Samoa

Public Financial Management Performance Report

Final Report

April 2010

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Abbreviations and Acronyms

ADB	Asian Development Bank
AGA	Autonomous Government Agencies
AusAID	The Australian Agency for International Development
CCA	Controller & Chief Auditor
CEO	Chief Executive Officer
COFOG	Classification of Functions of Government
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
DSA	Debt Sustainability Analysis
EU	European Union
FMIS	Financial Management Information System
FY	Financial Year
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GoS	Government of Samoa
HDI	Human Development Index
IFAC	International Federation of Accountants
IPSAS	International Public Sector Accounting Standards
IMF	International Monetary Fund
INTOSAI	International Organisation of Supreme Audit Institutions
IT	Informational Technology
MCIL	Ministry of Commerce, Industry and Labour
MESC	Ministry of Education, Sports and Culture
MfR	Ministry for Revenue
MoF	Ministry of Finance
MPP	Ministry of Police and Prisons
MTEF	Medium Term Expenditure Framework
MWTI	Ministry of Works, Transport and Infrastructure
NHS	National Health Service
NZAID	New Zealand's International Aid and Development Agency
PEFA	Public Expenditure and Financial Accountability
PFMA	Public Finance Management Act
PFM PMF	Public Finance Management Performance Management Framework
PFM PR	Public Financial Management Performance Report
PI	Performance Indicator
PSC	Public Sector Commission
PSIF	Public Sector Investment Facility
PSIP	Public Sector Investment Programme
SAI	Supreme Audit Institution
SoE	State Owned Enterprises
SoEMD	State Owned Enterprise Monitoring Division
SWA	Samoa Water Authority
SN	Sub-National
SPSAI	South Pacific Supreme Audit Institutions
SWAP	Sector Wide Approach to Planning
TA	Technical Assistance
TIN	Tax Identification Number
UN	United Nations
UNICEF	United Nations Children's Fund
VAGST	Value Added Government and Services Tax
WHO	World Health Organisation
WST	Tala

Financial Year in Samoa = July to June
Currency = Tala (WST)
Exchange rate = US$1 = WST 2.56; AUD1 = WST 2.29; Euro 1 = WST3.46

Summary Assessment

Introduction

In 2009, the Government of Samoa (GoS) decided to carry out an assessment of Public Financial Management (PFM) using the PFM Performance Measurement Framework (PMF). An assessment was carried out in 2006 by an external consultant, but this covered only the indicators relating to government performance, and lacked government ownership and understanding. The government decided that a key objective of a second assessment was to obtain greater understanding of the methodology and ownership of the outcomes, and therefore decided to carry out a self-assessment. This assessment will be used to assist in the further development of their ongoing PFM reform plan.

The assessment took place in February 2010[1] and was carried out by the Government with the technical support of an external consultant. Although recognising the ongoing reforms, the scores reflect the existing situation and therefore act as a basis against which ongoing reforms can be monitored. The use of an upwards arrow reflects ongoing reforms, which have not yet impacted on the overall score. The findings are based on a review of a wide range of internal and external documentation, two workshops, and meetings with a large number of stakeholders. The overall results of the analysis are set out in table 1 below with more detailed justification and information sources provided in Annex A.

Table 1 Summary of Overall results

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
A. PFM-OUT-TURNS: Credibility of the budget							
PI-1	Aggregate expenditure out-turn compared to original approved budget	M1	A				**A**
PI-2	Composition of expenditure out-turn compared to original approved budget	M1	C				**C**
PI-3	Aggregate revenue out-turn compared to original approved budget	M1	B				**B**
PI-4	Stock and monitoring of expenditure payment arrears	M1	N/R	D			**N/R**
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency							
PI-5	Classification of the budget	M1	B				**B**
PI-6	Comprehensiveness of information included in budget documentation	M1	B				**B**
PI-7	Extent of unreported government operations	M1	A	D			**D+**
PI-8	Transparency of inter-governmental fiscal relations	M2	N/A				**N/A**
PI-9	Oversight of aggregate fiscal risk from other public sector entities	M1	B	N/A			**B**
PI-10	Public access to key fiscal information	M1	C				**C**
C. BUDGET CYCLE							
C(i) Policy-Based Budgeting							
PI-11	Orderliness and participation in the annual budget process	M2	B	B	A		**B+**
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	M2	C↑	C	D	C↑	**D+↑**
C(ii) Predictability and Control in Budget Execution							
PI-13	Transparency of taxpayer obligations and liabilities	M2	B	C	C		**C+**

[1] The devastating Tsunami in September 2009 led to the slight delay in carrying out the assessment.

Table 1 Summary of Overall results							
PFM Performance Indicator		Scoring Method	Dimension Ratings i.	ii.	iii.	iv.	Overall Rating
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	M2	C	C	C		**C**
PI-15	Effectiveness in collection of tax payments	M1	N/R	A	D		**D+**
PI-16	Predictability in the availability of funds for commitment of expenditures	M1	C↑	A	C		**C+↑**
PI-17	Recording and management of cash balances, debt and guarantees	M2	C↑	B	C↑		**C+↑**
PI-18	Effectiveness of payroll controls	M1	D↑	C	C	C↑	**D+↑**
PI-19	Competition, value for money and controls in procurement	M2	D↑	B	C		**C↑**
PI-20	Effectiveness of internal controls for non-salary expenditure	M1	C	D	C		**D+**
PI-21	Effectiveness of internal audit	M1	D	C	C		**D+**
C (iii) Accounting, Recording and Reporting							
PI-22	Timeliness and regularity of accounts reconciliation	M2	C	C			**C**
PI-23	Availability of information on resources received by service delivery units	M1	D				**D**
PI-24	Quality and timeliness of in-year budget reports	M1	A	A	C↑		**C+↑**
PI-25	Quality and timeliness of annual financial statements	M1	D↑	B	C		**D+↑**
C(iv) External Scrutiny and Audit							
PI-26	Scope, nature and follow-up of external audit	M1	D↑	C	B		**D+↑**
PI-27	Legislative scrutiny of the annual budget law	M1	C	B	D	B	**D+**
PI-28	Legislative scrutiny of external audit reports	M1	D	D	C		**D+**
D. DONOR PRACTICES							
D-1	Predictability of Direct Budget Support	M1	N/A	N/A			**N/A**
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	M1	C	C			**C**
D-3	Proportion of aid that is managed by use of national procedures	M1	D				**D**

Overall assessment and comparison

Summary

A comparison of the scores achieved in 2006 and 2009 is provided in Annex B, together with an explanation of the variations. In retrospect, in some cases the 2006 scores may have been too optimistic and this comparison therefore hides the progress that has been made in several areas. In other cases, the team have found that the evidence for earlier scores was limited and/or the methodology was applied incorrectly. A simple comparison of the scores from the two assessments would be misleading. The following paragraphs therefore summarise the current position with reference to known changes rather than just a comparison with the findings in the previous report.

At an aggregate level the credibility of the budget appears good, although variations at ministerial level may reflect a tendency for some ministries to rely on supplementary estimates for additional expenditure. Despite the impact of the global financial crisis, revenue forecasts have also been relatively accurate, perhaps the result of a conservative outlook. However, the problem of expenditure payment arrears (late payment of suppliers) remains, and this raises concerns about the overall credibility of the budget. The budget continues to be fairly comprehensive and transparent, although public access to key financial information remains limited. The availability of more up-to-date audited financial statements for the state owned enterprises has enabled improved monitoring of potential fiscal risk. At the central level, GoS continues to improve and develop its policy-based budgeting. Since the last assessment, it has also introduced medium-term financial forecasts. In terms of budget execution, there have been some important improvements in cash flow and debt management and new procurement guidelines have been developed. However, other areas e.g. revenue administration and the overall internal control framework including payroll and procurement controls and internal audit remain comparatively weak.

There is a general recognition that confidence and understanding of the financial management system "Finance One" still needs to be improved. Nevertheless, significant progress has been made in improving the timeliness of financial statements and bank account reconciliations. The Audit Office's Institutional Strengthening Programme (ISP) is also enhancing the scope and technical quality of audits, although the full extent of the improvements may not yet be apparent and audit independence remains a key constraint. Effective scrutiny of estimates and audit reports by the legislature is limited.

In the period under review, donors did not provide budget support. The completeness and timeliness of information from donors on both projected and actual disbursements has improved over the last few years. Despite an increased use of several government systems by some key donors, overall their use remains comparatively limited.

Credibility of the budget

At an aggregate level, the budget appears to have been a reasonably credible indicator of actual expenditure with variances of less than 2%. At an administrative level, composition of overall expenditure has shown greater absolute deviation (6.5%, 6.3% and 4.6%.). Although some ministries e.g. Works, Transport and Infrastructure (MWTI) exceeded their original budgets by > 15% in two of the three years, other ministries e.g. Police and Prisons and the Public Services Commission underspent their allocation by > 10% in two of the three years. FY2008/9 saw an overall improvement in deviations. However, caution is required in interpreting these results, because with lack of information on the level of expenditure payment arrears, actual expenditure may be understated. In contrast, traditionally conservative revenue forecasts have been reasonably accurate, despite the impact of the global financial crisis on the government's revenues. However, revenue arrears have not been actively monitored or collected, and therefore revenues are potentially understated.

Comprehensiveness and transparency

The budget is fairly comprehensive and transparent, although no development expenditure is recorded in its financial statements, which therefore portray only a partial picture of resource utilisation. The government also continues to monitor regularly the performance of its public bodies, and with the exception of two key authorities, Samoa Airports and Samoa Ports, the timeliness of audited financial statements has improved. However, public access to, and demand for, key financial information is limited.

Policy-based budgeting

For current expenditure, the annual budget process is orderly with Cabinet now approving the baseline estimates prior to the issue of the budget circular, although there are not yet overall ceilings for both current and development expenditure, as the latter is predominantly donor funded. Preparation of the public sector investment programme (PSIP) is a separate multi-year process. Although all projects[2] should be appraised by the MoF and approved by the Cabinet Development Committee (CDC), in practice this has not always been done. Since the last assessment, the government has introduced a

[2] For projects with a value >WST 100,000.

detailed process of determining medium-term fiscal forecasts and for the 2010/11 budget is piloting outcome (not output) based budgets with greater emphasis on performance, improved linkages with the Samoa Development Strategy (SDS), the PSIP and greater coordination between planning, budget and aid coordination.

Predictability and control in budget execution

The planned institutional strengthening programme for inland revenue has not taken place. Revenue administration is recognised to be weak both in terms of encouraging taxpayer compliance through education and awareness activities, complete registration procedures and enforcement of penalties. For a variety of reasons, debt collection has also not been actively pursued.

On the expenditure side, spending agencies are provided with a full year's allocation, although the timing of the release of the second supplementary amounts was noted as an area of concern. In the period under review, cash flow forecasts were prepared and updated but they were not actively used; however, since August 2009, a cash flow committee is starting to address some of the issues. The Government has a number of bank accounts in both the Central Bank and commercial banks. Cash balances for six treasury-managed accounts are calculated daily and offset. All external, domestic (guarantees) and on-lent debts are now recorded on the CS-DRMS and a medium-term debt strategy has been drafted. However, loans and guarantees are not yet approved in accordance with detailed criteria and targets and public bodies sometimes go directly to Cabinet and bypass MoF scrutiny.

Although payroll related costs account for approximately 40% of total current expenditure, reconciliation between payroll, personnel records and nominal roll is done irregularly. Only partial audits have been carried out and delays of six to eight weeks occur when making payroll changes (new employees, transfers, terminations). In addition, a lack of a complete audit trail of transactions means that data integrity may be compromised. In terms of procurement practices, open competition is the preferred practice and the Tenders Board reviews and approves[3] all contracts over the threshold, as well as approving any non-use of open competition. Minutes of meetings are maintained and a database has been developed for monitoring procurement, although there are no dedicated procurement personnel to collect and analyse the data. Procurement guidelines have been updated for goods, works and services, but detailed instructions are outdated, procurement planning is not done by all ministries, no procurement audits are carried out and there is only limited public disclosure of contracts awarded.

Expenditure commitment controls are in place and official requisitions/ purchase orders cannot be raised unless there is sufficient budget allocation, but there are concerns about ministries' understanding of the commitment control system and the raising of unofficial orders. Although the Public Financial Management Act (PFMA) is quite comprehensive, supporting regulations and instructions still date back to the sixties and seventies. There are concerns about general understanding of how an effective internal control framework operates and the role of ministries (both management and accounting staff). A 100% pre-audit by the Audit Office of all payments and cheques extends a lengthy process and is clearly linked to the problems with delayed payment of suppliers. Responsibility for data accuracy/completeness is transferred to an external body, reducing at the same time the audit office's ability to conduct an independent audit of the system. Internal audit's role has been confined to spot checks/investigations.

Accounting, recording and reporting

As noted above, there have been significant improvements in the timeliness of bank account reconciliations, albeit still running a month behind. Suspense accounts, although periodically reviewed still retain significant balances. In-year reporting is timely and with the exception of loan-financed projects covers both actual payments and commitments. Quality of data is also improving, although data maintained on excel based systems (for project data and by ministries) is always more

[3] Cabinet approves contracts over WST500,000

susceptible to data corruption. Financial statements are also now up to date, although they do not, and under the PFMA are not required to maintain data on development expenditure/revenue.

External scrutiny and audit

The Institutional Strengthening Programme (ISP) in the Audit Office together with an increased number of personnel has meant an overall improvement in the timeliness of audited financial statements, particularly of public bodies. Technical quality of audits in accordance with international standards is also being addressed. However, currently the scope of audits remains primarily financial audits and annual coverage of ministries as shown in the last available audit report (2007/8) was less than 50% of total expenditure. As noted above, when assessing the level of adherence to international auditing standards, the Office's independence, both operational (personnel and financial) and with respect to the length of the Chief Auditor's contract is a concern. Although management response to recommendations is reported to be good, and follow-up requirements set out in audit files, this is not clearly shown in the audit reports themselves.

Legislative scrutiny of the budget is done by the Finance and Expenditure Committee and is restricted to the detailed estimates. Legally the legislature is unable to amend (other than reduce) the proposed estimates, and in practice the committee spends only a limited time (two to three weeks) in their review. Scrutiny of the Controller and Chief Auditor's (CCA) annual report is now done by the Business Committee albeit delayed, and scrutiny of the public accounts is done by the Finance and Expenditure Committee. Deliberations on the latest set of audited public accounts (for years ending June 2004, 2005 and 2006), which were tabled in January 2009 have not yet been concluded. Audit reports for individual ministries are not submitted, so the ability of any of the committees to conduct in-depth hearings is constrained as they only receive highly summarised data, and although the committees submit a report for debate by the Assembly[4], this is not published.

Donor practices

As noted above in the period under review there has been no direct budget support, although in the current financial year, 2009/10, budget support has been received/expected, and in the future the EU will be providing 85% of its assistance in the form of sector budget support. Over the last few years, there has been increasing harmonisation and coordination of donor activity. This is particularly true in terms of inclusion in the budget documents, although these were not attached to specific sub-outputs or outputs. The completeness and timeliness of information on projected and actual disbursements from the major donors is reasonable, although the data is not always presented using government classification. Several donors e.g. AusAID, NZAID are using more elements of government systems, but other major donors including China and the EU currently use only their own systems. Both the World Bank and the Asian Development Bank (ADB) require additional approval for purchases above a certain amount.

Assessment of the current strengths and weaknesses and their impact on PFM

Strengths and weaknesses in PFM have a direct impact on the budgetary outcomes of *aggregate fiscal discipline*, *strategic allocation of resources* and *efficient service delivery*. In Samoa, the orderly budget process (PI-11), close monitoring of budget execution by the budget division and regular monitoring of state owned enterprises or public bodies (PI-9) is helping to achieve aggregate fiscal discipline as shown by PI-1, and the fact that the government has been able to contain its budget deficit. However, despite the A rating obtained, important system weaknesses exist. Limited monitoring of expenditure payment arrears (PI-4), 'unofficial' orders, outdated regulations and instructions and other control weaknesses (PI-20) all combine potentially to undermine the government's ability to maintain *aggregate fiscal discipline.* Similarly, provision of guarantees to public bodies by Cabinet without appropriate guidelines or specific criteria (PI-17) can also undermine its fiscal targets.

[4] Parliamentary sessions are however broadcast, so there is some degree of public disclosure.

The recent introduction of a medium-term perspective by GoS (PI-12) is aimed at improving the government's *strategic allocation of resources*. The ability to allocate resources strategically depends on comprehensive information. Currently, as indicated by PI-25 and PI-7 reporting on the use of all resources is not done. Links between policies, plans and the budget is a work in progress and with limited legislative scrutiny (PI-26) and public access to information (PI-10) pressure on government to allocate and execute the budget in accordance with its stated policies is reduced.

The orderly budget process (PI-11) allows discussions over the use of resources for the delivery of services, and planned improvements in coordination of the planning, budget and aid divisions and their involvement in the development of sector strategies is intended to improve dialogue and understanding. Recent improvements in the timeliness and scope of external audits (PI-26) mean that the accounting and use of funds is subject to more detailed scrutiny, which can help to improve the effectiveness of *service delivery*. Conversely, the current practice of 100% pre-auditing of all payments and cheques (PI-20) by the Audit Office reduces the efficiency of service delivery by introducing delays and effectively transferring responsibility for rule compliance.

Prospects for reform planning and implementation

Over the last fifteen years, the GoS with assistance from its development partners has successfully introduced several new initiatives. Its current PFM reform plan is supported by senior management in the Ministries for Finance, Revenue and the Audit Office and several important achievements have been realised. Acknowledging the important achievements to date, there is a general recognition that many challenges remain. As in many small islands recruitment and retention of key staff is a major difficulty. The full benefits of the ongoing improvements in policy-based budgeting will require similar improvements in budget execution (including revenue administration), accounting, external audit and scrutiny. The PFM reform 'taskforce' recognise that moving forward will require a broader plan that will encompass line ministries more and focus on both capacity building and effective change management. PFM reforms also take a long time and involve numerous stakeholders including the legislature, Cabinet, line ministries, service delivery managers and civil society. An effective change management programme will therefore also need to focus on a greater understanding by all stakeholders of their role and responsibilities in sound PFM.

Donor support to the government's PFM reform efforts is being provided mainly through the Public Sector Investment Facility (PSIF) funded by AusAID and NZAID. The ongoing ISP for the Audit Office is separately funded by AusAID, but this is due to finish later this year. Other support from the World Bank (procurement) and ADB (revenue forecasting) has been completed.

1 Introduction

1.1 Objective

The overall objective of the report is to provide all stakeholders with an updated assessment of Public Financial Management (PFM) in Samoa using the Public Expenditure and Financial Accountability (PEFA) methodology. This methodology allows measurement of country PFM performance over time and is an important element of the strengthened approach to PFM, which recognises the need for strong government ownership. It assesses the status of current systems and procedures and does not assess policy or capacity issues. Although recognising the ongoing reforms, the scores reflect the existing situation and therefore act as a basis against which these reforms can be monitored.

The previous assessment was carried out in 2006 by an external consultant and covered only the indicators relating to government performance. The government decided that a key objective of this assessment is to obtain greater understanding of the methodology and ownership of the outcomes, and therefore decided to carry out a self-assessment. The government with the support of the World Bank has also recently carried out a Debt Management Performance Assessment (DeMPA), which provides a more detailed analysis of debt related issues. Both of these assessments will be used by the government in the development of their ongoing PFM reform plan.

1.2 Process of preparing the PFM-PR

Methodology

Government representatives from the Ministries of Finance and Revenue, the Audit Office, the Central Bank of Samoa (CBS) and the Samoa Bureau of Statistics (SBS) carried out the assessment. Overall oversight was provided by the PFM reform committee. The main team included Mr Henry ah Ching, Mr Lubuto Siaosi, Mr Ian Filemu, Ms Cecilia Taefu, Mr Honsol Chan Tung, Mr Kolisi Simamao and Ms Noelani Tapu. Additional support and inputs were obtained from Mr Dennis Chan Tung, Mr Lae Siliva and Ms Maliliga Peseta. Technical support in the application of the methodology has been provided by an external consultant, Carole Pretorius funded by the European Union (EU), whose terms of reference are attached as Annex C. Resident donors were consulted as part of the assignment process.

The launch workshop took place on 8th February 2010. At the half-day workshop, which was attended by more than 50 participants from government, the private sector, civil society and donor organisations, the government explained the status of ongoing reforms and the external consultant explained briefly the assessment process and methodology. A further days training was then provided to the team members on the application of the methodology.

The team then held individual or group discussions with officials and advisers from: i) the Ministry of Finance (MoF); ii) Ministry for Revenue (MfR); iii) Ministry of Education, Sports and Culture (MESC); iv) Ministry of Police and Prisons (MPP); v)Ministry of Works, Transport and Infrastructure (MWTI); vi) Public Service Commission (PSC); vii) Samoa Water Authority (SWA); viii) National Health Service (NHS); and ix) Audit Office. Meetings were also held with i) the Deputy Chairman of the Finance and Expenditure Committee; ii) donor representatives from AusAID, the EU, NZAID, UNDP and the WB/ADB liaison office; iii) representatives from the Samoa Chamber of Commerce and Industry (SCCI), the Samoa Umbrella of Non-Governmental Organisations (SUNGO) and a private accounting firm. A complete list of persons interviewed and attending workshops is included as Annex D.

In addition to the interviews, the team reviewed various laws, regulations, internal documents and external reports. A list of the documents consulted is attached as Annex E. The analysis was carried out for the financial years 2006/7 to 2008/9. On the basis of the evidence obtained, the team scored the individual dimensions and determined the overall indicator scores. A presentation of their findings and initial scores was made to the PFM Task Force on 1st March. Following the meeting, the team obtained further information/evidence to justify a couple of their ratings. A workshop was then held on the 5th March at which the findings were presented to an audience from government, the private sector, civil society and the donor community. Quality assurance, in terms of the correct application of the framework, was provided by the PEFA Secretariat. The views of the Pacific Financial and Technical Assistance Centre (PFTAC) in Suva were also obtained. This final report has also benefited from comments from both government officials and the private sector. The team would like to express their sincere appreciation to everyone who has participated in the assessment for their assistance and hospitality.

Scope of the assessment

This assessment covers central government revenue and expenditure. The government's oversight of fiscal risk with respect to public bodies is covered in Performance Indicator (PI) 9. There is no sub-national government in Samoa. Central government expenditure includes statutory expenditure (administration, debt servicing and miscellaneous), unforeseen expenditure[5] and discretionary expenditure by ministries, constitutional bodies and public beneficial bodies. Discretionary expenditure (expenditure programs) is broken down further by outputs to be delivered by ministries, by third parties and transactions on behalf of the state. In the period under review, development expenditure, which was funded exclusively by donors was recorded solely by projects and not linked to specific outputs. Revenue includes both tax and non-tax revenues.

For the last completed financial year 2008/9, the total budgeted expenditure was WST 684.83 million of which WST 468.7 million was current expenditure and WST 216.1 million was development (project) expenditure. Financial operations of the central government[6] shows actual expenditure of WST 551 million, as the figures exclude subsidies to public bodies. Consolidated information on the overall size of the public sector in Samoa is not available. However, actual expenditure for FY 2007/8 by public trading and mutual bodies was approximately WST 270 million, the assessment therefore covers about 70% of total public sector expenditure.

[5] For the period under review, unforeseen expenditure provision was 1% of total current expenditure. In 2008, a change to the Constitution increased the amount to 3% of total current expenditure.

[6] See table two

2 Country background information

2.1 Description of country economic situation

Country context

Samoa is located in the South Pacific Ocean, just east of the international dateline and about halfway between New Zealand and Hawaii. The total land area is 2,831 km² within a relatively compact exclusive economic zone (EEZ), in South Pacific terms, of 98,500 sq. km. It consists of the two large islands of Upolu and Savaii and eight small islets. Three (Manono, Nuulopa and Apolima) are located in the Apolima Strait between the two bigger islands, four (Nuulua, Nuutele, Namua and Fanuatapu) are east of Upolu, and one very small uninhabited islet (Nuusafee) is south of Upolu.

The terrain consists of narrow coastal plains with volcanic, rocky, rugged mountains in the interior. Samoa's natural resources support agriculture, fisheries, and tourism development but like many other Pacific countries, Samoa faces constraints imposed by a small domestic market and high shipping costs. The country is also very susceptible to natural disasters, particularly cyclones, as well as earthquakes and active volcanoes. In September 2009, a tsunami killed more than 140 people and caused extensive damage to property on the south side of Upolu.

Population at the last census in 2006 was put at 180,741 (93677 male, 87064 female), or approximately 64/sq km[7], with some 39% below the age of 15[8]. A large diaspora, estimated to be at least equivalent to the present population on the islands, is concentrated in New Zealand, Australia, and the west coast of the United States, but also spread across the Pacific, particularly in American Samoa and Hawaii. Remittances are a key component of the economy and constitute about 25% of GDP. In 2007, US$120 million in remittances were sent to Samoa. Average remittances per person were US$640, compared with the average for OECD of US$108. The country has a population growth rate of 1.35% but an annual net migration rate of -8.81 per 1,000 of the population, mainly to New Zealand.

Samoa ranked 94th out of 182 countries in the human development index (HDI)[9] for 2007. Between 1985 and 2007 Samoa's HDI rose by 0.53% annually from 0.686 to 0.771, and with a purchasing power parity per capita GDP of US$4,467. With a life expectancy of 71years (2007) and an adult literacy rate of 98.6% (2007), Samoa is reported as successfully moving towards achievement of almost all the Millennium Development Goals (MDGs). GDP in 2008 was estimated at WST 1.4bn. Despite its limited resource base, Samoa has the reputation of one of the most successful economies in the South Pacific. However, some concerns remain about inequality of income distribution, hardship among vulnerable groups, quality of education, lack of formal employment opportunities, the high incidence of 'lifestyle' diseases and emerging social problems.

The economy is dominated by commerce (20%), transport and communications (14%), and construction (13%), much of it related to tourism (although hotels and restaurants account for only 3% of GDP). Tourism receipts amount to over 20% of GDP. All three have shown some growth in share over the last decade, largely at the expense of agriculture, fishing, and manufacturing, all of which have fallen considerably in terms of share of GDP since 2002. Inflation in the 12 months to February 2009 reached 13.3% for the overall Consumer Price. By January 2010, inflation had fallen to 4.8%.

The small size and open nature of the Samoan economy means that overall macroeconomic performance is vulnerable to events in the global economy generally and in Australia, New Zealand and the west coast of the USA in particular. Economic uncertainties in these three countries can

[7] as per the SDS 2008-2012. The 2006 Census reports 65/sq.km.
[8] in 2008 estimated to be about 188,359 (98118 male, 90241 female), according to the Samoa Bureau of Statistics.
[9] UN Human Development Report 2009

potentially affect quite significantly the level of remittances from the diaspora and earnings from tourism. The global financial crisis is reported to have adversely affected the manufacturing sector. The high dependency on imported goods and services, particularly food and fuel products, can rapidly affect inflation and domestic consumption.

Donor assistance has always been a significant source of revenue for the Government, running at around 20% of the total, but this increased significantly for the 2008/9 and 2009/10 budgets. Multilateral donors include the Asian Development Bank (ADB), the World Bank, the European Union (EU) and various agencies of the UN (FAO, WHO, UNICEF, WTA, UNFPA,). Important bilateral donors include Australia and New Zealand. China has for several years conducted a major programme of public construction works, while Japan and the US have provided limited support. The country also benefits from many regional initiatives by these same donors, as well as through programmes sponsored by the South Pacific Forum and the South Pacific Commission.

External government disbursed and outstanding debt (DOD) as at 30 June 2009 was WST 585.2 million. The nominal amount of Government on-lending disbursed to state owned enterprises (SOEs) as at 30 June 2009 is estimated to be around WST 52.5 million. Domestic debt as at 30 June 2009 totalled WST 2.5 million. The amount of government guarantees in place as at 30 June 2009 was WST 63.2 million. Complete and up-to-date information on the debts of SOEs and the Central Bank of Samoa (CBS) is not available.

Overall government reform program

The Government's current medium-term Strategy for the Development of Samoa (SDS) - 2008-2012: Ensuring Sustainable Economic and Social Progress is based on a vision of an "Improved Quality of Life for All". The achievement of the vision relies on realising seven national development goals, subdivided into three priority areas, economic, social and public sector management and environmental sustainability. The seven goals are: (i) Sustained Macroeconomic Stability; (ii): Private Sector Led Economic Growth and Employment Creation; (iii) Improved Education Outcomes; (iv) Improved Health Outcomes; (v) Community Development: Improved Economic and Social Wellbeing and Improved Village Governance; (vi) Improved Governance; and (vii) Environmental Sustainability and Disaster Risk Reduction.

Rationale for PFM reforms

As in earlier strategies, SDS 2008 stresses the need to maintain macroeconomic stability as a major foundation for the country's development and the reduction of poverty. Specific targets are set for fiscal and monetary policy, including maintenance of the budget balance within the range of -3.5 to +3.5% of GDP; underlying inflation at between 3.0% to 4.0% per annum, import cover of between four to six months and a competitive real effective exchange rate.

2.2 Description of budgetary outcomes

Fiscal performance

Government has generally managed to contain the budget deficit over recent years at less than 3.5% of GDP, even with the substantial increase in public service salaries of 42%, staggered over 2005/6 to 2007/8, introduced as part of the public sector reform programme. Revenue is susceptible to the impact of a drop in remittances, on value added goods and service tax (VAGST) and import duties, both significant sources of taxation[10], as well as the downsizing of the international financial centre, which currently contributes some WST15 million a year to revenue. Financial year 2008/9 saw a widening of the budget deficit as revenue declined slightly, due to a combination of a decline in

[10] VAGST, petroleum amd import excise duties and taxes on international trade are equivalent to about 50% of revenue (or about 17% of GDP).

VAGST and income tax receipts, the latter as result of a significant drop in the top marginal rate in 2006/7.

The 2009/10 budget presented at the end of May 2009 recognized the need to stimulate demand as the economy became more strongly affected by the global recession. Depressed revenues and a desire not to raise taxes meant that this could only be done through an increased deficit funded through borrowing. Based on a concessional loan from ADB and continued grant funding from other donors, the Government presented an expansionary budget for 2009/10 with an increased deficit equivalent to 11% of GDP for 2009/10, gradually declining to 9% in 2010/11 and to 8% in 2011/12.

Table 2 Financial Operations of the Central Government[11]

Revenues and Expenditure (WST million)	2006-07	2007-08	2008-09
Total Revenue and Grants	**486.7**	**454.9**	**492.0**
Total Revenue	388.3	378.0	381.4
Tax	334.1	330.2	324.7
Non Tax	54.2	47.8	56.7
External Grants	98.5	76.9	110.7
Total Expenditure & lending minus repayments	**478.3**	**481.9**	**551.0**
Current expenditure	333.6	377.8	356.7
Salaries and Wages	108.0	124.7	130.8
Salaries	86.7	98.8	102.9
Wages	6.2	6.0	6.0
Statutory	15.0	19.8	21.9
Interest payments	4.3	8.8	11.6
External	4.3	3.5	7.5
Domestic	0.0	5.3	4.2
Development expenditure	123.7	96.2	182.1
Net Lending[1]	21.1	7.8	12.3
Current surplus/deficit (-)	**54.6**	**0.2**	**24.7**
Overall surplus/deficit (-)	**8.4**	**-27.0**	**-59.0**
Financing.	**-8.4**	**27.0**	**59.0**
External financing (net)	7.7	12.5	44.6
Disbursement	21.5	28.5	60.4
Amortization	13.8	16.0	15.8
Domestic financing (net)	-16.1	14.5	14.4
Banking System	-11.2	11.9	2.2
Non-banks and others	-4.9	2.6	12.2

[1] Includes loans and advances to public enterprises and capital subscriptions.
Source: Samoa Bureau of Statistics

Allocation of resources

An analysis of the expenditure programmes for current expenditure by ministry is shown in table 3. A similar analysis of development expenditure by ministry or function is not possible. Over the period under review, four main ministries have accounted for the majority of expenditure, Education, Sports and Culture; Finance, Health and Works, Transport and Infrastructure. In 2008/2009 the budgeted allocation to education was reduced quite significantly, reflecting the end of expenditure on the South Pacific Games, while works, transport and infrastructure has steadily increased. Allocation and actual expenditure of most other ministries has remained broadly the same.

[11] Figures in this table are presented in GFS format and are net of subsidies to state owned enterprises (public bodies).

Table 3 Percentage Allocation of Current Expenditure by Expenditure Program						
	2006-07		2007-08		2008-09	
Functional head	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**
Agriculture	3%	3%	3%	3%	3%	3%
Commerce Industry and Labour	2%	2%	3%	3%	3%	3%
Communications & IT	1%	1%	1%	1%	1%	1%
Education, Sports & Culture	27%	27%	27%	26%	19%	17%
Finance	18%	16%	12%	14%	14%	15%
Foreign Affairs and Trade	4%	4%	4%	4%	5%	5%
Health	13%	13%	14%	14%	17%	17%
Justice and Courts Administration	2%	2%	2%	2%	2%	2%
Natural Resources & Environment	4%	3%	5%	4%	5%	5%
Police & Prisons	5%	4%	5%	4%	5%	5%
Prime Minister	2%	2%	2%	2%	2%	2%
Revenue	2%	2%	2%	2%	2%	2%
Works, Transport & Infrastructure	12%	16%	17%	18%	16%	18%
Women, Community & Social Development	2%	2%	2%	2%	2%	2%
AG's Office	1%	0%	1%	0%	1%	1%
Audit Office	0%	0%	1%	1%	1%	1%
Legislative Assembly	1%	1%	1%	1%	1%	1%
Ombudsman's Office	0%	0%	0%	0%	0%	0%
Public Services Commission	1%	1%	1%	1%	1%	1%
Electoral Commission	0%	0%	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Public Accounts and Estimates

2.3 Description of the legal and institutional framework for PFM

The legal framework for PFM

The current legal framework for PFM is set out in table 4 below.

Table 4 Legal framework for PFM	
Area	**Description**
Public Finance	Section VIII of the Constitution sets the basis for PFM in Samoa by setting out procedures for the receipt of public revenue and the appropriation and payment of public funds. The Public Financial Management Act (2001) as amended sets out the responsibilities for financial management, fiscal responsibility, economic, financial and fiscal policy, the functions of the National Revenue Board, the Government Tenders Board and the general management of public monies including budget and appropriations and borrowing, loans and guarantees. Treasury instructions (1977) and regulations (1965) provide more detailed rules, although these may not reflect current business practices.
Audit	The Constitution stipulates that the Controller & Chief Auditor shall audit all public accounts and funds of all Departments and Offices of the Executive and report at least once annually to the Legislative Assembly. The three-year term of the CCA and terms of dismissal are also established in the Constitution. Further guidance is provided in the Audit Ordinance (1961) and the Audit regulations (1976).
Procurement	As noted above, the operation of the tender board is set out in the PFMA (2001). Two sets of guidelines a)for the procurement of goods and works; b) for consulting services (2009) provide more detailed guidance on the public tendering (open competitive bidding) process and other methods of procurement as well as contract inquiries and challenges. The Guidelines include different procurement methods: Open Tendering; Local and International Shopping; Single Source; Limited Tendering (for Repeat Orders); and other methods at the discretion of the Tenders Board. Detailed instructions are outdated.

Public Bodies	The Public Bodies (Performance and Accountability) Act (2001) and associated regulations are designed to promote improved performance and accountability in respect of public bodies and set out the principles governing their operation, appointment of directors, and financial reporting requirements.
Revenue	There are five main pieces of legislation that regulate revenue administration in Samoa; the Income Tax Act (1974), the Income Tax Amendment Act (1974), the Value Added Goods and Services Act (VAGST) (1992/93), the Business Licences Act (1998) and the Customs Act (1977).
Other	There is no Freedom of Information Act. A Money Laundering Act was passed in 2000.

Key revisions

Planned activities in the PFM Reform Plan for FY 2009/10 include updating of the treasury instructions, regulations and manuals to reflect the new legislation and business processes. Proposed amendments to the Public Bodies Act/regulations would also change the need to update corporate plans annually to bi-annually. One of the seven technical components of the Audit Office's Institutional Strengthening Project (ISP) is the strengthening of the legislative framework, and draft proposals are being considered. The current Income Tax laws are largely derived from New Zealand legislation in the 1970's. They mandate an assessment system that is resource intensive, and fails to allow for the difficulties faced by the small business community in Samoa in complying with its tax obligations. There is a recognised need to consider simplification through introduction of a "presumptive tax" of small business, which would reduce costs and improve compliance.

The institutional framework for PFM

Structure of Government

The Government of Samoa is a parliamentary democracy and is comprised of 14 ministries and seven constitutional bodies. As shown in Annex F there are an additional eight public beneficial bodies and one regulatory body who carry out core functions of government including health service provision, regulation and road maintenance. All ministries and public bodies have their headquarters in the capital Apia (Upolu island). Revenue, justice, health and education have offices in Savaii. There is no sub-national government. Administratively the country is divided into the following eleven political districts, Tuamasaga, A'ana, Aiga-i-le-Tai, Atua, Va'a-o-Fonoti, Fa'asaleleaga, Gaga'emauga, Gaga'ifomauga, Vaisigano, Satupa'itea and Palauli.

Legislature

Parliament comprises the Head of State and the Legislative Assembly. The Head of State is elected by the Legislative Assembly (*Fono*) for a five year term and there is no limit on the number of terms. The Legislative Assembly is a unicameral body of 49 members. Forty seven members are elected by voters affiliated to the eleven political districts and two members by independent voters. Members serve five-year terms. The Finance and Expenditure Committee formerly known as the Public Accounts Committee is responsible for the examination of estimates, the policy, administration and expenditure of ministries and government bodies related to government finance and to examine and report on the public account and the Controller and Chief Auditor (CCA)'s report on the annual financial statements. The Business, Standing Orders, House, Electoral and Officers of Parliament Committee chaired by the Speaker and including the Prime Minister or his representative is responsible for considering the report of the CCA.

Executive

Executive power is vested in the Head of State. The Cabinet has control and direction of the Executive and is headed by a prime minister appointed by the Head of State. Cabinet comprises of not less than eight and not more than 12 ministers.

Judiciary

Samoa's court system consists of two District courts and a Supreme Court manned by six local judges, and an Appeal Court that sits once or twice a year and is overseen by overseas judges. There is a separate Land and Titles Court that deals with matters relating to customary land ownership and '*matai*' (family heads) titles. There are no specialised commercial courts.

Audit Office

The Audit Office is mandated to carry out its functions and responsibilities by the Constitution, Audit Office Ordinance (1960), Audit regulations (1976) and the PFMA (2001). The organisational structure includes 40 professional and/or technical staff and nine support staff in the Audit Office, apart from the Controller and Chief Auditor (CCA), who is statutory appointee. The structure reflects its core functions of auditing government departments, including public accounts and public bodies, audit of donor and loan funded projects, daily treasury cheque listings and quarterly statement of receipts and payments from Treasury.

Ombudsman

The Ombudsman is a statutory officer appointed by Parliament to investigate complaints against Government Departments and other official agencies. He conducts independent investigation into complaints against actions (including failure to act), recommendations and decisions of official agencies relating to administrative matters.

Central Bank of Samoa

The Central Bank of Samoa is the country's Reserve Bank and, as such, acts as banker to the Government and the commercial banks. Pursuant to its mandate under the Central Bank of Samoa Act (1984), the Financial Institutions Act (1996), Money Laundering Prevention Act (2007) and the Insurance Act (2007), some of the Central Bank's main functions include regulating the issue, supply, availability and international exchange of money; advising the Government on banking and monetary matters; and promoting a sound financial structure.

Ministry of Finance

As shown in Annex G, the Ministry of Finance is responsible for all aspects of financial management and is divided into two departments, each headed by deputy chief executive officers (DCEO). Policy management includes the aid coordination and debt management, economic policy and planning and the state owned enterprises monitoring divisions. Operational management includes four divisions, budget, accounting services and financial reporting, information technology and corporate services and strategic services. Each division is headed by an assistant CEO. An internal audit and investigations division reporting to the CEO is also in place. There are plans to introduce a procurement unit, systems administration unit and budget support unit.

Ministry for Revenue

The Ministry for Revenue (MfR) was established in 2003 following the merger of the former Customs and Inland Revenue Departments. Both Departments are now referred to as "Services". The Inland Revenue Service is responsible for domestic tax collection and the Customs Service is responsible for border control and import tax collection.

Line ministries

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. Corporate services departments in each of the ministries are responsible for the day-to-day financial management affairs of the ministry and the preparation of the ministry's plans and budgets.

The key features of the PFM system

An output based performance budgeting system exists across all budget funded government departments and agencies. Since 2000/2001 all Budget Estimates in Samoa (for current expenditure) have been prepared on this basis, with appropriations by output, and with each Ministry identifying and publishing performance indicators and targets as part of the Approved Estimates. In 1996, the Ministry of Finance (MoF) , supported by the Asian Development Bank (ADB), also initiated parallel reforms to their national planning, sector planning and project planning systems. These have been further developed and enhanced and now include the 2008-2012 Strategy for the Development of

Samoa (SDS), the Sector Planning Manual for Samoa (2009), and the Manual on Project Planning (2009). As noted earlier all development expenditure (with the exception of some minor new initiatives) is externally funded.

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. Information on both external debt, on-lent and guarantees has been consolidated in the CS-DRMS and improvements have been made to the quality of the records and the reporting from the system. Customs is managed using the Asycuda software, while Inland Revenue uses the Revenue Management System (RMS).

3 Assessment of the PFM systems, processes and institutions

3.1 Budget Credibility

The indicators in this group assess to what extent the budget is realistic and implemented as intended, firstly by comparing the actual revenues and expenditures with original approved ones, and then by analysing the composition of expenditure out-turn. "Hidden" expenditure is also assessed by reviewing the stock and level of monitoring of expenditure arrears. The following paragraphs provide the detailed information to support the 2010 scores, to compare the changes since 2006 and to provide a brief overview of any ongoing reforms designed to address some of the identified weaknesses.

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

PI-1 Dimension	2006	2010 Assessment
(i) The difference between actual primary expenditure and the originally budgeted primary expenditure (i.e. excluding debt service charges, but also excluding externally financed project expenditure)	**A**	**A** In the last three financial years (06/7, 07/8 and 08/9) the deviation between actual expenditure and original budget at an aggregate level has been 1.9%, 1.1% and 1.6% respectively. An A score has therefore been assigned.

Assessment 2010

The budget is the central mechanism for controlling expenditure in accordance with amounts appropriated by parliament. The ability to implement the budgeted expenditure is an important factor in supporting the government's ability to deliver agreed public services as expressed in policy statements.

The deviation for central government expenditure has been calculated based on the information provided in the audited financial statements for 2006/7 and the un-audited statements for 2007/8 and 2008/9. The figure for total actual expenditure includes expenditure programme funding, unforeseen payments and statutory expenditure. Debt service payments are excluded from the calculations, as in principle the government cannot alter these during the year, while they may change due to interest and exchange rate movements. In the period under review, the government received no budget support and all 'development[12]' expenditure was donor funded. As the government does not have full control over donor funded project expenditure, all development expenditure is therefore excluded from the calculations.

The resulting analysis summarised in the table below for 2006/7 – 2008/9 shows that at the aggregate level, actual primary expenditure deviated from original budgeted primary expenditure by 1.9%, 1.1% and 1.6% respectively. However, some caution should be used in the interpretation of these figures. Firstly, for financial years (FYs) 2007/8 and 2008/9, the actual figures have been taken from the un-audited accounts. Secondly, as shown in PI-4, expenditure payment arrears are identified as a problem, but the precise level of arrears is not known. As the Government of Samoa (GoS) uses a modified cash basis for its accounts, payment delays result in 'under recording' of actual expenditure. As noted in PI-20, for the period under review, year-end processing procedures were also problematic leading to potential under recording of actual expenditure incurred in the year.

[12] GoS has a number of small policy initiatives, which form part of its current budget, for the purposes of this report, the term development expenditure is confined to donor funded project.

Table 5 Summary of aggregate primary expenditure deviations						
Expenditure	2006/07		2007/08		2008/09	
	Original budget	Actual expenditure	Original budget	Actual expenditure	Original budget	Actual expenditure
Total primary expenditure[13]	**387,970,384**	**395,291,108**	**450,195,242**	**445,257,271**	**439,302,381**	**446,456,124**
Deviation (%)	1.9%		1.1%		1.6%	

Comparison 2006 - 2010

Although there has been no change in score, deviations are lower than in the previous assessment, which recorded deviations of 0.6%, 3.4% and 3.6% in the years 2003/4 – 2005/6.

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

PI-2 Dimension	2006	2010 Assessment
(i) 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**	**C** In the last three financial years (06/7, 07/8 and 08/9) the deviation between actual expenditure and original budget at a disaggregated level has been 6.5%, 6.3% and 4.6% respectively. A C score has therefore been assigned.

Assessment 2010

Where the composition of the budget varies considerably from the original budget, the budget will not be a useful indicator of intent. The second indicator assesses the extent to which there is a re-allocation of expenditure between administrative heads (ministries) above overall deviation in aggregate expenditure as defined in PI 1. As shown in Annex H at a disaggregated (ministry) level, ministerial variances are greater than overall variance by more than 5% in two of the three years.

Although some ministries e.g. Works, Transport and Infrastructure (MWTI) exceeded their original budgets by > 15% in two of the three years, other ministries e.g. Police and Prisons (MPP) and the Public Services Commission(PSC) underspent their allocation by > 10% in two of the three years. FY2008/9 saw an overall improvement in deviations. This appears to reflect improved budgeting at ministry level combined with improved monitoring by the MoF. As noted in PI-1 caution is required in the interpretation of this result for the reasons cited above. Some ministries also view twice-yearly supplementary estimates as the norm rather than the exception[14]. In addition, the variance does not show the extent to which there are internal transfers or virements between outputs within a Ministry. In 2007/8 the results were also adversely affected by the government's decision to take over the debts of Polynesian Airlines.

Table 6 Deviations and Variations			
Year	Total exp. deviation (PI-1)	Total expenditure. variance	Variance in excess of total deviation (PI-2)
2006/07	1.9%	8.4%	6.5%
2007/08	1.1%	7.4%	6.3%
2008/09	1.6%	6.3%	4.6%

Comparison 2006 - 2010

There has been no change in score, and little change in the deviations compared to the earlier assessment, which recorded deviations of 6%, 2% and 8% in the years 2003/4 – 2005/6.

[13] These figures will differ from those presented in table 2 due to the former being net of subsidies to public bodies.
[14] The requirement for twice yearly supplementaries is based on the need to clear unforeseen expenditure.

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

PI-3 Dimension	2006	2010 Assessment
(i) Actual domestic revenue collection compared to domestic revenue estimates in the original approved budget.	**A**	**B** Total revenue received compared to forecasts has been 105%, 93% and 95% for FYs 2006/7 to 2008/9 respectively. As revenue below 94% of forecast was received in only one year, a B has therefore been assigned

Assessment 2010

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.

The main sources of revenue in Samoa are import duties, income tax and VAGST. Table 7 below provides a breakdown of budgeted and actual revenues received by ministry[15]. This indicates that total revenue has been below forecast in two years, in 2007/8 it was 7% below anticipated levels, and in 2008/9 it was 5% below forecasts. However, tax revenue was only 5% below anticipated levels in 2007/8. A reflection perhaps of the government's traditionally conservative approach to revenue forecasting.

Table 7 Comparison of Budgeted and Actual Revenues Received

Ministries/Departments	2006/07			2007/08			2008/09		
	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
Agriculture	365,009	318,912	-13%	481,102	325,572	-32%	461,501	485,719	5%
Commerce, Indus. & Labour	251,600	281,440	12%	252,400	220,122	-13%	253,000	185,389	-27%
Communication & IT	1,236,000	522,481	-58%	2,180,000	2,722,092	25%	2,751,200	2,180,518	-21%
Education, Sports & Culture	349,570	342,094	-2%	17,014,532	2,869,058	-83%	357,445	354,995	-1%
Finance & Bureau of Statistics	44,430,503	55,011,183	24%	49,876,588	45,467,774	-9%	61,067,676	39,683,713	-35%
Foreign Affairs & Trade	280,000	808,438	189%	550,000	698,398	27%	591,931	798,057	35%
Health & NHS	1,413,500	1,654,005	17%	1,542,800	1,907,168	24%	2,683,831	2,320,132	-14%
Justice and Court Admin.	559,950	702,506	25%	615,270	812,578	32%	670,020	744,394	11%
Natural Resources & Environ.	1,183,850	433,031	-63%	1,412,569	608,635	-57%	883,027	771,560	-13%
Police, Prisons & Fire Services	90,000	171,457	91%	108,100	165,436	53%	188,755	114,369	-39%
Prime Minister	3,000,000	3,568,218	19%	3,750,000	4,437,469	18%	3,750,000	4,228,575	13%
Revenue	346,575,000	357,243,087	3%	391,376,317	373,717,886	-5%	387,235,151	384,820,361	-1%
Works, Transport & Infra.	7,065,364	7,904,508	12%	7,201,640	8,044,433	12%	8,020,532	8,776,618	9%
Women, Comm. & Soc. Dev.	1,104,300	486,684	-56%	703,300	592,620	-16%	705,300	471,607	-33%
Attorney General's Office	50,000	17,012	-66%	15,000	10,121	-33%	15,525	13,087	-16%
Audit Office	360,260	366,451	2%	301,411	340,279	13%	301,411	362,763	20%
Department of Legislature	20,000	14,182	-29%	20,000	24,386	22%	25,000	77,034	208%
Ombudsman's Office	0	0	0%	0	0	0%	0	0	0%
Public Service Commission	0	0	0%	0	-376	0%	0	5,688	0%
Electoral Commissioner	9,000	15,882	76%	5,100	1,112	-78%	2,500	1,821	-27%
Total Receipts	**408,343,906**	**429,861,571**	**5%**	**477,406,129**	**442,964,763**	**-7%**	**469,963,805**	**446,396,400**	**-5%**

Source: Public Accounts and Estimates

Comparison 2006 – 2010/ Ongoing reforms

Since the last assessment a revenue forecasting model, the Samoa Economic and Revenue Forecasting (SERF) has been introduced with assistance from the ADB. Although a comparison with the previous assessment shows a slightly worse position, this must be seen in the context of the recent global financial crisis, its unforeseen impact on the manufacturing sector, tourism and the difficulty in determining the impact of any drop in remittances on VAGST and import duties.

[15] For the purposes of this assessment a breakdown by tax type was not feasible as the relevant information is not maintained, together with the original budget, in the financial statements.

PI-4 Stock and monitoring of expenditure payment arrears

PI-4 Dimensions	2006	2010 Assessment
Method M1	**C**	**N/R**
(i) Stock of expenditure payment arrears (as a percentage of total expenditure for the corresponding fiscal year) and any recent change in stock	**C**	**N/R** There are no debt or payroll arrears, although delays in paying retirement benefits were mentioned. No stock take of expenditure payment (suppliers) arrears has been done, so an accurate assessment of the level of arrears to suppliers is not available. The dimension cannot therefore be rated.
(ii) Availability of data for monitoring the stock of expenditure payment arrears	**C**	**D** As noted above, there is no accurate or reliable data to assess the stock of arrears from the last two years.

Assessment 2010

Dimension (i) The government does not have an expenditure payment policy with respect to the timely payment of its suppliers (e.g. within 30 days). A three-day turnaround policy is in place once an invoice reaches the Accounts division of the MoF. This means, once the payment voucher reaches MOF, it should take three days for the voucher to be processed. However, this policy does not take into account the time it takes for the voucher to be processed by the line ministries before forwarding to MOF, or the time taken by the Audit Office in its pre-audit.

Late payment of suppliers is cited as a problem by the private sector and there are some payments a number of years in arrears. For example, for Prime Minister's Office, WST43,621.19 has been approved in the Supplementary Estimates for 2009/2010 to pay for arrears that relates to rents and leases in 2000/2001. During this assessment, late payment of water bills at year-end was also highlighted as a problem, and the private sector advised that for some ministries there were significant delays. The level of recognised arrears included in recent estimates is shown below.

Table 8 Summary of arrears budgeted 2007 - 2009

Financial Year	Ministry	Details	Budget Amount (WST)
2007	MESC	NUS Sponsored students arrears	100,000.00
	STA	Government Rents and Leases (Include Arrears)	593,400.00
2008	MAFF	Printing – Arrears	16,951.00
		Electricity Arrears	41,517.00
	MESC	Electricity Arrears	13,433.00
	MOH	Electricity Arrears	57,656.00
	MJCA	Govt Printing Arrears	26,892.00
	MNRE	Outstanding Arrears	279,367.00
	MPPS	EPC Arrears	41,986.00
	MPMC	Outstanding Accounts	272,977.00
	MWCSD	Electricity Arrears	11,335.00
	MWTI	EPC Arrears	508,476.00
	NHS	EPC, SamoaTel, Water, BOC Gas Arrears	696,000.00
	NKF	Outstanding payments to NKF Singapore	564,131.50
	STA	Government Rents and Leases (Include Arrears)	446,000.00
2009	MNRE	Outstanding Arrears	305,000.00
	NHS	EPC, SamoaTel, Water, BOC Gas Arrears	852,844.00

Source: Estimates

Also at the end of each financial year, all commitments (batches for payment, purchase orders and unapproved requisitions) are cancelled from the system. No commitment balance is carried forward into the next financial year. WST 1,038,665.36 of commitments was deleted for the FY ending 30 June 2009. However, as shown in PI 20, 'unofficial' orders exist outside the system and ministries do not regularly clear their commitments for cancelled orders or requisitions, which are not approved. No special exercise has been carried out to identify the level of arrears and neither budgeted arrears nor cancelled commitments provide exact data to measure the stock. Government debts and payroll are paid on time. Although during the assessment delays in paying retirement benefits was mentioned. The overall level of payment arrears is therefore not known.

Dimension (ii) As noted above, no special exercise has been carried out. Commitment reports are produced at the end of each month. These show the status of all commitments, e.g. purchase orders, unapproved requisitions and batches for payment. Although available to line ministries, they tend to be used only by the MoF. An aged analysis of payment vouchers report is also now produced, but this ages invoices from their date of approval by the external auditor and is therefore not a true reflection of the arrears status.

Comparison 2006 – 2010/Ongoing Reforms

A comparison of the scores would suggest that there has been deterioration in performance. However, the evidence from the previous assessment is unclear, and in practice late payment of suppliers is still an issue. Although some anecdotal evidence would suggest that the situation may have improved, the private sector stated that it is now their policy of requiring cash in advance from a number of ministries.

3.2 Comprehensiveness and transparency

The indicators in this group assess to what extent the budget and the fiscal risk oversight are comprehensive, as well as to what extent fiscal and budget information is accessible to the public. The following paragraphs provide the detailed information to support the 2010 scores, to compare the changes since 2006 and to provide a brief overview of any ongoing reforms designed to address some of the identified weaknesses.

PI-5 Classification of the budget

PI-5 Dimension	2006	2010 Assessment
(i) The classification system used for formulation, execution and reporting of the central government's budget.	**B**	**B** The budget formulation and execution is based on administrative and economic classification. Use of bridging tables allows presentation by function and in GFS format.

Assessment 2010

The existing budget classification is described in the table below. The budget formulation and execution is based on administrative and economic classification. Outputs/sub-outputs are broken down into outputs delivered by the ministry; outputs delivered by third parties and transactions on behalf of the state. Presentation in GFS format requires conversion of 6-digit level natural account data to GFS codes, and this is done by a bridging table. Use of a bridging table also allows presentation of the administrative classification (Ministry/output/sub-output) by function e.g. general services, economic services by the Samoa Bureau of Statistics (SBS) in their quarterly government finance statistics report.

Table 9 Classification System		
Budget Classification		
CURRENT		
X	*Fund (1-4)*	
Xxxx	*Ministry/output/sub-output*	
Xxx	*Management unit*	*Only used for 3 secondary schools*
PROJECT		
X	*Fund (1-4)*	
Xxxx	*Project number*	
Xx	*Funding source*	

Xxx	*Management Unit*	*Used for tsunami relief classification*
Chart of Accounts (natural accounts)		
X	*Type of expenditure*	*e.g. 6 =revenue*
Xx	*Group*	*e.g. asset maintenance*
x	*Sub group*	*e.g. infrastructure general maintenance*
xx	*Detail*	*e.g. village access roads*

Source: Chart of Accounts

Comparison 2006 – 2010/Ongoing reforms

The budget classification and chart of accounts has not changed since the previous assessment. In the past, the analysis provided in the Government Finance Statistic Report has been based on the 1986 GFS Manual. The SBS in close collaboration with the MoF and the Pacific Centre for Technical Assistance (PFTAC) of the IMF has developed an improved framework to upgrade GFS using the GFS Manual 2001. Presentation of financial statistics will use this framework from FY 2009/10.

PI-6 Comprehensiveness of information included in budget documentation

PI-6 Dimension	2006	2010 Assessment
(i) Listed information (see below) available in the budget documentation most recently issued by the central government (in order to count in the assessment, the full specification of the information benchmark must be met.	**A**	**B** The recent budget documentation fulfils 5-6 of the 9 information benchmarks.

Assessment 2010

The annual budget documentation, which is submitted to the legislature for their approval and scrutiny, is required to be assessed by this indicator. Annual budget documentation should provide a clear picture of the central government fiscal forecasts, budget proposals and out-turn of previous years. In addition to information on receipts and payments this documentation should include all the information listed in the table below.

In Samoa, the Public Finance Management Act 2001 specifies principles of responsible fiscal management and sets out reporting requirements on the Minister of Finance and the Ministry of Finance. The reporting requirements on the Minister include the Budget Address and Statement of the projection of estimated revenues and expenditures for the budget year and the Fiscal Strategy Statement. The Budget Address and Fiscal Strategy provide comprehensive information on aggregate economic growth, rate of inflation, exchange rate, real GDP, overall budget balance, total expenditure, net lending and medium term macro-economic framework. As Samoa has adopted an output based budgeting system, estimates also provide information on output definition and performance measures.

Table 10 Comprehensiveness of budget documentation		
Elements of budget documentation	**Availability**	**Notes**
1. **Macro-economic assumptions**, incl. at least estimates of aggregate growth, inflation and exchange rate	**Yes**	*Macro-economic assumptions are described in the Fiscal Strategy Statement under Table 2: Macroeconomic Framework 2008/09-2011/12*
2. **Fiscal deficit**, defined according to GFS or other internationally recognised standard	**Yes**	*Illustrated in the Budget Address; Budget Measures which provides information on revenue, expenditures and overall budget deficit.*
3. **Deficit financing**, describing anticipated composition	**Yes**	*Table 2: Statement of Government Operations shows the anticipated amount of foreign and domestic financing*
4. **Debt stock**, incl. details at least for the beginning of the current year	**No**	*The Budget; Summary of Statutory Payments under Debt Servicing illustrates External Debts, Domestic Debts and Miscellaneous with their original principal and the interest paid. but not debt stock*
5. **Financial assets**, incl. details at least for the beginning of the current year	**No**	
6. **Prior year's budget out-turn**, presented in the same format as the budget proposal	**No**	*In the budget document only the proposed budget and the current year's budget are presented in the same format.*
7. **Current year's budget** (revised budget or estimated out-turn), presented in the same format as the budget proposal	**Yes**	*The revised budget is presented in the same format as the budget proposal at a detailed level*
8**. Summarised budget data** for both revenue and expenditure according to the main heads of the classification used, incl. data for current and previous year	**No**	*The budget proposal summarise budget data for both revenue and expenditure mainly for the revised budget and the proposed budget but does not include the previous.*
9. **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 exp programs	**Yes**	*The Budget Address provide new policy initiative ,the increase in unforeseen expenditure from 1% to 3% due to the Sept 29th Tsunami, to ensure that the Government have resources to manage any natural disaster that may affect the country during the year.*

Comparison 2006 - 2010

Based on the previous report, the overall score for comprehensiveness of information has changed from A to B. Budget documentation does not contain information on financial assets, debt stock and prior year out turns as indicated in the earlier assessment. Since no changes have been made in the budget presentation format since 2006, the previous assessment seems to have applied the methodology incorrectly.

PI-7 Extent of unreported government operations

PI-7 Dimensions	2006	2010 Assessment
Method M1	**A**	**D+**
(i) The level of extra-budgetary expenditure (other than donor funded projects) which is unreported i.e. not included in fiscal reports	**A**	**A** The level of extra-budgetary expenditure (other than donor funded projects), which is not included in all fiscal reports is less than 1% of total current expenditure. An A has therefore been assigned.
(ii) Income/expenditure information on donor-funded projects, which is included in fiscal reports.	**A**	**D** Donor funded development expenditure (loan and grant) is included in the estimates and in-year reports, but there is no reporting of any development expenditure in the public accounts. A D has therefore been assigned.

Assessment 2010

Dimension (i) There are a few special purpose funds e.g. district account fund, which are not in the budget but they are reported in the public accounts, and are of limited significance in value terms (approximately WST 1 million or less than 0.25%). Detailed budgets for the public beneficial bodies (see annex F) are included in the estimates as a memorandum item. Government funding of these bodies is reported under outputs provided by third parties. In the public accounts, only the transferred amount is recorded as there is no consolidation of public bodies' accounts. As indicated in PI 9, these bodies together with public trading and mutual bodies are monitored by the state owned enterprise monitoring division (SOEMD) at the MoF. They produce their own financial statements on an accrual basis and are required to report in accordance with the Public Bodies (Accountability and Performance) Act. As can be seen from table 11 below, most are relatively up-to-date. However, as noted in PI 28, legislative scrutiny of these financial statements is limited/does not take place.

The only exception is the Telecom Regulator's Office, which is not monitored by the SoEMD or accounted for in the Public Accounts. The value of expenditure at WST 1.6 million in 2008/9 is relatively small at less than 0.3% of current expenditure.

Dimension (ii) In the period under review, donor (loan or grant) funded project expenditure is not attached to specific sub-outputs or outputs, even though columns have been provided for this purpose in the tables within the Approved Estimates. Individual loan funded projects are listed showing estimated utilisation for the year. Foreign project aid (grant) estimated disbursements are shown by individual project per sector. As indicated in PI 24, MoF reports on a quarterly basis on actual loan funded expenditure and monthly on the 'cash' element of grant-funded expenditure. However, in the public accounts for years ending June 2007, 2008 and 2009, development expenditure is not reported. Project Aid Funds, as shown in Schedule 11, are amounts received by the government from aid donors, which are yet to be expended for specific projects, and are recognised as liabilities. Actual expenditure and receipts are not reported.

Comparison 2006 – 2010/Ongoing reforms

In schedule 11 of the public accounts for FY ending June 2004 and 2005, expenditure and receipts by donor was reported, this practice ceased in 2006. Evidence for the 2006 assessment was based on the 2006/7 economic statement and not the public accounts as required by the indicator. The apparent deterioration of performance between the two assessments is therefore not correct. Since the previous assessment, a separate ledger has been established in the Finance One system to enable reporting of project data.

PI-8 Transparency of inter-governmental fiscal relations

PI-8 Dimensions	2006	2010 Assessment
(i) Transparency and objectivity in the horizontal allocation among SN governments	**N/S**	**N/A**
(ii) Timeliness of reliable information to SN governments on their allocations	**N/S**	**N/A**
(iii) Extent of consolidation of fiscal data for general government according to sectoral categories	**N/S**	**N/A**

There is no sub-national government in Samoa and therefore this indicator is not applicable.

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

PI-9 Dimensions	2006	2010 Assessment
(i) Extent of central government monitoring of AGAs and PEs	**A**	**B** The majority of public bodies submit their audited financial statements to the MoF as well as quarterly reports. Although 2 key bodies (SAA + SPA) are several years behind. The SOEMD prepares a consolidated overview quarterly and annually. SAA and SPA only constitute 7% of expenditure, however a B has been assigned because they are: (i) strategically important; (ii) potentially important from a fiscal risk perspective. In addition

		the production of the annual overview is produced up to 12 months after year-end and does not include all other bodies.
(ii) Extent of central government monitoring of SN government's fiscal position	**N/S**	**N/A**

Assessment 2010

Dimension (i) The MoF's State owned Enterprise Monitoring Division (SOEMD) is responsible for monitoring the 27 public bodies listed in table 11. The public bodies are categorized into public trading bodies (16), public mutual bodies (3) and public beneficial bodies (8). The government's offshore financial centre is not included in this list. In accordance with the Public Bodies Act and Regulations, all public bodies[16] are required to report quarterly and annually to the Division. In most cases, compliance is reasonable although delays occur particularly in the submission of the annual report/audited financial statements. However, two major public bodies, Samoa Port Authority (SPA) and Samoa Airport Authority (SAA) have not fulfilled their obligation and for various reasons their audited financial statements are several years in arrears.

The Division prepares a consolidated quarterly and annual performance report for each individual public body as well as in aggregate[17]. Delays in submission of the individual annual reports/audited statements means that this report may only be produced twelve months after year-end. The status of reporting on the 2007/8 audited statements is shown in table 11. At the time of the assessment (February 2010), some bodies had also submitted their audited statements for 2008/9. Schedule 13 of the Public Accounts, the Statement of Contingent Liabilities sets out the Government's exposure to guarantees and other contingent liabilities. Receivables, as shown in Schedule 6, are amounts owing to the Government by government organisations.

Table 11 Overview of reporting by Public Bodies for the consolidated 2007/8 report

Public Bodies	Under PBA 2001	Empowering Act	Submitted Audited Accounts 2007-08	Percentage of total Expenditure
Public Trading Bodies				
Agriculture Store Corporation	2002	ASC Act 1975	Yes	2%
Development Bank of Samoa	2002	DBS Act 1974	Yes	5%
Electric Power Corporation	2002	EPC Act 1980	Yes	29%
Land Transport Authority	2008	LTA Act 2007	No Data[1]	
Polynesian Ltd. (active)	2002	Companies Act 1955		4%
Public Trust Office	2002	PTO Act 1975	Yes	1%
Samoa Airport Authority	2002	AA Act 1984		3%
Samoa Housing Corporation	2002	SHC Act 1990	Yes	1%
Samoa Land Corporation	2002	Companies Act 1955	Yes	3%
Samoa Ports Authority	2002	SPA Act 1998	Un-audited	4%
Samoa Post Limited	2008	Samoa Post Rules	No Data[1]	
Samoa Shipping Corporation	2002	Companies Act 1955	Yes	4%
Samoa Shipping Services	2002	Companies Act 1955	Yes	2%
SamoaTel	2002	Companies Act 1955	Yes	20%
Samoa Trust Estates Corporation	2002	WSTEC Act 1997	Yes	0%
Samoa Water Authority	2002	SWA Act 2003	Yes	6%
Public Mutual Bodies				
Accident Compensation Corporation	2002	ACC Act 1989	Yes	2%
Samoa Life Assurance Corporation	2002	SLAC Act 1976	Yes	3%
Samoa National Provident Fund	2002	NPF Act 1972	Yes	4%
Public Beneficial Bodies				
National Health Services	2008	NHS Act 2006	No Data[1]	
National Kidney Foundation	2006	NKFS Act 2005	Yes	1%

[16] Listed in schedule 1 of the Act as amended.

[17] The report is prepared when a sufficient number of public bodies have submitted their audited statements .

National University of Samoa	2002	NUS Act 2006	Yes	1%
Samoa Fire & Emergencies Services	2006	SFESA Act 2007	Yes	1%
Samoa Qualification Authority	2006	SQA Act 2006	Yes	0%
Scientific Research Organisation of Samoa	2006	RDIS Act 2006	Yes	1%
Samoa Sports Facilities Authority	2007	SSFA Act 2007	Un-audited	2%
Samoa Tourism Authority	2002	STA Act 2002	Yes	2%
TOTAL				**100%**

Note: Samoa Post, NHS and LTA were only created in 2008.
Source: SOEMD.
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Dimension (ii) Not applicable

Comparison 2006 – 2010/Ongoing reforms

Evidence for the earlier assessment is based on SOEMD's production of quarterly reports. The status of the public bodies' audited financial statements was not provided. The team consider that the earlier assessment may have been too generous, particularly as two key public bodies are not up-to-date with their audited financial statements and that the annual overview report is produced relatively late.

PI-10 Public access to key fiscal information

PI-10 Dimension	2006	2010 Assessment
(i) Number of the listed elements of public access to information that is fulfilled (in order to count in the assessment, the full specification must be met.	**C**	**C** Only one of the six elements is fully achieved and therefore a C is assigned.

Assessment 2010

The PFMA requires the publication of quarterly summaries of receipts and payments from the treasury fund to be published in the newspaper. Currently, these statements are not prepared. In the period under review, the government's website has copies of the approved estimates, budget address and fiscal strategy. Currently parliamentary committees e.g. the finance and expenditure's committee review of estimates are not open to the public, but parliamentary sessions are broadcast to the public. Approved estimates are also available at a small charge. There is no people's budget and currently civil society does not have the funds or technical resources to analyse the data.

Table 12 Public Access to Information		
Required documentation	**Availability**	**Comments**
Annual budget documentation when submitted to the legislature	**Partial**	The budget address and the Parliamentary session is broadcast live. The budget is available when it is approved and also the draft estimates is available to the media when it is tabled in Parliament. Budget documentation (complete) is only available after approval of the estimates by legislature (website or small charge for hard copy).
In-year budget execution reports within one month of their completion	**Yes**	The Samoa Bureau of Statistics prepares a quarterly report (Government Finance Statistics). The latest available report for quarter ending September 2009 was completed in January 2010 and was immediately made available on the Bureau's website. However, the requirements set out in the PFMA are not being met.
Year-end financial statements within 6 months of completed audit	**No**	Year-end financial statements are not available within six months of their completed audit. As noted in Annex I the audit opinion on the 2006/7 accounts was issued in August 2009, but the statements are still being printed and have not yet been tabled.
External audit reports within 6 months of completed audit	**No**	The annual audit report is made available at a small charge but this is not available within 6 months of audit.
Contract awards (approximately USD 100,000 equiv.) published at least quarterly	**Partial**	Some (not all) contract awards above the USD 100,000 equivalent are published. Those requiring Cabinet approval > WST 500,000 or USD 200,000 in the newspaper, but there is no requirement in the law to publish awards.
Resources available to primary service unit at least	**Limited**	Some information is reported to be available on request.

annually		

Comparison 2006 – 2010/Ongoing reforms

In terms of achieving the indicator requirements, there have been no changes in the provision of financial information since the last assignment.

3.3 Policy-based budgeting

PI-11 Orderliness and participation in the annual budget process

PI-11 Dimensions	2006	2010 Assessment
Method M2	**A**	**B+**
(i) Existence of and adherence to a fixed budget calendar	**B**	**B** A clear annual budget calendar exists, some minor delays occur but these do not materially affect the process. The timetable allows the ministries four weeks from the receipt of the budget circular to prepare their budgets.
(ii) Clarity/comprehensiveness of and political involvement in the guidance and preparation of budget submissions (budget circular or equivalent)	**A**	**B** A comprehensive budget circular is issued for the preparation of the current budget, and this now incorporates baselines approved by Cabinet. In the period under review development expenditure was funded by donors, and only constrained by the availability of donor funding. It is a separate multi-year process, no annual ceilings are prepared and the required approval/appraisal does not always take place. An A is assigned for current expenditure. A D is assigned for development expenditure. The ratio of current : development in the period was on average 75:25 and therefore a B has been assigned.
(iii) Timely budget approval by the legislature or similar mandated body (within the last three years)	**A**	**A** For the financial years 2006/7, 2007/8, 2008/9 and 2009/10, the Appropriation Act was passed on 26th June, 28th June, 24th June and 23rd June respectively.

Assessment 2010

Dimension (i) For current expenditure, a budget calendar is provided for the whole year clearly setting out each activity and key dates in the budget cycle. For the latest budget preparation process (for FY 2009/10) ministries were given four weeks to complete their main estimates. Although there are some delays in the implementation of the calendar, most ministries (with the exception of Education) consider that they have sufficient time for the preparation of the budget. From 2008/9, there is an update of the forward estimates, which takes place towards the middle of the financial year (normally in November). This allows ministries to incorporate any policy changes or cabinet directives, which might influence estimates for the following financial year. It is from this update along with other inputs that the ministries' baselines are determined for the next financial year. Therefore, as many of the updates should have already taken place in November, the Budget Division consider that four weeks should be sufficient.

Dimension (ii) The Budget Circular provides a clear and comprehensive set of instructions and information to assist ministries with preparing their budget bids. These include technical aspects about the templates and policies that must be adhered to by all ministries, departments and public beneficial bodies. It also includes baselines, which are approved by Cabinet for each ministry, department, and public beneficial body. In the period under review, the baselines are only for current expenditure.

In the period under review development expenditure was funded by donors, and only constrained by the availability of donor funding. Project planning procedures are detailed in the 'Manual on Project Planning and Programming 2009'. Projects are identified, formulated and implemented by sector working groups or line ministries, and should contribute to the achievement of sectoral and SDS objectives. They should be appraised, monitored and evaluated by the MoF's Economic Policy and Planning Division. All projects above WST100,000 should be approved by the Cabinet Development Committee (CDC) and are included in the Public Sector Investment Programme (PSIP), which outlines ongoing and pipeline development projects for a three-year period. In practice, some projects have not been appraised and/or approved by the CDC.

Dimension (iii) In the last three years, the Legislature has approved the budget prior to the start of the financial year.

Comparison 2006 – 2010/Ongoing reforms

The previous assessment did not consider the development budget, and therefore may have been slightly optimistic. As part of the PFM reform, changes from output based budgeting to outcome based budgeting in the new Performance Framework initiative are being piloted by selected ministries for FY10/11.

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

PI-12 Dimensions	2006	2010 Assessment
Method M2	**C**	**D+↑**
(i) Preparation of multi-year fiscal forecasts and functional allocations	**D**	**C** Multi-year forecasting was introduced for FY 2008/2009. An assessment of the clarity of linkages between the forward estimates and subsequent budget 'ceilings' can only be done for one year. Although changes in macroeconomic indicators and policies are described. The change between the estimate for 2009/2010 prepared in 2008/2009 and its subsequent budget 'ceiling' may also not be too clear to all stakeholders and therefore a C has been assigned.
(ii) Scope and frequency of debt sustainability analysis	**A**	**C** DSAs have been carried out in 2007 and 2009 by the IMF but these have only analysed external debt. Although this constitutes almost 90% of debt in Samoa, according to the PEFA guidelines only a C can be assigned.
(iii) Existence of sector strategies with multi-year costing of recurrent and investment expenditure.	**C**	**D** 7 sector strategies have been prepared, but only two (water and health) have some elements of costing. A D has therefore been assigned.
(iv) Linkages between investment budgets and forward expenditure estimates.	**D**	**C↑** Links between the PSIP and the forward estimates are weak, but the recurrent cost implications of some major investment projects are recognised.

Assessment 2010

Dimension (i) In 2007, Samoa moved from annual based budgeting to a medium-term expenditure framework (MTEF), which includes indicative figures for the year under review and the two forward years. From 2008/9, the Budget Address now includes a set of forward estimates at an aggregate level in GFS format. Forward estimates are not yet included in the main estimates.

The fiscal forecasts are prepared on a rolling annual basis (three years). Revenue is forecast using the SERF model. The model is set against a pool of macroeconomic indicators that are used to determine the major sources of the budget resource envelope. This tool is used to forecast indicators including the expected GDP and tax revenue. It also forecasts expenditure aggregates for mandatory expenditure. Forward estimates for ministries are compiled from more detailed forward estimates at both sub-output and revenue/expenditure item level using detailed templates maintained by the Budget Division and updated twice yearly.

As the forward estimate process only began in 2008/2009, linkages between the multi-year estimates and the subsequent setting of annual budget ceilings can only be assessed for one year (2009/2010). In the fiscal strategy and the budget address, changes in macroeconomic indicators and policies are described. However, the change between the estimate for 2009/2010 prepared in 2008/2009 and its subsequent budget 'ceiling' may not be too clear to non-technical stakeholders.

Dimension (ii) In Samoa, almost 90% of the debt porfolio is external debt on concessional terms. Debt Sustainability Analyses (DSA) on external debt have been carried out in 2007[18] and 2009[19] by the IMF in consultation with the Government of Samoa. No DSA has included domestic debt.

Dimension (iii) Sector strategies and plans are a relatively new approach to planning and budgeting in Samoa. From the 15 agreed sectors, plans have been completed for seven sectors (Health, Education, Water, Communication, Tourism, Law & Justice and Public Administration), but only two have partial costing. A draft plan has also been prepared for Community Development and Social Welfare. In addition to these sector plans, ministries are required to prepare three or four year corporate plans and in some cases annual management plans.

Dimension (iv) There is recognised to be a weak link between the PSIP and the MTEF. As noted in PI 11, the PSIP is currently conducted separately and is managed through the CDC. Some investment projects may or may not be included in individual ministries' MTEFs. However, recurrent costs of major capital investments are recognised by ministries, the Budget Division and the EPPD and therefore can be included in the annual budget.

Comparison 2006 – 2010
Overall, the indicator scores a slight deterioration. Evidence for some of the 2006 dimension ratings is unclear. The frequency of DSAs has not changed. More sector strategies have been developed but are only partially costed. Since 2006, the introduction of a medium-term forecast has enabled improved recognition of recurrent costs, although as described below this is a work in progress.

Ongoing reforms
As part of its PFM reform plan, Samoa's goal is to establish a national MTEF, which will create a stronger link to the PSIP. It is anticipated that in the financial 2010/2011 a new performance framework will be adopted, which looks at the links between the national goals of government to each sector and ultimately down to each ministry, department or public body. Consultations have already taken place about the introduction of this new approach at the Ministry level. Currently, it is being piloted with selected ministries and will later be adopted by all ministries based upon lessons learned. This will be accompanied by improved coordination between the Budget Division, EPPD and the Aid Coordination and Loan Management Division.

3.4 Predictability and control in budget execution

PI-13 Transparency of taxpayer obligations and liabilities

PI-13 Dimensions	2006	2010 Assessment
Method M2	**B**	**C+**
(i) Clarity and comprehensiveness of tax liabilities	**B**	**B** Although there is scope for improvement, legislation and procedures are reasonably comprehensive and clear for most taxes. Discretionary powers are fairly limited.
(ii) Taxpayers' access to information on tax liabilities and administrative procedures	**C**	**C** Taxpayers have access to some information but this is not being updated, is limited and not easily accessible. There have also not been any major tax education campaigns recently.
(iii) Existence and functioning of a tax	**B**	**C**

[18] IMF Article IV Consultation 2007

[19] IMF Samoa—Request for Disbursement Under the Rapid-Access Component of the Exogenous Shocks Facility

appeals mechanism		A set of administrative procedures exist for inland revenue appeals, but not for customs. There is no independent tribunal and the system is not clear to tax agents or taxpayers. A C has therefore been assigned.

Assessment 2010

Dimension (i) As noted earlier, current income tax legislation is quite old (1974) and resource-intensive systems and procedures add little value to the process of income tax collection – especially in relation to processing of income tax returns and enforcement of registration, lodgement and payment obligations. Although the VAGST Act (1993) and Business License Act (1998) are not so old and outdated, it has been suggested that improvements especially for VAGST are required. In particular, issues arising from some taxpayers' line of work (i.e. multinational companies, telecommunication companies) often arise and there is no particular provision in the Act for their settlement.

Discussions with some taxpayers also highlighted the fact that some tax procedures and legislation are not always comprehensive and clear to them. Requests for the consolidation of the tax legislation to incorporate all amendments were made. Discretionary powers are fairly limited, with deferrals of customs duties[20] being the main example.

Dimension (ii) Taxpayers only have access to some information on tax liabilities and administration procedures. There have been no major taxpayer education or awareness campaigns and the ministry's website has been "under construction" for some time now. Only some of the main city-based taxpayers are updated through in-person consultation, correspondence and other means of communicating to the ministry. Some information on procedures are not comprehensive and have not been updated e.g. VAGST guide booklet still has the old rates.

Dimension (iii) There is a tax appeal mechanism set up of administrative procedures for Inland Revenue but not for Customs, but most people (Tax Agents and Taxpayers) do not understand these procedures. Objections, which tax agents and taxpayers thought to be resolved tend to re-emerge. Decisions of the Chief Executive Officer (CEO) (Commissioner/Comptroller) are subject to judicial review. There is no independent body (tribunal) to intervene in any decision making before court proceedings.

Comparison 2006 – 2010

Changes that have occurred in revenue administration since the last assessment relate to changes in organisational structure and the introduction of a large taxpayers unit. Discussions with taxpayers suggest that the earlier assessment of the tax appeals mechanism was too optimistic.

Ongoing reforms

The MfR has submitted a request to the Public Sector Investment Facility (PSIF) for an institutional strengthening project, which will aim to: (i) improve compliance and more effective enforcement of the relevant tax laws; and (ii) develop capacity in tax policy.

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

PI-14 Dimensions	2006	2010 Assessment
Method M2	**B**	**C**
(i) Controls in taxpayer registration	**B**	**C** Taxpayers are registered in two different databases (inland revenue and customs). These are not linked and sharing of information is not done. Linkages to the MCIL company register and other systems are not in place, but ad hoc surveys do take place.

[20] Deferral on the payment of customs duties on 'gift's from friends and relatives.

(ii) Effectiveness of penalties for non-compliance with registration and tax declaration.	**A**	**C** Penalties exist and are considered quite punitive, but lack of enforcement means that levels of compliance are very poor. A C has therefore been assigned.
(iii) Planning and monitoring of tax audit programmes.	**C**	**C** There is a continuous programme of tax audits and fraud investigations. In identifying potential auditees, some limited risk analysis is carried out but due to shortfalls in the database system this is not done against clear risk assessment criteria.

Assessment 2010

Dimension (i) Taxpayers are registered in the revenue management system (RMS), and have the same taxpayer identification number (TIN) for individual taxes (Income tax, VAGST and Business License) within Inland Revenue. This system is not linked to other registration functions such as the ASYCUDA for importers maintained by the Customs Service and the Company Register and the Register of Foreign Companies maintained by the Ministry of Commerce, Industry and Labour (MCIL). Routine surveys of potential taxpayers used to be carried out, but Inland Revenue is now relying on tip offs (internal & external), and then carrying out occasional surveys. During issuing of business licenses, a look-out approach is conducted to see if businesses have also registered for VAGST and PAYE taxes. There is a chance of candidates falling through the gaps.

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Dimension (ii) Penalties for non-compliance exist but administration is not enforcing these penalties in order to give them a real impact on compliance.

Dimension (iii) Tax audits are on a continuous basis throughout the year. The current procedure for audits is based on the 100% approach, auditing every single item of the financial statements/return. There is some risk analysis used for case selection but this is primarily manual as the current database system does not facilitate the selection of cases according to clear risk assessment criteria.

Comparison 2006 - 2010

The situation has not deteriorated since the last assessment. Evidence for dimension (ii) in the previous assessment is unclear, and the assessment of dimension (i) appears to have only considered income tax registration and not links with customs and MCIL.

Ongoing reforms

As noted above MfR have submitted a request for institutional strengthening to the PSIF managed by the Prime Minister's Office.

PI-15 Effectiveness in collection of tax payments

PI-15 Dimensions	2006	2010 Assessment
Method M1	**D(?)**	**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 years).	**D**	**N/R** Information is not available on debt collection ratios.
(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration.	**A**	**A** All taxes and duties are banked daily into a commercial bank account controlled by Treasury.
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury	**D**	**D** A reconciliation of tax assessments, payments made for assessments, arrears from assessments and transfers to Treasury is NOT done.

Assessment 2010

Dimension (i) There is no debt collection data available on the RMS and Asycuda systems, at an aggregated level. It is only for individual taxpayers. The current RMS system does not facilitate regular reconciliations for each taxpayer on tax assessed, tax due and tax paid. The MfR is therefore at an aggregate level unable to determine how much of assessed taxes is not yet due, in arrears, in dispute, considered bad debt, in principle collectable or not transferred to treasury. The Asycuda system in customs also does not maintain information on debtors.

Dimension (ii) All taxes and duties are banked daily into a commercial bank account controlled by Treasury. As noted in PI 20, audit reports noted some delays and short falls in some banking.

Dimension (iii) A reconciliation of tax assessments, payments made for assessments, arrears from assessments and transfers to Treasury is NOT done.

Comparison 2006 - 2010

The M1 methodology was applied incorrectly. There have been no major changes since the 2006 assessment.

Ongoing reforms

Resources (i.e. a reliable IT system) to facilitate monitoring of debt collection and reconciliations are currently requested in the MfR ISP proposal.

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

PI-16 Dimensions	2006	2010 Assessment
Method M1	**D(?)**	**C+↑**
(i) Extent to which cash flows are forecast and monitored.	**D**	**C↑** Cash flows were forecast annually and updated throughout the year, but this information was not then actively monitored. A C has therefore been assigned, as from August 2009 a cash flow committee meets weekly, a ↑ has therefore been added.
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment.	**D**	**A** Warrants are released for the whole year for current and development expenditure.
(iii) Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs.	**C**	**C** Supplementary estimates take place twice a year and some ministries raised concerns about the level of transparency, only being informed when requested to go before Parliament. A C has therefore been assigned.

Assessment 2010

Dimension (i) For the period under review (the last completed financial year 2008/2009), cash flow forecasts were prepared by ministries following the approval of the estimates. These cash flows were then updated throughout the year. However, this information was not actively monitored and used to manage the government's cash flow position. Since August 2009, a Cashflow Committee has been set up and meets weekly to look into the weekly cashflow forecasts. The cashflow section (of the Accounting Services and Financial Reporting Division) also monitors the cash position daily through the internet banking (PI-17).

Dimension (ii) Warrants are released for the whole year for operational and development expenditure. Although, late release of the second supplementary estimate was raised as an issue by ministries**,** as the amounts have been released at the end of June and therefore there is insufficient time for the funds to be spent.

Dimension (iii) Supplementary estimates take place twice a year, some ministries noted that in the past re-allocation of funds from their transactions on behalf of the state had taken place without their prior knowledge.

Comparison 2006 – 2010/ Ongoing reforms

The previous assessment did not apply the M1 scoring methodology correctly, and therefore a direct comparison between the two scores is not advisable. Evidence for the rating of the second dimension is not clear, as the time horizon for fund release has not changed significantly. As noted above, ongoing improvements are being made to improve the quality of the cash flow forecasts. A cashflow forecast template has been provided to line Ministries. A Cashflow Management Committee meets weekly under the Deputy CEO to review the cashflow position and forecast, and take action as necessary. For the 2009/2010 first supplementary, ministries also noted their appreciation at being part of the consultation process.

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

PI-17 Dimensions	2006	2010 Assessment
Method M2	**B**	**C+↑**
(i) Quality of debt data recording and reporting	**B**	**C↑** External debt records are complete, have recently been validated and are updated quarterly. Detailed reports are produced quarterly for internal use. However, reconciliation with creditors is six monthly and reconciliation with the Finance One system does not take place. Domestic debt is comparatively small but has not yet been validated. A C has therefore been assigned.
(ii) Extent of the consolidation of the government's cash balances	**C**	**B** Calculation of the cash balances on the key accounts takes place daily. An offsetting mechanism has been established for 6 key treasury managed accounts and for the purposes of this indicator is viewed as a form of consolidation. All development fund accounts (including loan funds) remain outside of this system. A B is assigned as most significant accounts are included.
(iii) Systems for contracting loans and issuance of guarantees	**A**	**C↑** Contracting of loans and issuance of guarantees are approved by Cabinet/Parliament. However, correct procedures for approval are not always followed (e.g. for guarantees), and although the PFMA sets out some guidelines, detailed criteria and overall ceilings are not established. Recognising the draft medium-term debt strategy, a C↑ has been assigned.

Assessment 2010[21]

Dimension (i) External, on-lent and domestic debt (guarantees) is now recorded in the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS). Debt validation for the external loan portfolio with support from the Commonwealth Secretariat was undertaken in November 2009. Data is therefore considered of a fairly high standard[22]. Reconciliation with creditor balances takes place with creditors twice a year. As part of the annual audit, balances are checked with the creditors. Audit has identified differences in data maintained by the Finance One and CS-DRMS system. External debt data is updated on a quarterly basis. Aid & Loans prepares a quarterly debt report covering government external debt data in detail. The domestic debt (guarantees) is to be validated in the near future. Currently domestic debt (guarantees) amounts to approximately 12% of overall debt.

Domestic debt (treasury securities) is maintained by the CBS using excel spreadsheets and is reported to be accurate and complete, although it represents less than half a percent of total government debt.

Dimension (ii) The government has approximately 48 Bank accounts. These include central bank accounts, operating accounts, overseas mission accounts and other overseas accounts. There are three

[21] A more detailed assessment of debt management is provided in the DeMPA.
[22] The recently completed DeMPA noted that a procedures manual for debt recording was not in place.

main operating accounts for recurrent funds: (i) the General Revenue Fund; (ii) the Treasury Direct Transfer Account; and (iii) the General Disbursement Account, which are maintained at ANZ. In addition, three other accounts the IR refund account, the IR VAGST refund account and the Sinking fund (which is a term deposit) are also maintained at ANZ. An offsetting[23] mechanism has been established for all these ANZ accounts. The other 'local' accounts are held at the Central Bank and other commercial banks. These accounts are primarily for development expenditure including loan funds. Monitoring of balances for the main accounts at ANZ is done daily.

Dimension (iii) PFMA (2001) defines the authority of the Minister of Finance to borrow, to provide guarantees and on-lending. According to the legislation, issuance of loans and guarantees requires approval by Cabinet and the Minister of Finance is also required to report to Parliament. The principles of responsible fiscal management outlined in section 15 of the PFMA include: (i) managing total State debt at prudent levels; (ii) ensuring that within any borrowing program the total overall expenditures of the State in each financial year are no more than its total overall receipts (inclusive of borrowings) in the same financial year; and (iii) managing prudently the fiscal risks facing the State. However, transparent criteria, ceilings for guarantees and fiscal targets are not established and a tendency for some public bodies to go straight to Cabinet without MoF scrutiny was mentioned as a problem.

Comparison 2006 – 2010/ Ongoing reforms

Despite the apparent deterioration in performance, in fact there have been a number of improvements in debt management and recording. A draft debt management strategy has also been developed with support from a PSIF financed TA in August 2009. The strategy is awaiting approval.

PI-18 Effectiveness of payroll controls

PI-18 Dimensions	2006	2010 Assessment
Method M1	**B (?)**	**D+↑**
(i) Degree of integration and reconciliation between personnel records and payroll data	**B**	**D↑** The requirement for a B that 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 is not met. In fact regular reconciliation (at least twice a year) between staff lists, personnel records and the payroll is not being done and therefore a D is assigned.
(ii) Timeliness of changes to personnel records and the payroll	**A**	**C** The time taken to implement changes (new staff, transfers and terminations) is approximately 6-8 weeks for the majority of transactions.
(iii) Internal controls of changes to personnel records and the payroll	**B**	**C** A set of controls are in place, but system problems and lack of an audit trail mean that the integrity of the data cannot be guaranteed.
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers	**B**	**C↑** Regular payroll audits do not take place, partial audits take place as part of a ministry audit and some audit of education staff is carried out by internal audit**.**

Assessment 2010

Dimension (i) The payroll for the government's 5,000 employees is maintained on the payroll module of the 'Finance One', financial management information system. The 'People One' and 'Finance One' computerised systems are not yet integrated. The Public Service Commission (PSC) and individual ministries maintain personnel records. The requirement for a B (previous assessment) that 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 is not met. In fact based on the available evidence,

[23] An offsetting mechanism has been established and for the purposes of this indicator is viewed as a form of consolidation.

ministries do not carry out a regular reconciliation (at least every six months) between individual personnel records, the nominal roll (staff list) and payroll. Currently, the Ministry of Police and Prisons (MPP) is reconciling its personnel information with the payroll data. Some ministries mentioned their difficulty in printing off pay slips and other payroll related information.

Dimension (ii) There is no standard time for turnaround of payroll changes, so the time taken cannot be measured accurately. There is a cut-off period for each fortnightly payroll, which is the Tuesday of the non-payroll week. One of the main issues was the ministries indicating that people were continuing to get paid after termination. Procedures at the ministry level to ensure that this does not occur do not appear to be in place. It is estimated that most changes take between 6-8 weeks to be actioned, and there are some instances of action taking several months.

Dimension (iii) Controls are in place, but there are a number of weaknesses, which can potentially undermine the integrity of the data. For example, TY15's are processed for any changes in payroll. However, the TY-15 forms are not pre-numbered and therefore there is no audit trail for follow-up. Testing of the People One system has also resulted in some employees being re-instated on the payroll.

Dimension (iv) A complete payroll audit has not been done by Audit Office due to the volume of payroll data. Partial audits at ministry level take place, although as noted in PI 26, coverage of audits has been quite limited in the period under review. Internal audit at education also carry out some staff surveys.

Comparison 2006 - 2010

In the previous assessment, the M1 methodology was applied incorrectly. The evidence for the earlier rating is unclear, as the situation has not changed. Internal audit (PI-21) has not been carrying out system audits and external audit has never done a payroll audit.

Ongoing reforms

The PSC is now piloting the human resource module and entering bio-data for personnel. The Audit Office is currently undergoing an Institutional Strengthening Project, which includes Computer Assisted Audit Techniques in order to perform a payroll audit. Internal audit training (PI-21) will focus on an audit of the payroll.

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

PI-19 Dimensions	2006	2010 Assessment
Method M2	**B+**	**C↑**
(i) Evidence on the use of open competition for award of contracts that exceed the nationally established monetary threshold for small purchases (% of the no' of contract awards that are above the threshold)	**A**	**D↑** Tender board minutes are detailed and show how contracts have been awarded. A database has also been developed to analyse this data, but this is incomplete and therefore analysis has not been done. Although the % of contracts awarded by open competition is estimated to be 80%, evidence to support this figure requires a complete analysis of the minutes, which is currently not available. However, as the database has been developed a D↑ has been assigned.
(ii) Extent of justification for use of less competitive methods	**B**	**B** A review of the tender board minutes shows that the use of other methods is both recorded, justified and approved by the tender board in accordance with the regulatory requirements
(iii) Existence and operations of a procurement complaints mechanism	**B**	**C** A procurement complaints process is in place, but lacks ability to refer to a higher authority (other than the courts), is not well understood by the private sector and decisions are not published.

Assessment 2010

Dimension (i) Samoa has significantly decentralized its procurement functions. The procurement processing responsibilities have been devolved to the various line ministries and departments, with set thresholds of approval authorities. The central Tenders Board, chaired by the Minister of Finance is responsible for establishing rules and procedures related to procurement. This Board also has the responsibility for inviting bids and their public opening to ensure transparency. All actions and decisions in the procurement process that come through the Tenders Board are recorded as Minutes of the Tenders Board and are accessible to the Controller and Chief Auditor (CCA), although no procurement audits take place. A database has been developed and partially completed to record all procurement related actions of the Tender Board. Information is therefore potentially available to determine the % of contracts above the threshold that are awarded on the basis of open competition (for those purchases received by the Tenders Board). The figure is estimated to be approximately 80%, but clear evidence to support this figure is not available, as the required analysis has not taken place due to insufficient resources (no procurement staff).

Dimension (ii**)** According to the procurement guidelines, open competitive bidding (public tendering) is the government's preferred method of procurement. Notwithstanding this preference, the guidelines allow the Tenders Board to determine the procurement method used and the particular requirements of each tender having regard to all relevant factors including, but not limited to the following: (a) the complexity or potential cost of the contract; (b) any specific requirements of donor funded goods or works; (c) the unique or highly specialised nature of the goods or works; and (d) the urgency of the need for the goods or works. Scope for non-use of open competitive bidding is therefore quite broad. However, a review of the Tender Board minutes shows that requests for non-use are submitted to the Board and approved in accordance with the regulatory requirements.

Dimension (iii) The procurement guidelines set out a mechanism, whereby complaints can be heard. Initial complaints are directed to the initiating ministry and these can then be referred to the Tender Board. Although some workshops have been held, private sector understanding and the transparency of the process are quite weak.

Comparison 2006 – 2010/Ongoing reforms

Since the previous assessment new procurement guidelines have been introduced and the assessment may have been overly optimistic. In order to address some of the government's concerns over procurement, which are also evident in PI-20, a request has been made by MoF for the establishment of a procurement unit.

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

PI-20 Dimensions	2006	2010 Assessment
Method M1	**C (?)**	**D+**
(i) Effectiveness of expenditure commitment controls	**B**	**C** Expenditure commitment controls are in place for the majority of expenditure, but only limit commitments to budget allocation, not cash availability.
(ii) Comprehensiveness, relevance and understanding of other internal control rules/procedures	**C**	**D** Other internal controls and procedures are not up-to-date and therefore in some cases not relevant, excessive (leading to significant delays) and not well understood.
(iii) Degree of compliance with rules for processing and recording transactions	**B**	**C** Compliance with rules for transactions is reasonable, but there are important concerns about mispostings, commitments outside the system, banking and security of cash.

Assessment 2010

Dimension (i) Commitment controls are in place and purchase orders cannot be raised unless there is a budget allocation. However, these controls are not against cash availability. Instances of orders being raised outside the system were also identified. This situation results in the potential for supplier arrears, as discussed in PI-4. It was also noted that non-clearance of commitments, e.g. when a purchase order has been cancelled or a requisition unapproved leads to major problems.

Dimension (ii) There are a number of problems relating to the comprehensiveness, relevance and understanding of other internal controls and procedures, including procurement controls. These include: (i) regulations and instructions, although still valid in some aspects, are outdated and not in some cases complying with legislation; (ii) the 100 % pre-audit by the audit office of all payments and cheques contributes to lengthy delays and transfers responsibility for rule compliance to an external body; (iii) internal audit also pre-audits TY11s in some ministries; and (iv) understanding of the rules and procedures, including different roles in the internal control framework is weak.

Dimension (iii) An assessment of general compliance with rules and procedures identified a number of weaknesses. These included posting of expenditure to budget lines with an allocation rather than to the true purpose of the purchase, the raising of purchase orders outside the commitment system, short or delayed banking and security of cash.

Comparison 2006 - 2010

In the previous assessment, the M1 methodology was applied incorrectly. Scoring appears to have been incorrect or overly optimistic as no changes have taken place with respect to the expenditure commitment controls.

Ongoing reforms

As part of the PFM reform plan, new regulations and instructions are to be produced.

PI-21 Effectiveness of internal audit

PI-21 Dimensions	2006	2010 Assessment
Method M1	**D[24] (?)**	**D+**
(i) Coverage and quality of the internal audit function	**D**	**D** There is no systems based auditing.
(ii) Frequency and distribution of the reports.	**B**	**C** Reports are produced and distributed to the auditee (ministry being audited), and in the case of the MoF's internal audit to the CEO of the MoF
(iii) Extent of management response to internal audit findings	**C**	**C** Managers are reported to be taking some action with respect to some of the auditor's findings.

Assessment 2010

Dimension (i) In addition to the MoF, several of the line ministries (Education, Health, Works, Transport and Infrastructure and Revenue) also have internal auditors (one person) who are responsible for the internal audit functions within their ministry. Internal audit is centralised in MoF for treasury and small ministries and departments. Powers of the internal auditor (finance) are delegated from the CEO, although it was reported that some bodies have questioned their authority/powers. Currently, internal auditing is more reacting to directives from the CEOs with no clear mandate/charters set out for their work. In general, the work involves spot checks and reporting on irregularities. The function does not carry out reviews of systems.

[24] The summary table shows a C.

Dimension (ii) Audit reports are issued upon completion of each audit to the CEO but not always to the Audit Office. The MoF's internal auditor reports are sent to the CEO and then to the Ministry being audited.

Dimension (iii) MoF's internal audit expects ministries/audited bodies to respond to the recommendations of each audit, and there is some evidence that some action is taken. This can only be confirmed (followed up) in the next audit, due mainly to the lack of personnel.

Comparison 2006 - 2010

In the previous assessment, the M1 methodology was applied incorrectly. The Audit Office has not regularly received internal audit reports, as indicated in the earlier assessment, but can request them.

Ongoing reforms

Delays have been experienced in obtaining support for the internal audit function. However, between January and July 2010, short-term technical assistance (54 days) is being provided by the ADB with the support of PFTAC to address some issues including the provision of an internal audit manual, training and the conduct of a pilot audit (payroll).

3.5 Accounting, recording and reporting

PI-22 Timeliness and regularity of accounts reconciliation

PI-22 Dimensions	2006	2010 Assessment
Method M2	**D**	**C**
(i) Regularity of bank reconciliations	**D**	**C** Bank reconciliations for the main treasury managed accounts are now being done for January 2010 (as at end of February 2010).They are being done monthly but not yet within 4 weeks of month end. A C has therefore been assigned
(ii) Regularity of reconciliation and clearance of suspense accounts and advances.	**D**	**C** Advances are deducted from the payroll. Suspense accounts are being reviewed but large balances remain.

Assessment 2010

Dimension (i) Bank reconciliations are now relatively up-to-date. As at the date of the assessment (end February 2010), reconciliation of the three main accounts (the General Revenue Fund, Treasury Direct transfers and General Disbursement Account at ANZ) for January 2010 is ongoing. Overseas mission accounts have been reconciled up to December 2009. This is due to the fact that overseas missions receipts and payments are received three weeks into the next bi-monthly advance. Reconciliation of Central Bank accounts is also now being done for January 2010. Efficient reconciliation of bank accounts is hampered by errors in the ANZ bank statements.

Dimension (ii) Advances are deducted from payroll, and cleared once they are fully paid. Suspense accounts are being reviewed, but significant balances remain as the clearing of suspense accounts (for the respective bank) is done when answers to queries are received. Some of the queries are two years old.

Comparison 2006 – 2010/ Ongoing reforms

Significant improvements in the timeliness of bank reconciliations have been made since the previous assessment. Efforts are ongoing to improve the efficiency of the accounting services division, and discussions have taken place with the ANZ bank.

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

PI-23 Dimension	2006	2010 Assessment
(i) Collection and processing of information	**B**	**D**

to demonstrate the resources that were actually received (in cash and kind) by the most common front-line service delivery units.		No evidence was found of any routine reporting or special survey which shows the resources (cash and in-kind) received by any major sector at service delivery level.

Assessment 2010

Dimension (i) The main budget reporting system is done on output basis and therefore does not identify 'cost centres' such as schools or health centres/district hospitals (with the exception of three secondary schools). In discussions and review of documentation, no evidence was found that routine data collection exercises take place on an annual basis to identify resources received (cash and in kind from all sources including donors) at the service delivery level, in either education or health. No evidence was found that any special exercise or survey has been done to identify the resources received in the last three years.

Comparison 2006 – 2010/Ongoing reforms

The basis for the earlier assessment is unclear. The assessment refers to the operation of separate financial systems by cost centres, but what is meant by cost centres is not specified.

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

PI-24 Dimensions	2006	2010 Assessment
Method M1	**A**	**C+↑**
(i) Scope of reports in terms of coverage and compatibility with budget estimates	**A**	**A** Current and donor funded project expenditure report on actual and commitment at the same level of detail as in the budget. Loan funded expenditure only reports on actual expenditure. As it represents only about 15% of total expenditure. An A has still been assigned.
(ii) Timeliness of the issue of reports	**A**	**A** Reports on current expenditure are produced monthly on the last day of the month, and project reports are produced quarterly within a month of quarter-end.
(iii) Quality of information	**A**	**C↑** Multiple reporting systems exist and only Finance One, which produces the official monthly reports on current expenditure has the appropriate checks and balances. It is recognised that data quality particularly of commitments is an issue.

Assessment 2010

Dimension (i) For current expenditure, in-year budget reports cover budget, actual, commitment, variance and % utilisation. Reports are produced at Output and Sub-Output level. For loan-funded project expenditure, reports are only produced on actual payments, not commitments. For grant-funded project expenditure, reports are produced on actual payments and commitments.

Dimension (ii) Reports on current expenditure can be downloaded at any time by ministries from the Finance One system, however reports are produced monthly at the end of each month and distributed to ministries by MoF. Project reports are produced quarterly by the Aid Coordination Division and shared with the SBS, donors and implementing ministry. The reports are produced within one month of quarter-end.

Dimension (iii) Information on current expenditure is maintained in the Finance One system. Data quality problems are acknowledged, particularly in relation to commitments (PI-20), but these do not compromise the overall usefulness of the reports. Information on project expenditure is maintained in Excel and therefore there are no in-built checks on data integrity. Many ministries also retain information and report using their own systems, in part because of lack of confidence in the Finance One system, and in part because of the requirements of the Audit Office to retain this information.

Comparison 2006 – 2010/ Ongoing reforms

Since the previous assessment, the use and understanding of the Finance One system has improved resulting in improvements in data quality. The previous assessment may have been overly optimistic. As noted in PI-7, the Finance One system now has a separate ledger for project expenditure, which once reconciled could facilitate accurate reporting.

PI-25 Quality and timeliness of annual financial statements

PI-25 Dimensions	2006	2010 Assessment
Method M1	**D(?)**	**D+↑**
(i) Completeness of the financial statements	**B**	**D↑** Information on loan-funded and grant-funded (cash) project expenditure is not provided. This represents about 20-30% of overall budgeted expenditure and a D has therefore been assigned.
(ii) Timeliness of submission of the financial statements	**D**	**B** For the last financial year 2008/2009, the public accounts were received by audit within 6 or 7 months, a B has therefore been assigned.
(iii) Accounting standards used	**C**	**C** The accounts are presented in a consistent format according to the PFMA with some disclosure of accounting standards, but IPSAS has not been adopted.

Assessment 2010

Dimension (i) The requirements for financial reporting are set out in the PFMA (2001). In the period under review, the public accounts (for years ending June 2007, 2008, 2009) have fulfilled these requirements with the exception of the statement of cash flows. A consolidated statement is produced, which includes all ministries and constitutional bodies. Autonomous public beneficial bodies[25] are not consolidated (and consolidation is not required for this indicator). Information is provided on financial assets (cash balances and investments), some financial liabilities (debt stock) and contingent liabilities (guarantees). Information on payment arrears is not shown (or known as indicated by PI-4). Discretionary (current), statutory and unforeseen expenditure are described in detail in the schedules. However, information on loan-funded and donor-funded project expenditure is not provided. Information on donor funding is presented as a liability of unexpended funds.

Dimension (ii) The Public Finance Management Act (2001) requires that the Public Accounts have to be submitted for auditing within four months after the financial year-end. The Ministry of Finance has not complied with the requirements of this Act. However, as shown in Annex I, in 2008/2009 the statements were received in December/January following year-end (6/7 months). In earlier years, accounts were submitted earlier than suggested, but they were submitted with incomplete schedules. From the 2008 Public Accounts, the Audit Office has required the MoF to submit the annual public accounts with complete schedules to help their planning process.

Dimension (iii) The Government prepares the Public Accounts as specified in the PFMA 2001, and in accordance with generally accepted accounting principles using the modified cash basis of accounting. There is some disclosure of accounting standards. International standards such as the International Public Sector Accounting Standards (IPSAS) – cash basis are not used.

Comparison 2006 – 2010/ Ongoing reforms

The M1 methodology was incorrectly applied, and the basis of the assessment of the completeness of the information is unclear (based on a review of the 2006 Accounts). Since the previous assessment there has been a significant improvement in the timeliness of the accounts. The use of IPSAS (cash) is

[25] The position with respect to the Office of the Regulator is unclear.

being considered, and as noted in PI-24 work is ongoing to enable reporting of project expenditure from the Finance One system.

3.6 External Scrutiny and Audit

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

PI-26 Dimensions	2006	2010 Assessment
Method M1	**D (?)**	**D+↑**
(i) Scope/nature of audit performed	**A**	**D↑** In the period under review, the focus has been on financial audits, the latest available audit report shows that <50% of central government entities were covered. Adherence to auditing standards including independence was recognised to be weak but with the ISP is improving.
(ii) Timeliness of audit reports to legislature	**D**	**C** Audit reports and opinions on financial statements are issued within 12 months of year-end and/or receipt.
(iii) Evidence of follow up on audit recommendations	**A**	**B** A formal response is made to the management letter and follow-up is done by the SAO as indicated by the audit files, but given the delays in audits, this may not be done in a timely manner.

Assessment 2010

Dimension (i) The Samoa Audit Office (SAO) is mandated to conduct financial, compliance and performance audits. Despite this wide mandate, SAO is not yet fully equipped to carry out its mandate and focus has been on financial audits. The SAO carries out a full financial statement audit on the consolidated financial statements of government and on the statements of the 22 public bodies[26] that the office audits. In addition, the SAO audits ministries and constitutional bodies as well as aid-funded projects. Ministry audits focus on the internal controls as well as the accuracy of the accounting and recording process. Audit test focus on authorisation, documentation, regularity, calculation and accuracy of accounting and postings.

In terms of adherence to auditing standards, the Office follows general guidelines but there are different interpretations of standard intention and application. In terms of adherence to the requirement for independence, SAO's ability to hire and fire, to have full control over its finances and the three-year term of Controller and Chief Auditor (CCA) are recognised to be weaknesses. A review of the latest publicly available CCA report (FY 2007/2008) shows that coverage of audited entities was less than 50%. Coverage in the 2008/9 report is expected to be higher but this is not yet available so could not be reviewed.

Dimension (ii) There is no date specified for the submission of the CCA's annual audit report (a summary of audit activities). As shown in Annex I, the CCA's annual audit report for 2007/8 was submitted to the Speaker in January 2009 (7 months). The issuing of an opinion on the financial statements has taken approximately 12 months from receipt. Tabling of the financial statements is the responsibility of the Minister of Finance.

Dimension (iii) Ministries provide a written response to the management letter. Follow up by the SAO forms part of the subsequent audit (as set out in the audit files). Delays in audits mean that timely follow-up may not be achieved. No table on the outstanding query status is provided in the audit report.

[26] The indicator only assesses the coverage of central government and public beneficial bodies (autonomous government agencies) not trading bodies.

Comparison 2006 – 2010/Ongoing reforms

In the previous assessment, the M1 methodology was applied incorrectly, and it appears that dimension (i) was incorrectly assessed, as there has been no deterioration in performance. Indeed, since the last assessment, the SAO's Institutional Strengthening Project (ISP) has been under implementation since 2008 and is making good progress. New manuals and guidelines are in the process of being drafted along with training/ capacity building support. The staff are being provided with software tools and skills to analyse the data and performance of the Finance One system. The ISP was due to be completed by end February 2010, but has been extended to mid 2010.

PI-27 Legislative scrutiny of the annual budget law

PI-27 Dimensions	2006	2010 Assessment
Method M1	**D (?)**	**D+**
(i) Scope of the legislature's scrutiny	**C**	**C** The legislature only reviews detailed estimates at the end of the budget preparation process
(ii) Extent to which the legislature's procedure are well established and respected	**B**	**B** Simple procedures exist for the legislature's review and are respected.
(iii) Adequacy of time for the legislature to provide a response to budget proposals and, where applicable, on macro-fiscal aggregates earlier in the budget preparation cycle.	**D**	**D** The committee must spend at least 14 days and in practice takes two to three weeks in reviewing the estimates. As the review period is less than one month, a D has been assigned**.**
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature	**A**	**B** Clear rules exist for in-year budget amendments by the executive, but they allow extensive re-allocation.

Assessment 2010

Dimension (i) The legislature reviews the detailed estimates of revenue and expenditure but only following the Budget Address, at the end of the budget preparation process.

Dimension (ii) There is a select committee, the Finance and Expenditure committee, consisting of eight members, which is responsible for the review of estimates and supplementary estimates. Parliamentary procedures guide its membership and proceedings. It can only reduce estimates, not increase or re-allocate.

Dimension (iii) In accordance with proceedings, the Committee is required to spend at least 14 days in its review, in practice it spends 14 to 21 days.

Dimension (iv) Sums authorised to be expended are separately appropriated for outputs and sub-outputs to be delivered by a department, outputs to be delivered by a third party or transactions on behalf of the state. Any changes to the original budget, that is between or within outputs, needs to be approved by authorities as specified in the PFMA (2001). This states that approval is required from the Financial Secretary (CEO Finance) for transfers between a ministry's outputs/sub-outputs. Approval will only be granted if the transfer does not result in an increase in appropriation of the output/sub output by more than 20%, does not affect performance and leaves overall appropriation to the ministry unchanged. Any virements between outputs also needs the approval of the respective Minister and any virement within an output needs the approval of the CEO. Virements are accepted after the 31st October of every financial year.

Under section 96 of the Constitution, the Minister of Finance is authorised to spend up to 3% of the total appropriated expenditure on unforeseen expenditure. Under the PFMA (2001), the Minister is allowed to transfer with Cabinet approval from the unforeseen expenditure vote to one or more nominated votes.

Comparison 2006 - 2010

In the previous assessment, the M1 methodology was applied incorrectly. Evidence for dimension (iv) is unclear, as no change has taken place.

PI-28 Legislative scrutiny of external audit reports

PI-28 Dimensions	2006	2010 Assessment
Method M1	**B (?)**	**D+**
(i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years)	**A**	**D** Examination of the audited financial statements takes more than 12 months to complete. (D) Examination of CCA annual report has taken up to 12 months (C), although the latest review has not been completed. Overall a D has been assigned.
(ii) Extent of hearings on key findings undertaken by legislature	**A**	**D** Hearings take place but the business committee only receives the annual summary of activity and the finance and expenditure committee only receives the audit opinion and the public accounts. Given the very limited information presented to them, their ability to carry out in-depth hearings is therefore very limited
(iii) Issuance of recommended actions by legislature and implementation by the executive	**B**	**C** Recommendations are issued, but evidence of systematic implementation is not available.

Assessment 2010

Dimension (i) As shown in Annex I, audited financial statements for years ending 2004, 2005 and 2006 were tabled in January 2009, the Finance and Expenditure Committee has not yet completed its deliberations. The scrutiny of the 2007/2008 CCA annual report by the Business Committee has not yet been completed (tabled May 2009). Earlier reports were reviewed within 12 months.

Dimension (ii) The annual audit report (a summary of audit activity) required by legislation goes to business committee (includes the former officers of parliament committee). This committee is chaired by the Speaker and includes the Prime Minister (or his representative). The Finance and Expenditure Committee only receives the audit opinion and the public accounts. Given the very limited information presented to them, their ability to carry out in-depth hearings is therefore very limited.

Dimension (iii) Committees are required to report to the Assembly for debate. Any recommendations are then supposed to be submitted to the Cabinet. The Committee report is not published, although the parliamentary session is broadcast live. For the period under review, evidence to show systematic implementation of the recommendations is not available.

Comparison 2006 - 2010

In the previous assessment, the M1 methodology was applied incorrectly. Some changes in committee structure and membership combined with delays in the preparation of the public accounts may account for the deterioration in performance.

3.7 Donor practices

D-1 Predictability of Direct Budget Support

D-1 Dimensions	2006	2010 Assessment
(i) Annual deviation of actual budget support from the forecast provided by the donor agencies at least six weeks prior to the government submitting its budget proposals to the legislature.	**N/S**	**Not applicable (N/A)** In the period under review Samoa has not received direct budget support from any donor.
(ii) In-year timeliness of donor	**N/S**	**(N/A**

disbursements (compliance with aggregate quarterly estimates)		

Ongoing reforms

In FY 2009/10, several donors including AusAID, NZAID, ADB and World Bank have either provided direct budget support or indicated their willingness to do so. From 2010/11, the EU will provide 85% of its assistance as sector budget support.

D-2 Financial information provided by donors for budgeting and reporting on project and program aid

D-2 Dimensions	2006	2010 Assessment
(i) Completeness and timeliness of budget estimates by donors for project support.	**N/S**	**C** The major donors provide information on budget estimates for disbursement of project aid, but in the period under review this did not link with the government's specific outputs/sub-outputs.
(ii) Frequency and coverage of reporting by donors on actual donor flows for project support.	**N/S**	**C** Information on loan disbursements (which represents about 50% of donor funding) is received from all major donors (ADB, World Bank, China) on a monthly basis, although for at least one of the major donors (China), the format of the reporting is not in accordance with GoS's classification of expenditure. For grant-funded projects, the EU supplies the information on a quarterly basis through their National Authorising Office

Assessment 2010

Dimension (i) As noted earlier and shown in table 13, the major bilateral donors in the last completed financial year (FY 2008/2009) were China, Australia, New Zealand and Japan. The multi-lateral institutions (the EU, World Bank and ADB) also provided significant levels of assistance. In the period under review, donor assistance was listed in the estimates document by loan or by sector. The information was not included in the government's main estimates and assigned to specific outputs or sub-outputs. With the exception of Japan[27], the main donors provided reasonably complete budget estimates for disbursement of project aid. Information is provided to government at their request and is normally three months ahead of the new fiscal year. It was noted that for 2008/2009, NZAID were not able to provide the information in such a timely manner because of their own elections. Some donors e.g. NZAID and AusAID also provided forward estimates.

Dimension (ii) Information on loan disbursements (which represents about 50% of donor funding) is received from all major donors (ADB, World Bank, China) on a monthly basis, although for at least one of the major donors (China), the format of the reporting is not in accordance with GoS's classification of expenditure. For grant-funded projects, the EU supplies the information on a quarterly basis through their National Authorising Office. Complete information on all funds disbursed including in kind, technical assistance and scholarships is provided by key donors e.g. AusAID and NZAID on an annual basis.

Comparison 2006 – 2010/Ongoing reforms

Significant progress has been made towards achieving greater ownership of development assistance and harmonisation of donor procedures. In both education and health[28], donors are supporting sector wide approaches with pooled funding and joint procedures. The government has also finalised its draft Aid Policy Framework. From 2010/11, 85% of EU funding is to be directed to the water sector through sector budget support. For the FY 2010/2011, a new format has been issued for the collection of projected and actual disbursements from donors. This will enable improved linkages with specific outputs/sub-outputs.

[27] Japan provided a new ferry, which was not included in the budget estimates.
[2828] Health (World Bank, AusAID and NZAID); Education (ADB, AusAID and NZAID)

D-3 Proportion of aid that is managed by use of national procedures

D-3 Dimension	2006	2010 Assessment
(i) Overall proportion of aid funds to central government that are managed through national procedures.	**N/S**	D An analysis of current donor use of government systems and procedures indicates that less than 50% of donor expenditure is managed and reported on through government's own systems.

Assessment 2010

An analysis of donor activity in the last completed financial year (2008/9) is shown in the table below.

Table 13 Donor use of Government Procedures

Procedures	Aus	NZ	EU	WB	Japan	China	ADB	UNDP
Financial Year 2008/2009	AUD	NZD	EUR	USD	JPY	CNY	USD	USD
Latest Budget (Own currency)	21,769,497	11,359,430	5,548,234	1,537,894	2,121m	179,036,939	5,136,933	852,683
Exchange Rate (08/2009)	2.234	1.79	3.792	2.56	0.0297	0.375	2.56	2.56
Latest Budget (Tala million)	48,633,057	21,072,613	21,038,904	3,936,895	62,995,787	67,138,514	13,150,549	2,182,867
Budget	99%	97%	100%	100%	17%	84%	94%	84%
Banking	33%	13%	0%	0%	0%	0%	0%	96%
Accounting	33%	31%	0%	100%	0%	0%	73%	88%
Procurement	31%	16%	0%	0%	0%	0%	0%	80%
Reporting	0%	0%	0%	0%	0%	0%	0%	0%
Audit	47%	42%	0%	100%	3%	0%	100%	88%

In analysing the situation, the following assumptions have been made :
Budget: This means that the funding is indicated somewhere in the approved Budget Estimates for 2008-2009.
Banking: This refers to the use of one of the Government's main bank accounts managed by Treasury. Special purpose accounts are not considered to be using Government systems.
Accounting: This refers to the use of Government's Finance One accounting software systems
Procurement: This refers to use of Government guidelines and standards with approvals by the Tender Board. Additional approvals by a donor are not considered as using Government procedures.
Reporting: This refers to the presentation of donor expenditure in the Government's official financial statements. It is recognised that GoS does not report development expenditure in the financial statements (PI-25) and therefore this is not within the control of the donors.
Audit: This refers to the use of the Controller and Chief Auditor to undertake the audit of donor financed programmes.

Further explanation as to the breakdown of the various percentages is provided in the following paragraphs.

EU: In 2010/2011 EU will provide 85% of its funding through sector budget support – utilising government procedures in all areas. Currently 85% of EU funds support Government's water sector wide approach using a project approach following EU procedures but operating under a Government led institutional arrangement. The balance is used for technical assistance and microprojects with its own Project Management Unit.

AusAID: The figures for AusAID reflect the following situation. 47% of AusAID funds are channelled through accounts managed by the Government. However, these programmes utilise special purpose and not the main bank accounts under Treasury. These programmes are also not reported in Government Financial statements/reports. The 33% score for procurement reflects the fact that financing for the Health and Education SWaPs, which are pooled with ADB/WB are affected by ADB/WB's requirements for prior approval of procurements over certain limits.

NZAID: The figures reflect the fact that although a larger proportion is channelled through bank accounts managed by Government, only 29% of NZAID funds are entered into the Finance One system. The 15% score for procurement reflects the fact that financing for the Health and Education SWaPs, which are pooled with ADB are affected by ADB's requirements for prior approval of procurements over certain limits.

Comparison 2006 – 2010/Ongoing reforms

This indicator was not assessed in 2006 and therefore progress cannot be directly assessed. However, in recent years, there has been greater use of government systems by donors. As noted above, this is partly due to the pooling of funds for health and education. In FY2010/2011, more funds are being provided through budget support and therefore will increase donors' use of government systems.

4 Government (PFM) reform process

4.1 Description of recent and on-going reforms

PFM reform and related programmes

The PFM Reform Plan was developed in the first half of 2008 to strengthen Government's PFM systems and pave the way for budget support. The Reform Plan includes actions by MoF, SAO and MfR and was developed by a government Task Force. The first stage of the Reform Plan covers the period 2008-2010, and was designed to ensure that fiscal discipline is achieved. Funding of WST 2.2 million was obtained from the PSIF for capacity building. The funding includes provision for technical assistance, training and study tours in the following areas:

- Preparation and management of public accounts and improvement in the management/application of the Finance One system – focused on the Accounts Division (including 18 months full-time TA)
- Debt Management – development of a Debt Management Strategy (led by Aid Division)
- Strengthening budget performance monitoring and forward estimates (MTEF) including linkages to SDS and sector plans as well as inclusion of donor funding
- Developing the role of internal audit to assist in monitoring systems and promote more effective internal control system

At the time the plan was prepared a number of other activities were ongoing including refinement of procurement guidelines with support from the World Bank and sector planning/ economic modelling in the EPPD with support from the ADB. Institutional Strengthening Programmes (ISP) with funding from AusAID were already committed to strengthen the performance of the MfR and the CCA's Office. The ISP for the CCA's Office has been under implementation from September/October 2008 and has made good progress in developing capacity, systems and standards. Unfortunately, there were problems in reaching agreement on the design of the ISP for the MfR. Consequently, the funding commitment for the ISP has been withdrawn. The MfR has approached PSIF for funding to upgrade the RMS database for recording of income tax and a start has been made to the proposed restructuring of the Ministry. However, progress has been very limited in the absence of technical support and other capacity building resources.

The intention of the second stage of the reform process from 2011-2013 is to build on a platform of fiscal discipline and strengthen performance monitoring linked to the three-year rolling MTEF. However, this assessment, the DeMPA and the progress to date will also feed into the review of the plan scheduled for later this year.

4.2 Institutional factors affecting reform planning and implementation

Government leadership and ownership

A PFM Reform Task Force under the Chair of the Deputy CEO, Operations Department of the MoF is responsible for implementation of the PFM Reform Plan. The Task Force includes representation at the ACEO level from the relevant divisions within the MoF, MfR and Audit Office. A higher level Steering Committee was also to be formed to oversee the progress of the PFM Reform Plan. The intention was that the Steering Committee would be chaired by the CEO (Finance) and include the following: CEO (Revenue) Chief Auditor, CEO (PSC) and CEO (Prime Minister's Office). This Committee has not yet met.

Coordination across government

Workshops on the new budgeting processes have taken place and regular meetings of accounting staff from the ministries are already in place. The Accounting Services Division has also held meetings with line ministries. However, the focus of reform efforts to date has been at the centre. Senior management recognise that efforts need to intensified at the line ministries, and that this will require gaining broader support for the reforms from both management and technical personnel.

Sustainability of the reform process

The reform process is government led and has the enthusiastic support of a number of senior managers. Its sustainability will depend on the government's ability to retain those hard working and motivated staff and to recruit specialist staff in certain areas. A key to the sustainability of the reforms will of course be the development of a change management strategy and plan, which goes beyond purely technical changes, and gains broader political and administrative support.

Annex A Summary Table of Performance Indicators

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
A.			**PFM-OUT-TURNS: Credibility of the budget**
PI-1	Aggregate expenditure out-turn compared to original approved budget	**A**	In the last three financial years (06/7, 07/8 and 08/9) the deviation between actual expenditure and original budget at an aggregate level has been 1.9%, 1.1% and 1.6% respectively. An A score has therefore been assigned. However, it should be noted that the accumulation of arrears may be understating the actual expenditure and the analysis has been based on un-audited accounts for the FYs 2007/8 and 2008/9.***Source: Public Accounts 2006 -2009 and Estimates 2006 -2009***
PI-2	Composition of expenditure out-turn compared to original approved budget	**C**	In the last three financial years (06/7, 07/8 and 08/9) the deviation between actual expenditure and original budget at a disaggregated level has been 6.5%, 6.3% and 4.6% respectively. See above for issues. ***Source: Public Accounts 2006 -2009 and Estimates 2006 -2009***
PI-3	Aggregate revenue out-turn compared to original approved budget	**B**	Total revenue received compared to forecast for the last three financial years has been 105%, 93% and 95% respectively. As the actual has only been below 94% in one year, a B has been assigned. ***Source: Public Accounts 2006 -2009 and Estimates 2006 -2009***
PI-4	Stock and monitoring of expenditure payment arrears	**N/R**	The Government has no expenditure payment policy, a complete stock-take of outstanding payments to suppliers has not been done, although late payment of suppliers was noted by private sector, ministries and public bodies. Similarly, delays in payment of retirement benefits was raised as an issue. There have been no delays in payment of debt interest. Monitoring of payment of suppliers by aged accounts only takes place after audit approval and is therefore not a true reflection of outstanding arrears. ***Source: Estimates, Finance One system reports; Interviews- SWA, MPP, PSC, MoF***
B.			**KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency**
PI-5	Classification of the budget	**B**	Budget is classified by administrative or project, the former being subdivided into outputs, then into economic classification. Although not GFS compliant in its current format, a bridging table exists to enable the government to produce GFS compliant information and also classify information by function. ***Source: Chart of accounts; SBS***
PI-6	Comprehensiveness of information included in budget documentation	**B**	The budget address, fiscal strategy and the financial estimates contain details of current year and budget proposals, but do not include previous years' outturn, information on financial assets or debt stock. Five of the nine specified elements are therefore available and a B has been assigned. ***Source: Budget Address, Fiscal Strategy and Estimates 2008/2009+2009/2010***
PI-7	Extent of unreported government operations	**D+**	The value of special purpose funds included in the accounts but not in the budget is relatively small (WST1 million). An A has therefore been assigned. No income or expenditure is included for donor-funded projects including loan financed project and therefore a D has been assigned. The team also noted that there is some degree of under reporting of public beneficial bodies in the public accounts (although producing their own accounts). A situation, which will get worse from 2009/10. ***Source: Public Accounts 2006 -2009 and Estimates 2006 -2009, In year budget reports; Interviews MoF***
PI-8	Transparency of inter-governmental fiscal relations	**N/A**	
PI-9	Oversight of aggregate fiscal risk from other public sector entities.	**B**	Most public bodies report to the SOEMD, although delays occur particularly in the submission of the annual report/audited financial statements. The division prepares a consolidated quarterly and annual performance report. However two key public bodies (SAA + SPA)have not fulfilled their obligation and the consolidated annual report may be delayed by up to a year. therefore a B has been assigned. ***Source: SoEMD annual database 2008 and reporting guidelines; Interview SOEMD***

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
PI-10	Public access to key fiscal information	**C**	Information on the budget is available only after appropriation. In year budget reporting is available in GFS report. The latest financial statements and audit reports have not been available within 6 months of audit and only some (few) contract awards are published. ***Source: SBS GFS report; PFMA (2001); Interviews – SUNGO, SCCI, private accounting firm; audit office; budget div'n***
C.	**BUDGET CYCLE**		
C(i)	**Policy-Based Budgeting**		
PI-11	Orderliness and participation in the annual budget process	**B+**	A detailed circular is prepared and includes an annual budget calendar which covers the whole financial year. Some delays do occur but this does not materially affect the process. The specific time allowed for ministries for budget preparation is four weeks. In most cases this is sufficient but education noted time constraints as an issue. Baselines (ceilings) for current expenditure approved by Cabinet are provided. Development expenditure (donor funded) is not included in the ceilings and is a separate exercise. Budgets are approved before the start of the year. ***Source: Budget Circular and calendar 2008/9; Interviews Budget + EPPD***
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	**D+↑**	Multi-year forecasts have been introduced from 08/09, DSAs have been conducted for external debt only in 2007 and November 2009. 7 sector strategies have been prepared but only 2 have an element of costing. Links do exist between the PSIP and the budget in terms of recurrent cost implications but this is a work in progress. ***Source: Budget Address 2008/9 + 9/10; IMF article iv (2007)and rapid shock (2009), PSIP and water sector strategy/investment plan. Interviews Budget + EPPD, MESC***
C(ii)	**Predictability and Control in Budget Execution**		
PI-13	Transparency of taxpayer obligations and liabilities	**C+**	There is some degree of discretion in legislation and administratively it does nor encourage compliance. Taxpayer awareness and education programmes are limited/need updating. Appeals mechanism is governed by administrative procedures and is set out in legislation. In practice resolution of objections does not occur in a clear and consistent manner. ***Source: Income tax acts, VAGST Act, Business Licence Act; PDP Situational analysis 2007; Interviews MfR, Private sector, SUNGO and SCCI***
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	**C**	There is a single TIN for business licences/income tax/VAGST but this is not shared with customs and no linking with company registration. Occasional surveys take place on receipt of tip offs. Penalties exist but enforcement is an issue. There is a continuous programme of audits but limited risk planning because of RMS inadequacies. ***Source: Legislation; PDP Situational analysis 2007; Interviews MfR, Private sector***
PI-15	Effectiveness in collection of tax payments	**D+**	No debt collection data is available partly because RMS does not aggregate individual assessments. Taxes are banked into treasury managed accounts which should be done daily. No reconciliation of assessments, collections, arrears and deposits takes place. ***Source: Interviews MfR, Audit Office and Accounting Services division***
PI-16	Predictability in the availability of funds for commitment of expenditures	**C+↑**	In 2008/9 (last completed financial year and therefore year of assessment) cash flow forecasts were prepared, updated monthly but not used. This is improving with introduction of cash flow committee (thus a C↑). The predictability of the horizon for commitment has been good (although release of second supplementaries on 30th June an issue).The reduction in ministry's budgets (as part of the supplementaries without their prior knowledge also raised as an issue) ***Source: PFM reform progress report Interviews MPP, MWTI, MoF***
PI-17	Recording and management of cash balances, debt and guarantees	**C+↑**	External debt records have been validated, reports are produced quarterly and balances reconciled with creditors every 6 months. Audit has identified errors on finance one. Domestic debt is to be validated although comparatively small. Balances on main treasury managed accounts are calculated daily and offset. Debt (loans and guarantees) are approved by a single entity (cabinet) but not always in accordance with guidelines and not according to detailed ceilings, targets or criteria. ***Source: PFM reform progress report, PFMA (2001), DeMPA; Interviews; Loans Management; Audit, Accounting Services; SoEMD***

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
PI-18	Effectiveness of payroll controls	**D+↑**	Integrated database is not yet in place. Payroll lists are not regularly reconciled with employee lists/personnel records by all ministries. Changes to the payroll (e.g. additions, transfers, terminations) take up to 2 months, controls weaknesses including system weaknesses are noted and only partial audits (as part of ministry audits) or by internal audit in e.g. education have been carried out. ***Source; Interviews; Audit, Accounting Services; MESC: MPP; Internal audit***
PI-19	Competition, value for money and controls in procurement	**C↑**	Tender board minutes are detailed and show how contracts have been awarded. A database has also been developed to analyse this data, but this is incomplete and therefore analysis has not been done. Although the % of contracts awarded by open competition is estimated to be 80%, evidence to support this figure is not available and therefore a D has been assigned. A review of the tender board minutes shows that the use of other methods is both recorded, justified and approved by the tender board in accordance with the regulatory requirements. A dispute mechanism is in place, but restricted to the initiating ministry/tender board with no external body and its operations are not yet clear to the private sector. ***Source: Tender Board minutes; Procurement database; Procurement guidelines; PFMA (2001), Treasury Instructions, Interviews: Budget, MWTI, SCCI***
PI-20	Effectiveness of internal controls for non-salary expenditure	**D+**	Expenditure commitment controls are in place and purchase orders cannot be raised unless there is a budget allocation; however the checks are not against cash availability. Although regulations/instructions are old and not always compliant with legislation, some aspects are valid. However understanding of controls/business processes is a problem and some controls/requirements need updating and others are excessive – 100% pre-audit (being neither effective nor efficient). Evidence of some instances of non-compliance e,g. short banking/security of data/mispostings etc. ***Source: PFMA (2001), Treasury Instructions, Interviews: Accounting Services, Budget, Audit, MESC, MPP, MWTI***
PI-21	Effectiveness of internal audit	**D+**	Internal audit carries out no systems audit and has a limited mandate/no charter. Reports are produced but not always submitted to the SAI and in the case of other ministries to the MoF. Some degree of response is received to the recommendations but follow up is not systematic due to lack of personnel ***Source: Interviews MoF – internal audit, MWTI, MESC***
C(iii)	**Accounting, Recording and Reporting**		
PI-22	Timeliness and regularity of accounts reconciliation	**C**	Accounts (main treasury) are now being reconciled more frequently- currently doing January 2010. Suspense accounts are reviewed but large balances remain unresolved e.g. donor revenue received cannot be correctly posted due to lack of information i.e related project. ***Source: Interviews MoF***
PI-23	Availability of information on resources received by service delivery units	**D**	Neither health nor education maintain data on resources (cash and in-kind) sent/received by service delivery units and no special exercise has been undertaken to assess the situation. ***Source: Interviews MESC, NHS***
PI-24	Quality and timeliness of in-year budget reports	**C+↑**	Monthly reports are prepared at month-end from the Finance One system and sent to ministries. These reports show budget, actual and commitment. Reports on project expenditure are done by the Aid Division from records maintained on excel. Loan-funded projects only report actual expenditure. Ministries also maintain their own reporting system. ***Source: Finance One Interviews MoF (Budget, Aid Coordination, Accounting Services), MESC***
PI-25	Quality and timeliness of annual financial statements	**D+↑**	The timeliness of accounts has improved significantly and for 2008/9 was 6 months from year end, the completeness of data is however an issue as development expenditure is not included, ditto revenue and payment arrears. Accounts are presented in a consistent format according to PFMA but no international accounting standards are used. ***Source: Public Accounts***
C(iv)	**External Scrutiny and Audit**		
PI-26	Scope, nature and follow-up of external audit	**D+↑**	External audit's mandate is primarily financial audits, adherence to international auditing standards is compromised because of lack of independence over operational requirements e.g. personnel/financial and term of chief auditor. Latest audit report tabled within 10 months of year-end, financial statement audited within about 12 months of receipt. Coverage as shown in latest available audit

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
			report < 50% in expenditure terms of ministries including beneficial bodies. ***Source: CCA annual report 2007/2008, Interviews Audit Office***
PI-27	Legislative scrutiny of the annual budget law	**D+**	The legislative assembly has a committee (FEC) to review estimates and procedures exist to guide the committee's deliberations, although they have limited powers and generally only spend 2 – 3 weeks reviewing the estimates before presenting their report to the assembly. At 3% of expenditure, the provision for unforeseen expenditure can allow administrative reallocation and expansion of outputs but not total budget. ***Source: FEC mandate, Interviews FEC,***
PI-28	Legislative scrutiny of external audit reports	**D+**	Examination of the audited financial statements takes more than 12 months to complete.(D) Examination of CCA annual report has taken up to 12 months (C), although the latest review has not been completed. Overall a D has been assigned. Hearings take place but the business committee only receives the annual summary of activity and the finance and expenditure committee only receives the audit opinion and the public accounts. Based on the information provided to them and independence of committee membership, their ability to carry out in-depth hearings is very limited. A D has therefore been assigned. Recommendations are issued, but evidence of systematic implementation is not available. ***Source: Committee mandates, data from assembly, Interviews FEC***
D.	**Donor practices**		
D-1	Predictability of Direct Budget Support	**N/A**	
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	**C**	The major donors provide information on budget estimates for disbursement of project aid, but in the period under review this did not link with the government's specific outputs/sub-outputs. For at least 50% of externally funded projects, information on disbursements is provided by the donors on at least a quarterly basis. The information may not be in accordance with the government's classifications. ***Source: Data from Aid Coordination, Interviews; Aid Coordination, donors***
D-3	Proportion of aid that is managed by use of national procedures	**D**	An analysis of current donor use of government systems and procedures indicates that less than 50% of donor expenditure is managed and reported on through government's own systems. ***Source: Data from Aid Coordination, Interviews; Aid Coordination, donors***

Annex B Summary table on progress made

Indicator	2006	2010	Performance Change	Other factors
A. PFM OUTTURNS: Credibility of the budget				
PI-1. Aggregate expenditure out-turns compared to original approved budget	**A**	**A**	Although there has been no change in score, deviations are lower than in the previous assessment, which recorded deviations of 0.6%, 3.4% and 3.6% in the years 2003/4 – 2005/6.	
PI-2. Composition of expenditure-outturn compared to original approved budget	**C**	**C**	There has been no change in score, and little change in the deviations compared to the earlier assessment, which recorded deviations of 6%, 2% and 8% in the years 2003/4 – 2005/6	
PI-3. Aggregate revenue out-turns compared to original approved budget	**A**	**B**	Although a comparison with the previous assessment shows a slightly worse position, this must be seen in the context of the global financial crisis.	
PI-4 Stock and monitoring of expenditure payment arrears	**C**	**N/R**	Delays in the payment of suppliers remains a challenge, although the situation is believed to be improving. No stock take and the lack of a regular monitoring exercise means that this cannot be validated. Delays in payment of retirement benefits was also noted in this assessment.	The previous assessment concentrated on the payment of tax refunds, which technically does not fall into this indicator as there is no clear date for their payment.
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and transparency				
PI-5 Classification of the budget	**B**	**B**		
PI-6 Comprehensiveness of information included in the Budget	**A**	**B**	There has been no change.	
PI-7 Extent of unreported government operations	**A**	**D+**	The decline in score does not reflect deterioration in performance. In fact there have been several improvements in the recording of data to facilitate improved reporting of project expenditure.	Dimension (ii) was incorrectly assessed. Although, it was correctly identified that there was no information on development expenditure in the public accounts.
PI-8 Transparency of inter-gov. fiscal relations	**N/A**	**N/A**		
PI-9 Oversight of aggregate fiscal risk from other public sector entities	**A**	**B**		
PI-10 Public access to key fiscal information	**C**	**C**	There has been no change.	
C. BUDGET CYCLE:				

Indicator	2006	2010	Performance Change	Other factors
C(i) Policy-based budgeting				
PI-11 Orderliness and participation in the annual budgeting process	A	B+	There has been no deterioration, Cabinet now approves the baselines.	The previous assessment did not consider development expenditure
PI-12 Multi-year perspective in fiscal planning, expenditure policy & budgeting	C	D+↑	The frequency of DSAs has not changed. More sector strategies have been developed but are only partially costed. Since 2006, the introduction of a medium-term forecast has enabled improved recognition of recurrent costs,	Overall, the indicator scores remain the same. Evidence for some of the 2006 dimension ratings is unclear.
C (ii) Predictability and control in budget execution				
PI-13 Transparency of taxpayer obligations and liabilities	B	C+	The situation has not deteriorated since the last assessment	Discussions with taxpayers suggest that the earlier assessment of the tax appeals mechanism was too optimistic.
PI-14 Effectiveness of measures for taxpayer registration and tax assessment	B	C	The situation has not deteriorated since the last assessment.	
PI-15 Effective collection of tax payments	D	D+	There have been no changes since the last assessment	The M1 methodology was applied incorrectly.
PI-16 Predictability in the availability of funds for commitment of expenditures	D	C+↑	Improvements are being made with respect to the introduction of the cash flow committee (thus the upwards arrow)	The previous assessment did not apply the M1 scoring methodology correctly, and therefore a direct comparison between the two scores is not advisable. Evidence for the rating of the second dimension is not clear, as the time horizon for fund release has not changed
PI-17 Recording and management of cash balances, debt and guarantees	B	C+↑	The apparent deterioration in performance is misleading, in fact there have been a number of improvements in debt management and recording.	
PI -18 Effectiveness of payroll controls	B	D+↑	The apparent deterioration in performance is misleading, improvements are being made which will start to improve payroll controls.	In the previous assessment, the M1 methodology was applied incorrectly. The evidence for the earlier rating is unclear, as the situation has not changed. Payroll audits do not take place.
PI-19 Competition, value-for-money & controls in procurement	B+	C↑		The previous assessment may have been overly optimistic.
PI-20 Effectiveness of internal controls for non-salary expenditure	C	D+		In the previous assessment, the M1 methodology was applied incorrectly. Scoring appears to have been incorrect or overly optimistic as no changes have taken place with respect to the expenditure commitment controls
PI-21 Effectiveness of internal audit	D	D+	It appears that reports were previously submitted to the SAI, but this is no longer done.	The M1 methodology was applied incorrectly.
C (iii) Accounting, Recording and Reporting				

Indicator	2006	2010	Performance Change	Other factors
PI-22 Timeliness and regularity of accounts reconciliation	**D**	**C**	A significant improvement has been made in terms of the timeliness of bank account reconciliations	
PI-23 Availability of information on resources received by service delivery units	**B**	**D**		Evidence for the earlier assessment is unclear.
PI-24 Quality, timeliness of in-year budget reports	**A**	**C+↑**	The apparent worsening of performance is misleading, the Finance One system is now working more effectively.	The previous assessment may have been overly optimistic.
PI-25 Quality and timeliness of annual financial statements	**D**	**D+↑**	The timeliness of financial statements has improved significantly.	The methodology M1 was incorrectly applied.
C (iv) External Scrutiny and Audit				
PI-26 Scope, nature, follow up of external audit	**D**	**D+↑**	The Audit Office ISP is enhancing performance, although this has not yet impacted on the score (therefore an upwards arrow).	The methodology M1 was incorrectly applied. Evidence fo the rating of dimension (i) is unclear.
PI-27 Legislative scrutiny of the annual budget law	**D**	**D+**		The methodology M1 was incorrectly applied.
PI-28 Legislative scrutiny of ext. audit reports	**B**	**D+**		The methodology M1 was incorrectly applied.The previous assessment appears to have been scored on what should happen rather than actual practice.
D DONOR PRACTICES				
D-1 Predictability of Direct Budget Support	**N/S**	**N/A**		
D-2 Financial Information provided by Donors for budgeting and reporting on aid	**N/S**	**C**		
D-3 Proportion of aid that is managed by use of national procedures	**N/S**	**D**		

Annex C Terms of Reference

EUROPEAID/ 119860/C/SV/multi

LOT N°: 11
REQUEST N°

SPECIFIC TERMS OF REFERENCE

Training and Undertaking a Public Expenditure and Financial Accountability (PEFA) Assessment for Samoa

1. Background

Over the past decade Samoa has benefited from a stable political situation and a reform agenda to strengthen effective government, leading to a period of steady economic growth. Samoa is well on the way to achieving its Millennium Development Goals. 15% of the population were estimated to be in extreme poverty in 1997. This figure was reduced to 5.5% in 2002. Samoa has also made significant progress in human development since the early 1980s, as indicated by the rise in the human development index (HDI) from 0.705 (1985) to 0.785 (2005) placing it in the medium category at rank 77th among 177 countries.

The Government of Samoa undertook an initial PEFA assessment in October 2006 using an external consultant financed by the EU with the objective of reviewing the quality of the countries Public Finance Management systems in order to assess the possibility of implementing the 10th EDF as budgetary support. The main issues identified from this assessment were the delays in the submission of public accounts and shortcomings in the internal control framework. This assessment has been used in the preparation of a comprehensive Public Finance Reform Programme in 2008 and it has been agreed to measure the progress of the reform process with PEFA assessments to be undertaken every three years. A Task Force has been established within the Ministry of Finance for the management of the PFM Reform process and agreement has been reached with development partners to hold regular annual review meetings on the progress of the PFM Reform Programme. Over the past year financing has been provided from the Public Sector Improvement Facility (PSIF) to commence implementation of a comprehensive PFM reform programme within the Ministry of Finance, the Ministry of Revenue and the Controller and Chief Auditor's Office. The Government has decided to undertake the bulk of the 2009 PEFA assessment using its own staff so that it is a self assessment process, but with support from an external expert to assist with training on the process, the writing up of the results and to provide external verification of the findings. The main donors involved in supporting the PFM Reform programme are the EU, AusAID and NZAID (financing PSIF), ADB and World Bank.

Rationale for the PEFA Assessment: The purpose of the PEFA assessment will be (i) to assist Government in measuring its progress in improving PFM; (ii) to provide guidance in designing the next phase of the PFM reform programme; (iii) helping to increase motivation and understanding of the PFM reform process within Government and; (iv) facilitate and update the dialogue on PFM between Government and donors as well as to encourage development partners to support PFM reform, and to consider the impact of their funding modalities on PFM systems.

2. Description of the Assignment

2.1 Global Objective:

The objective of the mission is to train Government of Samoa officials on the PEFA assessment framework, undertaking a PEFA assessment with a team of Government officials and drafting a comprehensive[29] "Public Financial Management – Performance Report" (PFM-PR) prepared according to the PEFA methodology (see point 5 below). This report should analyse progress achieved in strengthening PFM systems and provide guidance on the priorities and design of the next phase of the reform programme.

2.2 Specific Objectives:

- Train Government officials involved in the assessment on the PEFA framework
- Work in collaboration with assigned Government officials to verify and agree on the performance achieved for each PEFA indicator
- The mission will also provide specific assistance in undertaking an assessment on the impact of donor practices on PFM (Indicators D-2 and D-3)

[29] This PFM PR is composed of the detailed analysis of the 31 indicators of the « PFM Performance Measurement Framework » and of the performance report itself which summarises this analysis of the indicators and includes other elements relevant for the assessment.

- Based on the findings from the assessment draft a Public Financial Management – Performance Report
- Provide recommendations to the Government of Samoa on the progress and quality of the ongoing PFM reforms
- Advise on areas where additional effort and technical support, training and capacity may be required.
- Assist in briefing Government and development partners on the main findings of the assessment

2.3 Requested services and methodology

In line with the Good Practice Guidelines issued by the PEFA Secretariat it is proposed to arrange oversight of the whole PEFA assessment process by the PFM Steering Committee (Chief Auditor, CEO MoF, CEO MoR, CEO Office of the PM, CEO PSC, Governor Central Bank). The Steering Committee will hold meetings with key development partners and the Chamber of Commerce to provide quality assurance for the assessment.
The responsibility for the management of the assessment process should be given to the Chair person of the PFM Task Force (Deputy CEO). The Chairperson will be responsible for the formation of the PEFA assessment team, which will include participation from the following:

- Chief Auditor's Office – One representative
- Ministry of Finance – One representative
- Ministry of Revenue – One representative
- International Consultant – PEFA assessment expert / trainer (EU funded)

The Government officials will work together with the external expert to gather and verify the information for the performance assessment. A team leader from amongst the officials will be appointed to lead the process and interact with the consultant. The Assessment Manager (Deputy CEO) will be responsible for appointing the Team leader
In order to meet the objective of the assessment mission the following tasks shall be carried out:

- Documentation. Before the mission in the partner country the expert prepares a list of the basic documentation that he/she deems necessary for collection and review prior to his arrival in Samoa. The PFM Steering Committee and Task Force will arrange the collection and transmission of this documentation to the expert.

- Training workshop. The mission on the spot will start with a 2 or 3 days information/training workshop gathering all the stakeholders and enabling the latter to understand the challenges and the modalities of the PEFA assessment. This workshop will be run by the experts and its organisation and financing will be taken care of by one of the involved donors. The pedagogical material used by the experts will be that worked out by the PEFA Secretariat and posted on its website. This workshop will comprise: (i) a general session with all the stakeholders aiming at providing a general understanding of what a PEFA assessment is about; (ii) a technical session with the national authorities (government and external control body) to explain the indicators.

- Work-plan: On arrival the experts will work with the counterpart team assigned by Government to prepare a work-plan describing the main steps of the PEFA assessment, notably specifying the list of the interlocutors to meet, the tentatively scheduled meetings and the list of required information not yet collected and to be provided on the spot. This will be submitted for discussion to the national authorities and the involved donors. This work-plan may foresee a mid-term meeting gathering all the stakeholders so as to report on the work's progress and possible difficulties faced. A final debriefing session will be planned.

Methodology

- Document of reference: the expert will work in close coordination with government services involved, to undertake the required analysis while rigorously following the structure, the methodology and the guidelines of the document adopted by the PEFA Steering Committee and entitled "Public Financial Management – Performance Measurement Framework". This document can be found on the website www.pefa.org . The original version of this document is in English.

- Differences in Methodology. If the particular situation of the country requires the addition of specific indicators and/or, for some indicators, to diverge from the prescribed methodology, this shall be duly justified by the experts and require the agreement, during the mission, of the PFM Task Force. In any case, only a very limited number of additional indicators would be acceptable. In this case, as well as for any possible proposed difference in methodology, the experts will ask for the written opinion of the PEFA Secretariat.

- Interpretation. Any question on the interpretation of the guidelines, which the experts cannot resolve with the available documentation, should be addressed to the PEFA Secretariat and to the Headquarter of European Commission
- Supporting information. In the report the experts will justify the scoring and describe, in an annex, for each indicator, the analytical work which has been carried out mentioning the sources of information and documentation used. Furthermore, for each indicator, the experts will mention any possible difficulties encountered during the assessment, the approach used to overcome these difficulties, and, as appropriate, the additional investigative work judged necessary to complete the analysis carried out.

2.4 Required Outputs

Documentation: as described in 2.3

Work plan: as described in 2.3
Draft final PFM Performance Report: based on Annexes 1 and 2 of the above-mentioned PEFA document. The Draft Report will include the detailed analysis of the 31 indicators of the Public Financial Management-Performance Measurement Framework.

Final PFM Performance Report: After reception of the comments on the draft final report the expert will write the final report. It will contain, in an annex, the observations of the government on the points where the latter disagrees with the findings of the experts.
Training workshop: as described in 2.3

Debriefing Session: The expert will present the draft final report including the main findings and reflections which have been developed in the draft report at the end of the field mission.

3. Experts Profile

3.1 Number of requested experts per category and number of days per expert

The study will require one Category II expert. An input of 29 working days excluding travel days is required. Travel days must be indicated separately. The input of 29 working days consists of 24 days field mission in Apia, Samoa, 2 days for desk study and preparation prior of the field mission and 3 days for finalising the final report. Payment will be based on a 6 day working week while in Samoa. Saturdays are included for analysis of documentation and report writing. Sundays are not considered as working days.

3.2 Profile Required

One category II expert in public finance management specialist is required.
Category II

Qualifications and skills

He/she must have a higher degree in economics or similar, with other professional qualifications being an advantage.

General professional experience

He/she must have at least 10 years post-graduate professional experience in the area relevant to the assignment.

Specific professional experience

He/she must have extensive experience in public budgeting, public sector auditing, revenue administration, training/ capacity building on PFM reform and experience with undertaking PEFA assessments.
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.

Language skills

He/she must be computer literate and fluent in written and oral English.

3.3 Working Language

The working language of the assignment will be English

4. Location and Duration of the assignment

4.1 Starting period

The indicative starting date of the field mission is mid September to beginning October. The field mission of the expert has to start the latest at 07 October 2009.

4.2 Duration

An input of 29 working days excluding travel days is required. Travel days must be indicated separately. The input of 29 working days consisting of 24 days field mission in Apia, Samoa, 2 days for desk study and preparation prior to the field mission and 3 days for finalising the final report. Payment will be based on a 6 day working week while in Samoa. Saturdays are included for analysis of documentation and report writing. Sundays are not considered as working days.

4.3 Location of assignment

The Location of the 24 days field mission (excluding travel days) is Apia, Samoa.

5. Reporting

5.1 Content

Documentation: as described in 2.3

Work plan: as described in 2.3
Draft final PFM Performance Report: based on Annexes 1 and 2 of the above-mentioned PEFA document. The Draft Report will include the detailed analysis of the 31 indicators of the Public Financial Management-Performance Measurement Framework.
Final PFM Performance Report: After reception of the comments on the draft final report the expert will write the final report. It will contain, in an annex, the observations of the government on the points where the latter disagrees with the findings of the experts.

5.2 Language

English

5.3 Submission/comments timing

Work plan: to be submitted to the national authorities, the European Commission and other involved donors within the first 6 working days of the field mission.
Draft final PFM Performance Report: to be submitted to the Government of Samoa and the European Commission for comments. The expert has to present the draft final report as part of the final debriefing session at the end of the field mission.

Within 15 calendar days following the reception of the draft final PFM Performance Report, the stakeholders (donors, government) will send their comments to the experts.

Final PFM Performance Report: Within 15 days after the reception of the comments, the experts will submit the final report to the Government of Samoa and the European Commission.

5.4 Number of report copies

Copies must be submitted in soft copy as Microsoft Office documents compatible with MS Office 2003.

6. Administrative Information

- The consultant will be provided with work space within the Ministry of Finance. The consultant will be expected to provide his own laptop computer for the assignment but will be provided with printing/photocopying facilities as needed.
- No tax or VAGST will be payable to the Samoan authorities under this contract

Annex D Interviewees and Workshop Attendees

Name	Institution/division	Position
Ministry of Finance		
Tupa'i Iulai Lavea	Ministry of Finance	Chief Executive Officer (CEO)
Foketi Imo	Operational Management	Deputy CEO
Noumea Simi	Aid Coordination and Loans Management Division	Assistant CEO
Ms Lita I'amafana	Aid Coordination and Loans Management Division	Principal Officer
Ms Peresitene Kirifi	Aid Coordination and Loans Management Division	Senior Officer
Nicholas Roberts	Aid Coordination and Loans Management Division	Budget Support Advisor
Noelani Tapu	Aid Co-ordination & Loans Management	Principal Officer
Justina Sau	State Owned Enterprises Monitoring Division (SOEMD)	ACEO
Elita Tooala	SOEMD	Principal Officer
Fogapoa Samoa	SOEMD	
Ipiniu Filipo	SOEMD	
	Accounting Services and Financial Reporting Division	
Rosita Mauai	Accounting Services and Financial Reporting Division	ACEO
Jenny Sinclair	√	Public Accounts Advisor
Olivetti Tua-Bentin	√	Principal Officer – Cashflow
Tevaga Filipo Ah Kau	√	Principal Officer - Payroll
Juliana Sua	√	Principal Officer – Receipting & Bank Accounts
Betty Taulapapa	√	Senior Accountant
Lanuola Leaupepe	√	Senior Accountant
Litara Taulealo	Economic Planning and Policy Division	Principal Officer
Abigail Lee Hang	Economic Planning and Policy Division	Senior Officer
Maliliga Peseta	Economic Planning and Policy Division	
Henry Ah Ching	Budget Division	Principal Budget Officer
Samuel Ieremia	Budget Division	Principal Budget Officer
Relina Stowers	Budget Division	Senior Budget Officer
Public Bodies (Trading and Beneficial)		
Ray Hunt	National Health Services	Financial Controller
Leve Fau	National Health Services	Principal Management Accountant
	Samoa Water Authority	
Pule Tufuga Ah Sam	Samoa Water Authority	
Sector Ministries		
Maria Mah Sin	Ministry of Education, Sports and Culture	Principal Administration Officer
Melaia Reid	MESC	Principal Accountant
Enoka Enoka	MESC	Principal Project Accountant
Lautimua Afoa Uelese Vaai	Ministry of Police and Prisons	Director Corporate and Strategic Services
Seieli Seti Ah Young	Ministry of Police and Prisons	Assets Manager
Tantua Tafu Westahind	Ministry of Police and Prisons	HR Manager
Vitilevu Simah	Ministry of Police and Prisons	Principal Finance Officer
Vaaelua Poloma Komiti	Ministry of Works, Transport and Infrastructure (MWTI)	CEO
Magele Hoe Viali	Ministry of Works, Transport and Infrastructure	Director of Civil Aviation, Civil Aviation Division
Lotomau Tomana	MWTI	ACEO Maritime
Mose Mosile	MWTI	ACEO Corporate Services
Fetu Setu	MWTI	Internal Auditor

Name	Institution/division	Position		
Leafi Toeta	MWTI	P/HR Officer		
Luu Amosa Ponoa	MWTI	ACEO - LTA		
Ministry for Revenue				
Pitolau Lusia Sefo Leau	Ministry for Revenue	CEO		
Auelua Apoiliu Warren	Ministry for Revenue	Deputy CEO		
Ieni Sheppard	Ministry for Revenue	Principal Officer: Audit & Investigations		
Tavae Taulealo	Ministry for Revenue	Principal Officer: Taxpayer Services		
Meiapo Faasau	Ministry for Revenue	Principal Legal Officer		
Audit Office				
Mr Tamaseu Leni Warren	Audit Office	CCA		
Fuimaono Afele	Audit Office	Deputy CCA		
Dennis Chan Tung	Audit Office	Assistant CCA		
Office of the Ombudsman				
Maualaivao Seiuli	Ombudsman's Office	Deputy Ombudsman		
Parliament				
Tapuai Sepulona Moananu	Finance and Expenditure Committee	Deputy Chairman		
Charlene Malele	Parliament	Deputy Clerk		
Donors				
Ian Bignall	AusAID	Counsellor Development Corporation		
Azaria Lesa Ah Kau	AusAID	Corporate/Finance Manager Development Corporation		
Thomas Opperer	Delegation of the European Union for the Pacific	Attaché Head of Technical Office		
Maeve Betham- Vaai	World Bank./ ADB joint Samoan Liaison Office	Liaison Officer		
Peter Zwart	New Zealand High Commission	First Secretary Development		
Christine Saaga	New Zealand High Commission	MFAT NZAID Development Programme Coordinator		
Civil society				
Roina Vavatau	SUNGO	CEO		
Vasssiliifiti Moelagi Jackson	SUNGO	President		
Katrina Eseia	SUNGO	Finance Officer		
Raymond Voigt	SUNGO	Treasurer		
Private sector				
Papalii Grant Percival	Samoa Association of Manufacturers and Exporters	President / Executive Council Member of Chamber of Commerce		
Arthur R Penn	Lesa ma Penn, Certified Public Accountants	Partner		
Workshop attendees			**1**	**2**
Lusia Sefo Leau	Ministry for Revenue	CEO	✓	✓
Vausa Epa	Prime Minister's Office	CEO	✓	
Foketi Imo Evalu	Ministry of Finance	DCEO	✓	✓
Auelua Apoiliu Warren	Ministry of Revenue	DCEO (Inland Revenue Service	✓	
Lutaia Taukalo	MoF	Principal Planning Office	✓	
Mose Musile	MWTI	PA	✓	
Katrina Eseia	SUNGO	Finance Officer	✓	
T. Magnesaga	MoF	Assistant CEO-Internal Audit	✓	
Vaasiliifiti Jackson	SUNGO	President	✓	
A.K. Filipu	MoF	PP Officer	✓	
Kolisi Sinamas	CBS	Assistant Manager	✓	
Dennis Chan Ting	Audit Office	Assistant Controller & Chief Auditor	✓	✓
Cecilia Taefu	Audit Office	Senior Auditor	✓	✓
Fuimaono Afele	Audit Office	Deputy Controller and Chief Auditor	✓	
Rosita Mauai	MoF	Assistant CEO Accounts	✓	✓
Jenny Sinclair	MoF	Technical Adviser	✓	✓
Ronnie Aiolupotesa	MoF	Assistant CEO - IT	✓	

Name	Institution/division	Position		
Thomas Opperer	EU	EU Office	✓	✓
Naama Sinei	MoF	Senior Accounts Officer	✓	
Gilbert Wongsin	Central Bank	Manager FID	✓	✓
Heather Wrathall	AusAID		✓	
Meredith Meipo	AusAID		✓	
Asenah Tuiletufua	AusAID		✓	✓
Ian Bignall	AusAID		✓	✓
Azaria Lesa	AusAID		✓	✓
Pepe Faaopoopo	AusAID		✓	
Frances Schuster	AusAID		✓	
Misileh Satuala	AusAID		✓	
Litia Brighouse	Chamber of Commerce	Executive Officer	✓	✓
Honsol Chan Tung	MoF	Accountant	✓	✓
Sarauati Lito	MoF	Accountant	✓	
Kalavitu Mavalaitu	Public Service Commission	Assistant CEO-CSU	✓	
Rosalini Moli	MoF	P Investigating Officer	✓	
Leota Aliielua Salani	SBS	Assistant CEO-SBS	✓	✓
Lae Siliva	SBS		✓	✓
Soane Leota	MoF		✓	
Ian Filemu	MoR		✓	✓
Samuel Iereania	MoF	Principal Budget Officer	✓	✓
Lisi Asuas	MCIL	PAAO	✓	
Noelani Tapu	MoF	PO (Aid	✓	✓
Lita Iamafana	MoF	PO (Aid)	✓	
Marva Vaai	WB/ADB	Liaison Officer	✓	✓
Melaia Reed	MESC	PA	✓	✓
N. Soteria	MoF	Principal Budget Officer	✓	
Veronica Lei	MCIL	Assistant CEO	✓	
Betty Taulafafa	MoF	Accountant Expenditure	✓	
Lina Esera	MAF	Principal Accountant	✓	
Nafanua Ngau Chan	MoH	Senior Accountant	✓	
T. Sosefina	MoH	Principal Policy Analyst	✓	
Nick Roberts	MoF	TA	✓	✓
Henry Ah Ching	MoF	Principal Budget Officer	✓	
Lubuto Siaosi	MoF	Senior Budget Officer	✓	✓
Arthur R Penn	Lesa ma Penn, Certified Public Accountants	Partner	✓	
Jennifer Fruean	Chamber of Commerce	Treasurer		✓
Maualaivao Seiuli	Ombudsman			✓
Raymond Voigt	SUNGO	Treasurer		✓
Peter Zwart	NZ High Commission	NZAID Manager		✓
Christine Saaga	NZ High Commission	Development Programme Coordinator		✓
Anthony Higgins	MoF	PFM Adviser		✓
Steve Gurr	MoF	PFM Adviser		✓

Annex E List of documents consulted

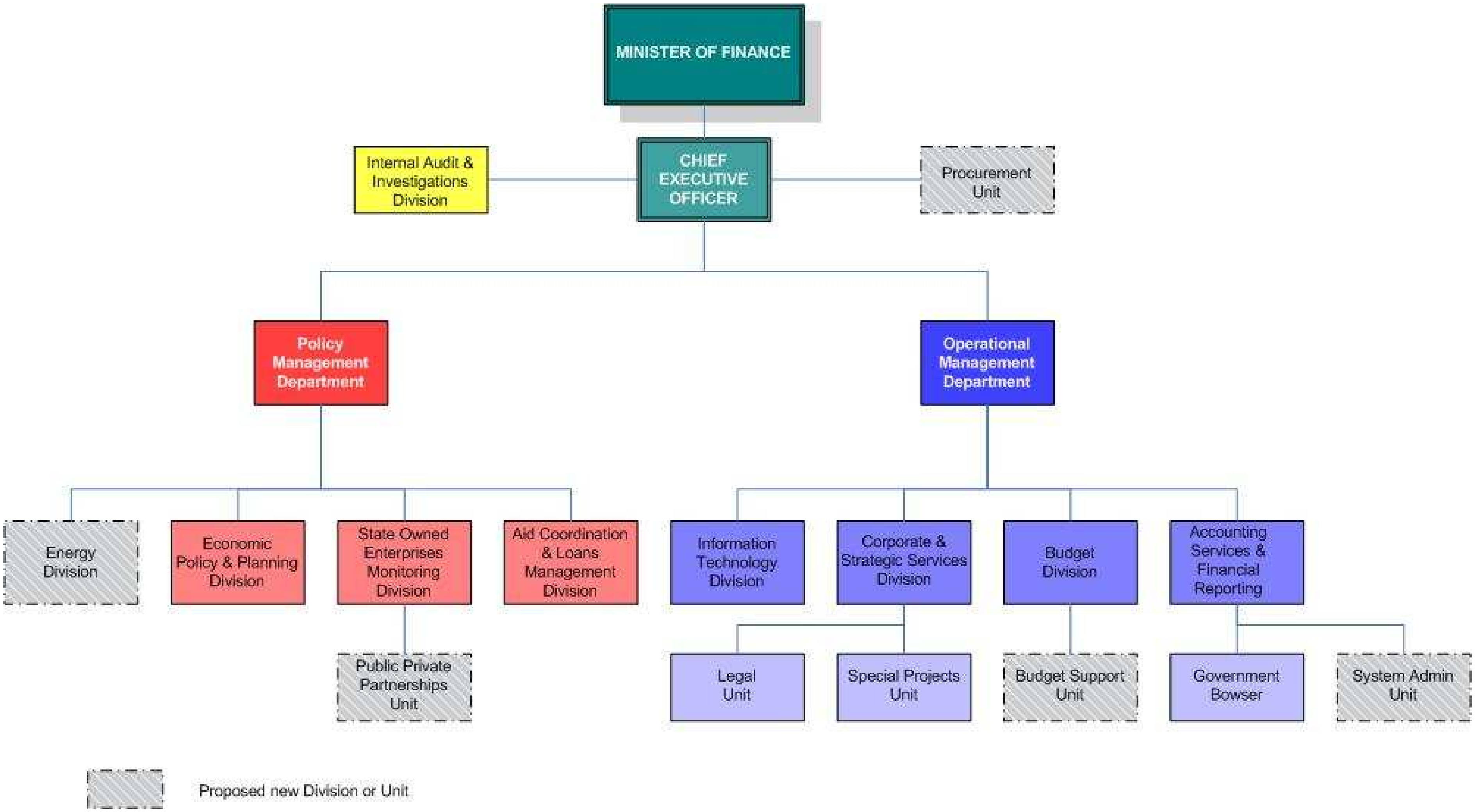
Title	Author	Date
Laws and regulations		
Public Bodies (Performance and Accountability) Act	Government of Samoa	2001
Public Bodies (Performance and Accountability)Regulations	Government of Samoa	2002
Appropriation 2008-09	Government of Samoa	2008
Appropriation 2006-07	Government of Samoa	2006
Appropriation 2007-08	Government of Samoa	2007
Appropriation 2009-10	Government of Samoa	2009
Constitution of the Independent State of Samoa	Government of Samoa	(Reprinted) 2001
Customs and Excise Amendment Act	Government of Samoa	2002
Customs and Excise Amendment Act	Government of Samoa	2007
Income Tax Administration Amendment Act	Government of Samoa	2006
Loan Authorisation Act	Government of Samoa	2007
Money Laundering Prevention Act	Government of Samoa	2007
Public Finance Management Act	Government of Samoa	2001
Public Finance Management Amendment Act	Government of Samoa	2005
Public Finance Management Amendment Act	Government of Samoa	2008
Value Added Goods And Services Tax Act	Government of Samoa	1992
Value Added Goods And Sales Tax Amendment Act	Government of Samoa	1999
Business Licences Act	Government of Samoa	1998
Income Tax	Government of Samoa	2008
Income Tax Administration	Government of Samoa	2008
Guidelines for Government Procurement and Contracting: Goods and Works	Ministry of Finance	Jun 2008
Manual on Project Planning and Programming (edition 2009)	Government of Samoa	Jun 2009
Financial Statements/Reports		
Public Accounts 2003-04	Ministry of Finance	2004
Public Accounts 2004-05	Ministry of Finance	2005
Public Accounts 2005-06	Ministry of Finance	2006
Public Accounts 2006-07	Ministry of Finance	
Public Accounts 2007-08 (un-audited)	Ministry of Finance	
Public Accounts 2008-09 (un-audited)	Ministry of Finance	2009
Public Bodies (2008 un-audited statements)	Ministry of Finance	2008
Public Bodies – Guidelines for Annual Reports	Ministry of Finance	Date unknown
Pubic Bodies – Compliance Schedule for Annual Report	Ministry of Finance	2008
Budget formulation and execution documents		
First Supplementary Estimates of Receipts and Payments	Parliamentary Paper no 02	2008-09
First Supplementary Estimates of Receipts and Payments	Parliamentary Paper no 88	2009-10
2009-10 Budget Address	Government of Samoa	29 May 2009
Economic Statement to Support 2007-08 Budget	Ministry of Finance	2007
First Supplementary Budget Address	Government of Samoa	07 Dec 2009
Fiscal Strategy Statement 2009-10 Budget	Government of Samoa	29 May 2009
Fiscal Strategy Statement 2008-09 Budget	Government of Samoa	30 May 2008
Fiscal Strategy Statement 2007-08 Budget	Government of Samoa	
The GDP Report	Government of Samoa	Dec 2006
Quarterly Economic Review (Jan-Mar 2009)	Ministry of Finance	Jul 2009
Quarterly Economic Review (Apr-Jun 2009)	Ministry of Finance	Oct 2009
PFM Reform Plan- Budget Performance Monitoring	Government of Samoa	Sep 2009
PFM Reform Plan – Budget/Forward Estimates (MTEF)	Government of Samoa	Nov 2009
Approved estimates of receipts and payments of the government of Samoa FY ending 30th June 2010	Ministry of Finance	
2009/2010 Budget Address	Minister of Finance	May 2009
Approved estimates of receipts and payments of the government of Samoa FY ending 30th June 2009	Ministry of Finance	
2008/2009 Budget Address	Minister of Finance	30th May 2008
Approved estimates of receipts and payments of the government of Samoa FY ending 30th June 2008	Ministry of Finance	
2007/2008 Budget Address	Minister of Finance	30th May 2007
Preparation of the 2008/2009 Budget and forward estimates – Treasury Budget Circular Memorandum No' 3	Ministry of Finance	3 March 2008

Title	Author	Date
Budget and Forward Estimates Annual Cycle for FY 2008/2009	Ministry of Finance	
Policy documents		
Ministry of Finance Corporate Plan 2008-2012	Ministry of Finance	2008
Medium Term Debt Strategy	Ministry of Finance	2009
Strategy for the Development of Samoa (2008-12)	Government of Samoa	May 2008
PFM Reform Reports		
Financial Management System	Government of Samoa	Jun 2009
Inception Report by Public Accounts Advisor	Government of Samoa	1 Jul 2009
Progress Report (Jul-Sep 2009)	Government of Samoa	1 Oct 2009
PFM Reform Plan	Ministry of Finance	2008
PFM Reform Programme: Progress Report	Ministry of Finance	Nov 2009
Institutional Strengthening of Ministry Of Revenue – Project Identification Brief	Ministry of Revenue	2010
Public Debt Management in Samoa	Ministry of Finance	24 Aug 2009
Audit Office reports		
Organisational Structure of Audit Office	Audit Office	29 Jun 2006
Report of the Controller and Chief Auditor to the Legislative Assembly 1 July 2007 – 30th June 2008	CCA	22nd January 2009
Internal audit reports		
Internal Audit in the Government of Samoa	Conleth Heron (ADB)	Date unknown
Sector documents		
Sector Planning Manual for Samoa (edition 2009)	Government of Samoa	Jun 2009
Donor Documents		
Inland Revenue Authority: Institutional and Situation Analysis	AusAID	Jul 2007
Assessment of the Macroeconomic Policy Framework	European Commission	May 2009
Request for Disbursement under Rapid-Access Component of the Exogenous Shocks Facility	IMF	Nov 2009
Samoa: Report on the Observance of Standards and Codes – Fiscal Transparency Module	IMF	Mar2005
Samoa Social and Economic Report 2008: Continuing Growth and Stability	ADB	Jan 2009
Thematic Review on Provisions and Practices to curb Corruption in Public Procurement	ADB/OECD	Date unknown
Samoa Public Financial Management Performance Report	Linpico	October 2006
Debt Management Performance Assessment (DeMPA) Wrap up presentation	World Bank	January 27th 2010
Debt Management Performance Assessment (DeMPA)	World Bank	January 2010
Legislative Assembly		
"Jurisdiction Reports"	Finance & Expenditure Committee	Feb 2009

Annex F Structure of the Public Sector

Samoa Public Sector			
Constitutional Bodies	**Ministries**	**State Owned Enterprises**	
Attorney General	Agriculture & Fisheries	**Public Beneficial Bodies**	**Public Trading Bodies**
Legislative Assembly	Commerce, Industry & Labour	Samoa Fire & Emergency Services Authority	Agriculture Store Corporation
Ombudsman	Communications & IT	National Kidney Foundation	Samoa Airport Authority
Electoral Commission	Education, Sports and Culture	Samoa Qualifications Authority	Development Bank of Samoa
Audit Office	Finance	Scientific Research Organisation of Samoa	Electric Power Corporation
Public Service Commission	Foreign Affairs & Trade	National University of Samoa	Samoa Housing Corporation
Bureau of Statistics	Health	Samoa Sports Facilities Authority	Land Transport Authority
Statutory Bodies	Justice & Courts Administration	Samoa Tourism Authority	Polynesian Airlines
Office of the Regulator	Natural Resources & Environment	National Health Service	Public Trust Office
	Police & Prisons	**Public Mutual Bodies**	Samoa Land Corporation
	Prime Minister & Cabinet	Samoa National Provident Fund	Samoa Port Authority
	Revenue	Accident Compensation Corporation	Samoa Shipping Corporation
	Women, Community & Social Dev.	Samoa Life Assurance Corporation	Samoa Post Limited
	Works, Transport & Infrastructure		Samoa Shipping Services
			SamoaTel
			Samoa Trust Estates Corporation
			Samoa Water Authority

Annex G Organisation Structure – Ministry of Finance



Annex H Budget v Actual Comparison

Data for Year 2006/07					
Functional head	**Original Budget**	**Actual Expenditure**	**Difference (Bud & Act)**	**Absolute Deviation**	**Percent Deviation**
Agriculture	12,020,782	11,077,363	(943,419)	943,419	7.8%
Commerce Industry and Labour	8,284,681	8,180,532	(104,149)	104,149	1.3%
Communications & IT	2,796,753	3,274,677	477,924	477,924	17.1%
Education, Sports & Culture	97,210,632	99,982,550	2,771,918	2,771,918	2.9%
Finance	63,580,234	60,305,912	(3,274,322)	3,274,322	5.1%
Foreign Affairs and Trade	15,982,506	15,377,248	(605,258)	605,258	3.8%
Health	47,449,156	49,617,866	2,168,710	2,168,710	4.6%
Justice and Courts Administration	6,416,836	5,587,357	(829,479)	829,479	12.9%
Natural Resources & Environment	12,897,809	12,040,727	(857,082)	857,082	6.6%
Police & Prisons	17,803,553	15,910,799	(1,892,754)	1,892,754	10.6%
Prime Minister	5,761,352	6,528,250	766,898	766,898	13.3%
Revenue	6,848,349	6,220,058	(628,291)	628,291	9.2%
Works, Transport & Infrastructure	43,526,734	57,360,301	13,833,567	13,833,567	31.8%
Women, Community & Social Development	8,350,047	7,824,894	(525,153)	525,153	6.3%
AG's Office	2,073,299	1,662,424	(410,875)	410,875	19.8%
Audit Office	1,652,980	1,431,311	(221,669)	221,669	13.4%
Legislative Assembly	3,888,116	3,768,920	(119,196)	119,196	3.1%
Ombudsman's Office	361,835	309,658	(52,177)	52,177	14.4%
Public Services Commission	2,507,690	2,192,636	(315,054)	315,054	12.6%
Electoral Commission	1,284,175	1,104,065	(180,110)	180,110	14.0%
Stat exp + Unforeseen exp	27,272,865	25,533,560	(1,739,305)	1,739,305	6.4%
Total Expenditure Deviation	**387,970,384**	**395,291,108**	**7,320,724**	**7,320,724**	1.9%
Composition Variance	**387,970,384**	**395,291,108**		**32,717,310**	8.4%

Data for Year 2007/08					
Functional head	**Original Budget**	**Actual Expenditure**	**Difference (Bud & Act)**	**Absolute Deviation**	**Percent Deviation**
Agriculture	11,704,479	10,788,986	(915,493)	915,493	7.8%
Commerce Industry and Labour	12,271,095	11,953,333	(317,762)	317,762	2.6%
Communications & IT	3,710,324	3,571,535	(138,789)	138,789	3.7%
Education, Sports & Culture	112,665,219	105,035,741	(7,629,478)	7,629,478	6.8%
Finance	51,641,398	55,661,390	4,019,992	4,019,992	7.8%
Foreign Affairs and Trade	16,363,554	15,589,252	(774,302)	774,302	4.7%
Health	59,837,048	58,091,260	(1,745,788)	1,745,788	2.9%
Justice and Courts Administration	8,062,185	6,945,034	(1,117,151)	1,117,151	13.9%
Natural Resources & Environment	19,811,426	18,005,165	(1,806,261)	1,806,261	9.1%
Police & Prisons	20,258,666	17,747,474	(2,511,192)	2,511,192	12.4%
Prime Minister	6,466,471	6,163,568	(302,903)	302,903	4.7%
Revenue	8,149,551	8,194,064	44,513	44,513	0.5%
Works, Transport & Infrastructure	69,968,965	73,082,267	3,113,302	3,113,302	4.4%
Women, Community & Social Development	8,292,616	7,760,157	(532,459)	532,459	6.4%
AG's Office	2,379,959	1,861,051	(518,908)	518,908	21.8%
Audit Office	2,243,245	2,049,887	(193,358)	193,358	8.6%
Legislative Assembly	2,612,179	2,457,985	(154,194)	154,194	5.9%
Ombudsman's Office	387,402	357,511	(29,891)	29,891	7.7%
Public Services Commission	2,585,124	2,318,670	(266,454)	266,454	10.3%
Electoral Commission	1,302,684	1,112,855	(189,829)	189,829	14.6%
Stat exp + Unforeseen exp	29,481,652	36,510,086	7,028,434	7,028,434	23.8%
Total Expenditure Deviation	**450,195,242**	**445,257,271**	**(4,937,971)**	**4,937,971**	**1.1%**
Composition Variance	**450,195,242**	**445,257,271**		**33,350,453**	**7.4%**

Data for Year 2008/09					
Functional head	Original Budget	Actual Expenditure	Difference (Bud & Act)	Absolute Deviation	Percent Deviation
Agriculture	12,366,124	12,653,989	287,865	287,865	2.3%
Commerce Industry and Labour	13,087,534	13,307,150	219,616	219,616	1.7%
Communications & IT	4,778,053	4,549,257	(228,796)	228,796	4.8%
Education, Sports & Culture	75,627,642	69,174,802	(6,452,840)	6,452,840	8.5%
Finance	56,665,404	60,051,463	3,386,059	3,386,059	6.0%
Foreign Affairs and Trade	19,395,087	18,561,548	(833,539)	833,539	4.3%
Health	70,074,380	71,249,228	1,174,848	1,174,848	1.7%
Justice and Courts Administration	8,380,486	8,316,122	(64,364)	64,364	0.8%
Natural Resources & Environment	22,115,704	22,470,060	354,356	354,356	1.6%
Police & Prisons	19,776,546	18,809,435	(967,111)	967,111	4.9%
Prime Minister	7,683,470	7,835,114	151,644	151,644	2.0%
Revenue	8,900,943	8,417,615	(483,328)	483,328	5.4%
Works, Transport & Infrastructure	63,085,206	73,264,601	10,179,395	10,179,395	16.1%
Women, Community & Social Development	8,251,011	7,994,446	(256,565)	256,565	3.1%
AG's Office	3,267,191	2,831,854	(435,337)	435,337	13.3%
Audit Office	2,593,988	2,511,473	(82,515)	82,515	3.2%
Legislative Assembly	2,776,991	3,320,589	543,598	543,598	19.6%
Ombudsman's Office	415,053	445,733	30,680	30,680	7.4%
Public Services Commission	3,007,564	2,753,845	(253,719)	253,719	8.4%
Electoral Commission	1,289,243	1,195,320	(93,923)	93,923	7.3%
Stat exp + Unforeseen exp	35,764,761	36,742,480	977,719	977,719	2.7%
Total Expenditure Deviation	**439,302,381**	**446,456,124**	**7,153,743**	**7,153,743**	**1.6%**
Composition Variance	**439,302,381**	**446,456,124**		**27,457,817**	**6.3%**

Year	For PI-1 Total Expenditure Deviation	Total Expenditure Variance	For PI-2 Variance in Excess of Total Deviation
2006/07	1.9%	8.4%	6.5%
2007/08	1.1%	7.4%	6.3%
2008/09	1.6%	6.3%	4.6%

Annex I Timescale for public accounts, audit and scrutiny

Timescale for Audit and Legislative Scrutiny of Financial Statements												
Financial Year End	MINISTRY OF FINANCE			AUDIT OFFICE			LEGISLATIVE ASSEMBLY			PUBLIC		Total Time since Financial Year End
	Draft Preparation for Audit			Preparation of Opinion			Tabling Public Accounts		FEC	Availability to Public		
	Legislative Obligation	Date Submitted	Actual Time[1]	Legislative Obligation	Date Issued	Time since Receipt	Legislative Obligation	Date tabled	Debated	Legislative Obligation	Date Published	
30 Jun 2005	Within 4 Months of Financial Year end	16 Oct 06	16 Months	Within 6 Months of Financial Year end	15 Aug 07	10 Months	Time/date for Submission to Speaker not Specified	19th Jan 09	Yet to report	Available to public once Tabled		N/A
30 Jun 2006		10 Oct 07	16 Months		25 Sep 08	11 Months		19th Jan 09				N/A
30 Jun 2007		11 Sep 08	15 Months		16 Nov 09	13 Months		Not tabled				N/A
30 Jun 2008		24 Sep 09	15 Months		In Progress	Not Known						N/A
30 Jun 2009		19 Dec 09	6 Months		In Progress	Not Known						N/A

Time scale for Legislative Scrutiny of Audit Report						
Financial Year End	Legislative Obligation	Period of Report	Submission of Audit Report by CCA	Date tabled	Report by Business Committee to Assembly	Date available to Public
30 Jun 2004	Annually (Time Frame not Specified)	Jul 03 – Jun 04	10 Aug 06			
30 Jun 2005		Jul 04 – Dec 06	27 Aug 07	22 Oct 07	5 May 08	
30 Jun 2006						
30 Jun 2007		Jan 07 – Jun 07	13 May 08	30 May 08	17Nov 08	
30 Jun 2008		Jul 07 – Jun 08	22 Jan 09	29 May 09	No report	