeliness of annual financial statements	D
C(iv) External Scrutiny and Audit		
PI-26	Scope, nature and follow-up of external audit	D
PI-27	Legislative scrutiny of the annual budget law	D
PI-28	Legislative scrutiny of external audit reports	B



Attachment 2 Terms of Reference

PRELIMINARY ASSESSMENT OF THE PUBLIC FINANCE MANAGEMENT (PFM) SYSTEM IN SAMOA TO ALLOW EC BUDGETARY SUPPORT

1. Background of the Study

The Government of Samoa (GoS) would welcome the possibility of implementing the 10th EDF as budgetary support. Although the 10th EDF financial allocation for Samoa is not yet known, it is likely to be in the order of € 20-25 million. The Guidelines for European Commission Support to Sector Programmes mandate a preliminary assessment of public financial management to ascertain the feasibility of such approach.

2. Description of the Study

The study will assess the PFM based on the recently adopted Performance Measurement Framework of the PEFA (Public Expenditure and Financial Accountability) that has been developed by the World Bank, the IMF, the Commission and other donors. The mission will provide decision makers in the Government of Samoa and the European Commission with an assessment of the features and quality of the Government's PFM, the existing situation, the potential areas of improvement and whether there is any need for additional work in the course of the programme in terms of diagnostic work and measurement of progress.

More specifically the consultancy will assess the following points, which summarize the indicators reported in the Performance Measurement Framework of the PEFA that can be consulted on the following web-site www.pefa.org.

2.1: Credibility of the budget: is the budget realistic and implemented as intended?

1. Compare the total expenditure of the budget of the previous year with the original budgeted total expenditure;
2. Check if the composition of expenditures of the previous year's budget has been respected against the originally planned budget by Ministries;
3. Compare the total revenue of the budget of the previous year with the original budgeted total expenditure;
4. Assess the stock and monitoring of expenditure payment arrears in the previous year's budget and the reliability and completeness of the data on stock.

2.2: Comprehensiveness and Transparency

5. Check if the classification of the budget is linked with administrative, economic, functional and programmatic dimensions and priorities of the country;



6. Check if the annual budget documentation is complete and gives an entire picture of the government central forecasts (revenue and expenditure);
7. Assess the level of extra budgetary expenditure which is unreported i.e. not included in fiscal reports;
8. Assess to which extend the central government has the capacity to monitor the autonomous government agencies and public enterprises including their fiscal position;
9. Measure the accessibility to the general public or interest groups to key fiscal information and position and performance of the government.

2.3: Budget Cycle

2.3.1 Policy Based Budgeting

10. Verify if minimum requirements are implemented, such as existence and adherence to a fixed budget calendar; guidance on preparation of budget submissions, and timely budget approved by the parliament/legislator;
11. Check if there is a multi year fiscal forecast regarding recurrent and investment expenditures based on sector strategy documents;

2.3.2 Predictability and Control in Budget Execution

12. Verify if legislation and procedures for all major taxes are clear and easy accessible and if an tax appeal system is set up;
13. Check if a taxpayer registration system is effective as well as penalties in case of non-compliance with registration and tax declaration;
14. Check if the Ministry of Finance is able to report on tax assessments, collections, arrears and transfers in order to ensure that the collection system functions, that tax arrears are monitored, and the revenue float is minimised;
15. Concerning execution of budget and availability of funds: assess to which extend cash flows are forecasts and monitored; assess frequency and transparency of adjustments to budget allocations;
16. Measure quality of debt data recording and reporting as well as consolidation of the government's cash balances;
17. Determine the degree of integration and reconciliation between personnel records and payroll data for public servants; assess internal controls;
18. Concerning public procurement: show if there is evidence of use of competitive procurement methods;
19. Assess the effectiveness of internal control system on expenditure commitments and check the comprehensiveness of other internal control systems;
20. Verify if internal audit is operational for all central government entities, and generally meet professional standards.

2.3.3 Accounting, Recording, and Reporting

21. Give your opinion on regularity of bank reconciliations for all central government back accounts (at least monthly carried out);
22. Examine the availability of information on resources received by service delivery Units (in particular relevant for schools and health services across the country);
23. Check if the in-year budget report allows direct comparison to the original budget; check the quality of information and timeliness of reports;



24. Verify if the country issues consolidated year-end financial statements which includes full information on revenue, expenditure and financial assets.

2.3.4 External Scrutiny and Audit

25. Provide information on the scope/nature of external audit performed, timeliness of submission of audit reports to the Parliament;

26. Verify the scope of legislature's scrutiny and if procedures for budget review are firmly established and respected;

27. Verify if audit reports are scrutinised by the legislator/Parliament on a regular basis and if there is issuance of recommended actions by the legislator/Parliament.

3. Expertise required

It is anticipated that the study will require 31 working days input from an international expert

3.1 Key expert - economist

The expert must be a public finance specialist with extensive experience in public budgeting and public sector auditing; knowledge of the PEFA methodology will be considered an asset. He/she must have a degree in economics, with higher degrees or other professional qualifications being an advantage. He/she must have at least 10 years' of relevant post-graduate professional experience. He/she must be able to demonstrate an ability to evaluate public finance management and procurement procedures and must have experience of managing similar consultancy projects. He/she must be able to demonstrate an ability to evaluate legal frameworks and public procurement procedures. He/she must be a computer literate and fluent in written and oral English.

4. Location and Duration of the assignment

The overall input for the assignment is estimated at 31 days.

Comments by the NAO and the EC Delegation on the draft report will be sent to the consultant within a week of leaving Samoa and final 3 days of assignment will be used to finalise the final report.

5. Reporting

The consultant will present the following reports, in English, at the times shown below:

Inception Report

On day 11, the consultant will submit (in electronic format) to the NAO/Contracting Authority and to the Delegation of the EC a brief Inception Report containing the main findings of the mission to date, as well as any apparent recommendation at that stage.



Draft Report

On day 21, the consultant will submit the draft report to the same entities (also in electronic format). The national authorities and the EC Delegation will comment within one week following the de-briefing mission in Fiji.

Final Report

Within three days after receiving comments on draft report, the consultant will submit the final report (three originals in hard copy - one for the EC Delegation and two for the NAO - and also electronically).

6. Assistance to the consultant by the NAO/Contracting Authority

The consultant will be expected to consult with the key members of staff of the Ministry of Finance, the EC and where appropriate other donors, to gather and obtain all relevant documentation and information necessary to execute the consultancy.



Attachment 3 Persons consulted

Ministry of Finance

Mr. Iulai Lavea Acting Chief Executive Officer Ministry of Finance
Mrs. Noumea Simi Assistant Chief Executive Officer Aid Coordination Unit and Debt Management Division
Mr. Iluminado Aloaina Assistant Chief Executive Officer Information Technology Division
Mr. Ronnie Aiolupetea Senior Network PC Officer IT Division Ministry of Finance
Ms. Anna Schuster Business Data Analyst IT Division
Mr. Mapusaga Tanuvasa Assistant Chief Executive Officer Internal Audit Ms. Justina Sau Assistant Chief Executive Officer State Owned Enterprise Monitoring Division Ministry of Finance
Ms. Rosita Mauai Assistant Chief Executive Officer Accounts Division
Ms. Nadia Meredith Program Manager Water Sector Unit
Ms. Foketi Imo Acting Assistant Chief Executive Officer Revenue Policy Finance Division
Mr. Benjamin Pereira Principal Planning Officer Economic Policy and Planning Division
Mr. Oscar Malielagaoi Management Accountant Accounts Division
Mr. Mose Mosile Accounts Division
Ms. Lucia Sefo Deputy CEO and Secretary Tenders Board

Other Ministries and Organisations

Mr. Paul Meredith, Chief Executive Officer Ministry of Revenue
Mr. Lefaga Income Tax Investigations Ministry of Revenue
Mr. Lamaga VAGST Collections Ministry of Revenue
Mr. Tamaseu Leni, Warren Controller and Chief Auditor
Mr. Philip Penn, Deputy Governor Central Bank of Samoa
Mr. Victor Cupid Central Bank of Samoa
Mr. Horst M. Pilger First Secretary Infrastructure & Energy Delegation of the European Commission for the Pacific, Suva
Mr. Thomas Opperer Resident Representative European Commission Apia
Ms. Amanda Roberts, First Secretary, Development Cooperation, AusAID
Mr. Philip Hewitt, First Secretary NZAID
Ms. Tigaina Laupepa, Publications Legislative Assembly of Samoa
Mr. Klaus J Stunzner President Samoa Chamber of Commerce & Industry
Mr. Tuiloma Pule Lameko Chairman PAC Legislative Assembly of Samoa



Attachment 4 Reference documents

1. Central Bank of Samoa Bulletin June 2006
2. Central Operations Services Unit East Asia and Pacific Region World Bank: Samoa Operational Procurement Review May 2006
3. GoS: 2006 Budget Circular – Preparation of the 2006/07 Budget Estimates Treasury Circular Memorandum 2006/02 March 2006
4. GoS: Legislative Assembly of Samoa Approved Estimates of Receipts and Payments of the GoS for the financial year ending 30th June 2007, 2006, 2005 and 2004
5. GoS: Public Sector Investment Program 2005-2008 November 2005
6. GoS: Public Finance Management Act 2001 GoS
7. GoS: Guidelines for Government Procurement by Public Tender Treasury Department February 2003
8. GoS: Ministry of Finance Corporate Plan 2004-2007
9. GoS: Budget Address and Economic Statement to support the 2006-7 Budget
10. GoS: Report of the Controller and Chief Auditor to the Legislative Assembly Year Period 1 July 2002 to 30 June 2003
11. GoS: Strategy for the Development of Samoa 2005-2007 January 2005
12. GoS: The Public Accounts Committee Report on Report of the Controller and Chief Auditor to the Legislative Assembly Year Period 1 July 2002 to 30 June 2003
13. International Monetary Fund: Country Report Samoa: 2005 Article IV Consultation—Staff Report June 2005
14. International Monetary Fund: Samoa: Report on Observance of Standards and Codes—Fiscal Transparency Module March 2005
15. Public Expenditure and Financial Accountability Secretariat World Bank: Public Finance Management Performance Measurement Framework, June 2005



Samoa - Public Finance Management - Performance Report

Attachment 5 Revenue

2003/4	Budget	Actual	Difference	Absolute	%
Agriculture	476,580	500,550	23,970	23,970	5
Attorney General	60,000	7,875	-52,125	52,125	87
Audit	300,000	283,734	-16,266	16,266	5
Commerce, Industry and Labour	235,400	277,575	42,175	42,175	18
Communication, Information and Technology	1,620,000	1,645,442	25,442	25,442	2
Education, Sports and Culture	363,500	328,399	-35,101	35,101	10
Finance	24,657,719	23,406,861	-1,250,858	1,250,858	5
Foreign Affairs and Trade	505,000	400,935	-104,065	104,065	21
Health	1,157,000	1,281,188	124,188	124,188	11
Justice and Courts Administration	435,000	628,644	193,644	193,644	45
Legislative Assembly	10,000	25,840	15,840	15,840	158
Natural Resources and Environment	885,000	926,880	41,880	41,880	5
Police, Prisons and Fire Services	4,572,000	712,726	-3,859,274	3,859,274	84
Prime Minister's	1,300,000	2,194,282	894,282	894,282	69
Revenue	255,570,739	245,541,236	10,029,503	10,029,503	4
Women, Community and Social Development	911,000	327,156	-583,844	583,844	64
Works, Transport and Infrastructure	1,800,327	6,013,807	4,213,480	4,213,480	234
Total Revenue	294,859,265	284,503,128	-10,356,137	10,356,137	3.5
composition variance	294,859,265	284,503,128		21,505,937	7.3
2004/5	Budget	Actual	Difference	Absolute	%
Agriculture	482,750	410,944	71,806	71,806	14.9
Attorney General	30,000	5,270	24,730	24,730	82.4
Audit	375,486	322,953	52,533	52,533	14.0
Commerce, Industry and Labour	230,600	193,065	37,535	37,535	16.3
Communication, Information and Technology	1,620,000	1,772,233	-152,233	152,233	9.4
Education, Sports and Culture	323,190	320,703	2,487	2,487	0.8
Finance	25,944,537	37,198,680	11,254,143	11,254,143	43.4
Foreign Affairs and Trade	507,000	245,925	261,075	261,075	51.5
Health	1,217,500	1,333,835	-116,335	116,335	9.6
Justice and Courts Administration	515,000	678,115	-163,115	163,115	31.7
Legislative Assembly	10,000	22,833	-12,833	12,833	128
Natural Resources and Environment	890,000	1,225,625	-335,625	335,625	37.7
Police, Prisons and Fire Services	66,000	112,036	-46,036	46,036	69.8
Prime Minister's	2,505,600	2,525,533	-19,933	19,933	0.8
Revenue	267,862,132	275,650,974	-7,788,842	7,788,842	2.9
Women, Community and Social Development	761,000	511,502	249,498	249,498	32.8
Works, Transport and Infrastructure	6,748,550	7,055,578	-307,028	307,028	4.5
Total Revenue	310,089,345	329,585,804	19,496,459	19,496,459	6.3
composition variance	310,089,345	329,585,804		20,895,787	6.7



Samoa - Public Finance Management - Performance Report

2005/6	Budget	Actual	Difference	Absolute	%
Agriculture	386,668	359,903	-26,765	26,765	6.9
Commerce Industry & Labour	255,000	179,393	-75,607	75,607	29.6
Communication & Information Technology	1,720,283	1,608,512	-111,771	111,771	6.5
Education, Sports & Culture	360,530	356,710	-3,820	3,820	1.1
Finance	26,839,984	32,625,482	5,785,498	5,785,498	21.6
Foreign Affairs and Trade	510,000	543,589	33,589	33,589	6.6
Health	1,220,500	1,388,370	167,870	167,870	13.8
Justice and Courts Administration	541,700	588,500	46,800	46,800	8.6
Natural Resources and Environment	1,096,775	1,371,698	274,923	274,923	25.1
Police Prison & Fire Services	100,000	215,094	115,094	115,094	115
Revenue	268,279,190	291,974,013	23,694,823	23,694,823	8.8
Prime Minister	2,061,000	2,780,837	719,837	719,837	34.9
Works Transport & Infrastructure	7,249,884	593,297	-6,656,587	6,656,587	91.8
Women Community & Social Development	1,135,576	493,675	-641,901	641,901	56.5
Attorney Generals Office	10,000	9,862	-138	138	1.4
Audit Office	369,930	375,712	5,782	5,782	1.6
Electoral Commissioner	16,500	69,278	52,778	52,778	320
Legislative Department	25,000	20,053	-4,947	4,947	19.8
Total Revenue	312,178,520	335,553,978	23,375,458	23,375,458	7.5
composition variance	312,178,520	335,553,978		38,418,529	12.3



Attachment 6 Expenditure

2003-04	budget	actual	difference	absolute	
Agriculture	10,989,444	10,692,535	-296,909	296,909	3%
Attorney General	1,320,006	1,297,448	-22,558	22,558	2%
Audit	1,081,100	1,098,842	17,742	17,742	2%
Commerce, Industry and Labour	3,136,652	2,999,958	-136,694	136,694	4%
Communication, Information and Technology	1,402,077	1,390,342	-11,735	11,735	1%
Education, Sports and Culture	48,674,488	51,163,264	2,488,776	2,488,776	5%
Finance	77,861,490	71,637,103	-6,224,387	6,224,387	8%
Foreign Affairs and Trade	12,075,069	12,575,521	500,452	500,452	4%
Health	34,650,283	37,803,906	3,153,623	3,153,623	9%
Justice and Courts Administration	5,225,106	4,958,934	-266,172	266,172	5%
Legislative Assembly	2,329,002	2,405,146	76,144	76,144	3%
Natural Resources and Environment	6,029,769	5,727,960	-301,809	301,809	5%
Ombudsman	273,806	264,917	-8,889	8,889	3%
Police, Prisons and Fire Services	10,312,309	10,963,636	651,327	651,327	6%
Prime Minister's	3,827,232	4,033,012	205,780	205,780	5%
Public Service Commission	1,926,184	1,833,159	-93,025	93,025	5%
Revenue	5,267,419	4,865,291	-402,128	402,128	8%
Women, Community and Social Development	6,626,195	6,057,201	-568,994	568,994	9%
Works, Transport and Infrastructure	28,671,979	29,790,092	1,118,113	1,118,113	4%
Statutory & Other	35,112,782	32,051,524	-3,061,258	3,061,258	9%
total expenditure	296,792,392	293,609,792	-3,182,600	3,182,600	1%
composition variance	296,792,392	293,609,792		19,606,515	6.6
2004/5	budget	actual	difference	absolute	
Agriculture	10,974,895	11,136,920	162,025	162,025	1%
Attorney Generals Office	1,344,371	1,330,251	-14,120	14,120	1%
Audit Office	1,134,225	1,130,147	-4,078	4,078	0%
Commerce Industry & Labour	3,782,385	3,712,733	-69,652	69,652	2%
Communication & Information Technology	1,754,265	2,113,194	358,929	358,929	20%
Education, Sports & Culture	51,985,557	52,415,048	429,491	429,491	1%
Finance	69,940,077	66,928,062	-3,012,015	3,012,015	4%
Foreign Affairs and Trade	15,162,143	15,521,330	359,187	359,187	2%
Health	37,587,286	39,605,427	2,018,141	2,018,141	5%
Justice and Courts Administration	5,807,880	5,850,834	42,954	42,954	1%
Legislative Department	2,327,189	2,330,774	3,585	3,585	0%
Natural Resources and Environment	9,761,893	9,434,924	-326,969	326,969	3%
Ombudsman's office	278,054	292,567	14,513	14,513	5%
Police Prison & Fire Services	9,662,335	10,650,142	987,807	987,807	10%
Prime Minister	4,754,627	5,282,111	527,484	527,484	11%
Public Service Commission	1,955,586	2,058,977	103,391	103,391	5%
Revenue	5,191,364	5,076,627	-114,737	114,737	2%
Women Community & Social Development	7,249,870	7,305,496	55,626	55,626	1%
Works Transport &	39,223,442	40,755,794	1,532,352	1,532,352	4%



Samoa - Public Finance Management - Performance Report

Infrastructure					
Statutory & Other	34,549,892	41,691,972	7,142,080	7,142,080	21%
total expenditure deviation	314,427,336	324,623,328	10,195,992	10,195,992	3%
composition variance	314,427,336	324,623,328		17,279,134	5.50
2005/6	budget	actual	difference	absolute	
Agriculture	11,667,462	11,748,830	81,368	81,368	1%
Attorney Generals Office	1,592,846	1,365,892	-226,954	226,954	14%
Audit Office	1,444,955	1,355,284	-89,671	89,671	6%
Commerce Industry & Labour	3,865,029	3,746,946	-118,083	118,083	3%
Communication & Information Technology	1,853,984	2,566,237	712,253	712,253	38%
Education, Sports & Culture	54,526,114	55,354,090	827,976	827,976	2%
Finance	94,454,804	96,668,303	2,213,499	2,213,499	2%
Foreign Affairs and Trade	15,348,098	15,849,410	501,312	501,312	3%
Health	35,081,618	47,280,192	12,198,574	12,198,574	35%
Justice and Courts Administration	5,825,082	5,738,831	-86,251	86,251	1%
Legislative Department	2,040,023	2,314,855	274,832	274,832	13%
Natural Resources and Environment	12,470,314	12,434,219	-36,095	36,095	0%
Ombudsman's office	328,027	315,836	-12,191	12,191	4%
Police Prison & Fire Services	11,435,341	13,132,327	1,696,986	1,696,986	15%
Prime Minister	4,503,558	5,168,630	665,072	665,072	15%
Public Service Commission	2,125,617	1,951,754	-173,863	173,863	8%
Revenue	5,602,832	5,734,287	131,455	131,455	2%
Women Community & Social Development	7,900,883	8,855,349	954,466	954,466	12%
Works Transprt & Infrastructure	26,915,990	29,596,716	2,680,726	2,680,726	10%
Electoral Commissioner	1,503,413	1,815,187	311,774	311,774	21%
Statutory & Other	38,144,239	25,023,010	-	13,121,229	34%
total expenditure deviation	338,630,229	348,016,184	9,385,955	9,385,955	3%
composition variance	338,630,229	348,016,184		37,114,629	11%
Results Matrix					
	for PI-1		for PI-2		
year	total exp. deviation	total exp. variance	variance in excess of total deviation		
2003/4	1%	7%	6%		
2004/5	3%	5%	2%		
2005/6	3%	11%	8%		



Attachment 7 List of Participants Apia

Seminar on Preliminary Assessment of Samoan Public Financial Management System
Apia, 29 September 2006

Ministry of Finance

Mr. Iulai Lavea Acting Chief Executive Officer
Mrs. Noumea Simi ACEO Aid Coordination Unit and Debt Management Division
Ms. Justina Sau (Assistant CEO, SOEMD)
Ms. Sinira Kuresa (Principal Aid Officer, Aid & Debt Management Unit.)
Ms. Rosita Mauai (Assistant CEO Accounts)
Ms. Pepe Lafai (Legal Officer)
Mr. Benjamin Pereira (Principal Planning Officer)
Mr. Paletuatoa Toelupe (Accounts Officer)
Mr. Henry Ah Ching (Research Officer)
Mr. Aliielua Salani (Principal Statistician)
Ms. Foketi Imo Evala (Principal Budget Officer)
Mr. Mapusaga Tanuvasa (Assistant CEO IAID)
Ms. Lenitali Aoina (Principal Internal Auditor)
Ms. Lita Iamafana (Senior Aid Officer)
Ms. Anna Schuster (Data Analyst)
Ms. Lina Esera (Senior Budget Officer)
Ms. Peresitene Kirifi (Senior Loans Officer)
Mr. Soane Leota (Assistant CEO Corporate Services)
Ms. Noelani Tapu (Senior Aid/Loans Officer)
Ms. Nadia Meredith-Hunt (Programme Manager, WSMU)
Mr. Nigel Walmsley (Technical Assistant to NAO, MOF)
Mr. Ludo Prins (Programme Advisor, WSMU)

Audit Office

Fuimaono Camillo Afele (Deputy Controller and Chief Auditor)
Mr. Faimanu Tausisi (Assistant Chief Auditor, Audit Office)

AusAID

Ms. Amanda Roberts (First Secretary, Australian High Commission)
Ms. Kylie Coulson (Policy Adviser, AusAID HQ)
Ms. Azaria Lesa (Activity Manager,)

European Union

Mr. Thomas Opperer (Head of Technical Office, European Commission Apia)

NZAID

Mr. Philip Hewitt (NZAID Manager, New Zealand High Commission)

ADB

Ms. Anne Witheford (Governance Specialist, PAHQ)



Samoa - Public Finance Management - Performance Report

Attachment 8 List of Participants Suva

Seminar on Preliminary Assessment of Samoan Public Financial Management System
Delegation of the European Commission for the Pacific, Suva 5th October 2006

DELEGATION OF THE EUROPEAN COMMISSION FOR THE PACIFIC, SUVA

Mr. Horst M. Pilger First Secretary Infrastructure & Energy
Ms. Gabriela Koehler Raue First Secretary Social Sectors
Mr Robert De Raeve Counsellor Co-operation
Mr. Flor Van de Velde Head of section Finance and Contracts

PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

Ms. Susan Adams Coordinator