



SAMOA

Public Expenditure Financial Accountability Assessment

JULY 2019

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Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report



The PEFA Secretariat confirms that this report meets the PEFA quality assurance requirements and is hereby awarded the '**PEFA CHECK**'.

PEFA Secretariat
July 18, 2019

SAMOA

PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY (PEFA) PERFORMANCE ASSESSMENT REPORT

Based on PEFA 2016 Framework

September 2018

V 2.0

Final Version for Peer Review

Successive assessment

Indicative exchange rates

1 United States Dollar = 2.595 Samoan Tala
(As at November 2018)

Fiscal Year

1 July to 30 June

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Abbreviations and Acronyms

Acronym	Full Title
ACDMD	Aid Coordination and Debt Management Division
ADB	Asian Development Bank
AFRD	Accounting and Fiscal Reporting Division
AITD	Audit and Investigations Team Division
ASYCUDA	United Nations Conference on Trade and Development Automated System for Customs Data
OAG	Office of the Auditor General
BPFD	Budget and Fiscal Policy Division
BCG	Budgetary Central Government
BMR	Budget Monitoring Report
CBS	Central Bank of Samoa
CDC	Capital Development Committee
CMC	Cash Management Committee
COA	Chart of Accounts
COSO	Committee of Sponsored Organizations of the Treadway Commission
CG	Central Government
CRICD	Climate Resilience Investment and Coordination Division
CRMC	Compliance Risk Management Committee
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CTB	Central Tender Board
DBS	Development Bank of Samoa
DFAT	Australian Department of Foreign Affairs and Trade
DMS	Debt Management Strategy
EBU	Extra Budgetary Unit
EFTPOS	Electronic Funds Transfer at Point of Sale
EPCD	Energy Policy and Coordination Division
EPPD	Economic Policy and Planning Division
EU	European Union
FEC	Finance and Expenditure Committee
FMIS	Financial Management Information System
GDP	Gross Domestic Product
GFS	Government Finance Statistics
IAUs	Internal Audit Units
IAID	Internal Audit and Investigations Division
IDI	International Organization of Supreme Audit Institutions Development Initiative
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Auditing
JPAM	Joint Policy Action Matrix
KPI	Key Performance Indicator
MCIP	Ministry Compliance Improvement Plan
MFAT	New Zealand Ministry of Foreign Affairs and Trade
MFC	Macroeconomic Forecasting Committee
MoC	Ministry of Commerce
MoE	Ministry of Education

Acronym	Full Title
MoF	Ministry of Finance
MoH	Ministry of Health
MoIL	Ministry of Industry and Labor
MfR	Ministry of Revenue
MoPE	Ministry of Public Enterprises
MPs	Members of Parliament
MPCC	Macro-economic Policy Coordination Committee
MTDS	Medium Term Debt Strategy
MTEF	Medium Term Expenditure Framework
MTF	Medium Term Framework
NHS	National Health Services
PASAI	Pacific Association of Supreme Audit Institutions
PDI	Public Debt Interest
PEFA	Public Expenditure and Financial Accountability Assessment
PER	Public Expenditure Review
PFM	Public Financial Management
PFMA	Public Financial Management Act
PFMFSCD	PFM and Finance Sector Coordination Division
PFMRP	Public Finance Management Reform Plan
PFTAC	Pacific Financial Technical Assistance Centre
PPPM	Project Planning and Programming Manual
PSA	Public Service Act
PSC	Public Service Commission
PSIP	Public Sector Investment Program
QSR	Quarterly Summary Report
RMS	Revenue Management System
SAI	Supreme Audit Institution
SAT	Samoa Tala
SBS	Samoa Bureau of Statistics
SDS	Strategy for Development of Samoa
SFE	Statement of Forward Estimates
SERFM	Samoa Economic and Revenue Forecasting Model
SES	Statement of Economic Strategy
SMERF	Samoa Monitoring, Evaluation and Reporting Framework
SNPF	Samoa National Provident Fund
SOE	State Owned Enterprise
TIN	Tax Identification Number
USD	United States Dollar
VAGST	Valued Added Goods and Services Tax
WL	Weakest Link

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At the request of the Authorities of Samoa, a technical assistance mission visited Apia during 30 July – 10 August 2019, to assist the government to conduct a public financial management (PFM) review by using the PEFA framework.

This report was prepared by an International Monetary Fund (IMF) Pacific Financial Technical Assistance Centre (PFTAC) team consisting of Richard Neves, Celeste Kubasta, Barend de la Beer, Paula Uluinaceva, Aisake Eke and Aholotu Palu.

This assessment was conducted in collaboration with the Samoan Ministry of Finance.

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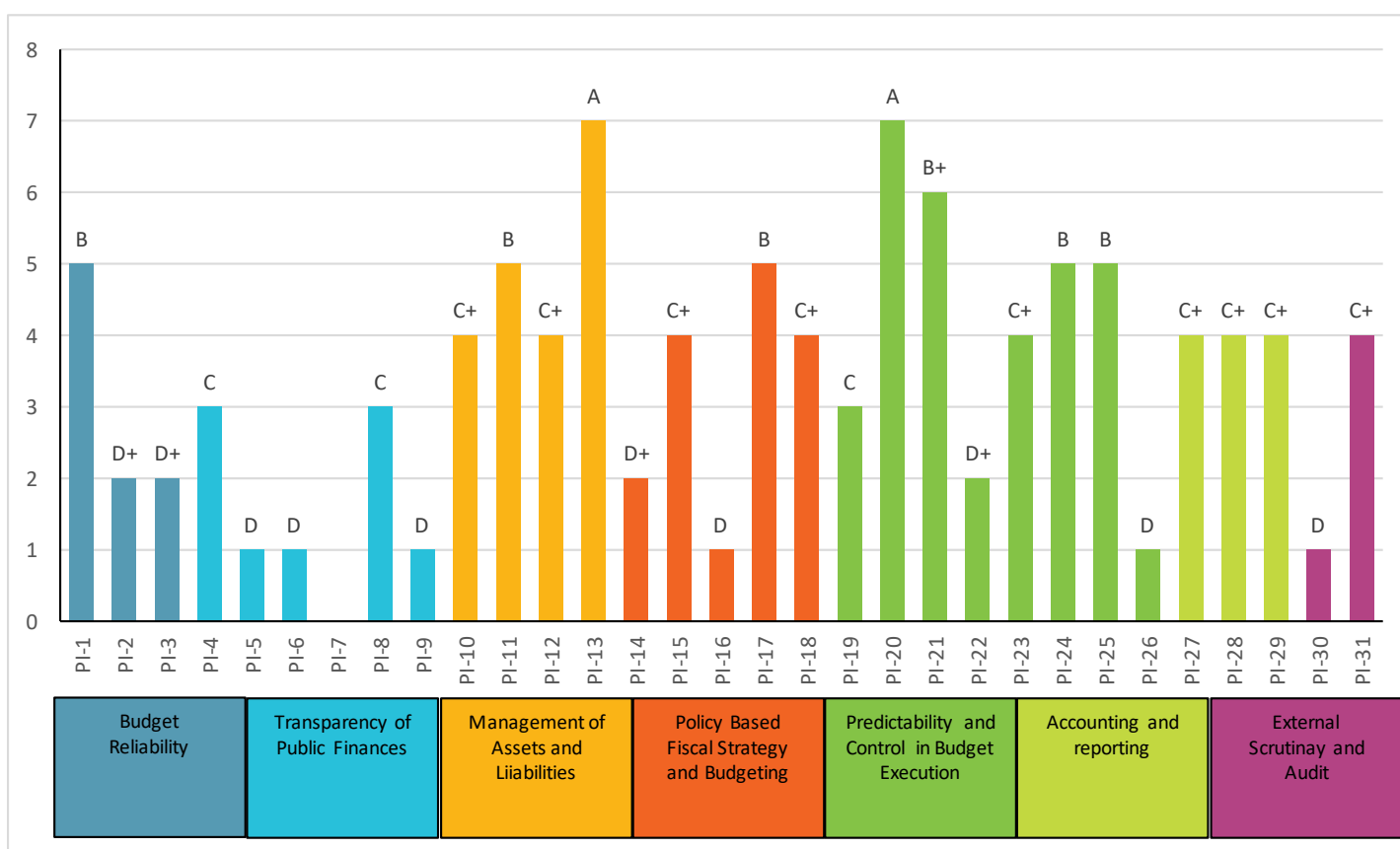
Executive summary

Purpose, coverage, and management of the assessment

The Public Expenditure and Financial Accountability (PEFA) assessment aims to provide the government of Samoa with an objective up-to-date diagnostic of the national public financial management (PFM) performance based on the latest PEFA methodology¹. The assessment establishes a new PEFA baseline using the current PEFA methodology and provides an update on changes in performance since the 2014 assessment², which was based on the earlier methodology. The process assisted in developing a broad understanding of PFM performance and identifying dimensions requiring improvement. The results will assist the government to recalibrate the Public Finance Management Reform Plan (PFMRP) undertaken during the past decade.³

The assessment covers Central Government (as shown in Table 2.7)⁴ reflecting the status of PFM systems and processes in July 2018. Generally, the data used for rating the indicators covers the last completed fiscal years 2014/15, 2015/16 and 2016/17.

FIGURE 1 – Overall PEFA Performance 2018



The stakeholders in the PEFA assessment are the national authorities and main development partners engaged in PFM in Samoa. The assessment is an undertaking of the Government of Samoa, led by the Ministry of Finance (MoF), with the support of the International Monetary Fund (IMF) PFTAC. The oversight committee for the PEFA also oversees the Finance Sector Plan, consisting of representatives from MoF,

¹ More information on the 2016 PEFA methodology is available at <https://pefa.org/content/pefa-framework>

² Differences between the 2011 PEFA methodology and the 2016 methodology is available at <https://pefa.org/tracking-change-performance-based-previous-versions-pefa>

³ PFMRP Phase 3 Roll Out, 2015-2017 is available at <https://www.mof.gov.ws/AboutUs/PublicFinanceManagementReforms/tabid/6008/Default.aspx>

⁴ Central Government (which includes budgetary, extra budgetary and social security funds) as defined per GFS Manual 2014 available from <https://www.imf.org/external/Pubs/FT/GFS/Manual/2014/gfsfinal.pdf>

Integrated assessment of PFM performance

The assessment outcome indicates a mixed performance across the seven pillars of the 2016 PEFA framework, as illustrated by chart 1 above. Scores for 7 out of 30⁵ indicators assessed are in the A-B range reflecting strong performance while scores for the other 23 indicators are in the C-D range reflecting weak performance.

Strengths and weaknesses exist within each pillar and are briefly summarized below, a detailed analysis is provided in chapter 4, Table 1.1 summarizes the ratings by indicator and dimension.

Budget Reliability: The assumption development partner resourcing for a project/activity would be received in the initial year of the activity has impacted significantly on budget credibility. These resources are often disbursed over beyond a single year as a project is implemented. Budget credibility improves significantly when only government own source revenue and expenditure is assessed.

Transparency of Public Finances: Budget documentation is available shortly after passage of the budget by the Legislative Assembly and focuses solely on the budget year. The documentation excludes several basic information elements considered necessary in providing a holistic understanding of the budget. Current documentation focuses heavily on providing detailed performance information by output. Extra Budgetary Unit (EBU) financial reports exclude reporting on externally funded projects in their financial statements. Debt management remains a strong area of performance.

Management of Assets and Liabilities: EBUs provided financial reports within nine months, these provide information on any significant contingent liabilities. Development partners deliver a high proportion of capital investment which is normally accompanied by robust planning, review and monitoring systems. The Public-Sector Investment Plan (PSIP) is updated annually and provides a three-year overview of works in progress and pipeline projects. Two recent projects financed solely by government, were reviewed independently by MoF after submission from the respective agencies responsible for development and implementation. MoF manages the financial assets while line ministries are responsible for management of non-financial assets which mostly comprise of buildings. Established rules and procedures around asset disposal are transparent with good compliance, outcomes are regularly published.

Policy Based Approach to Fiscal Strategy and Budgeting: The picture of the government's fiscal aggregates is unclear over the medium term. Only some forecasts are made available in the Fiscal Strategy published at the time of the budget. The Statement of Forward Estimates (SFE) summarizing the budget allocations and forward estimates of receipts and expenditures was last produced in 2014/2015. The Ministers budget address does provide some information, however, the nature of such an address can lead to inconsistency in structure and information over time as the emphasis of a political message changes.

The budget process provides line ministries with sufficient time and guidance to prepare their budget submissions. Expenditure ceilings are provided to line ministries but are not endorsed by Cabinet at any stage. Legislative scrutiny of the budget is systemic and timely, with the Legislative Assembly delegating the role of scrutinizing and reporting of the budget to the Finance and Expenditure Committee (FEC). The budget was passed prior to the commencement of the fiscal year in all three years assessed.

Predictability and Control in Budget Execution: The Ministry for Revenue (MfR) has adopted a structured and a systemic approach towards implementation of their compliance plan. The plan was recently expanded to include both tax and customs revenue. Revenue collections are deposited directly into the Treasury account and reconciled daily. Annual cash forecasts are prepared and updated monthly.

⁵ Indicator PI-7 – Transfers to Sub National Governments is not applicable as Samoa has only one tier of government.

Budgetary Central Government (BCG) payroll controls are robust with personnel, payroll and budget data and systems being well integrated. Personnel records are fully audited on a fortnightly basis by the OAG. EBU's employ manual processes which are subject to monthly checks. No complete payroll audit has been for the central government in the previous three years. A high level of procurement by value was undertaken through a competitive framework. The procurement database is comprehensive maintaining the required information required for a robust framework to be sustained and ongoing. Bidding opportunities are widely publicized in local media and outcomes of tenders are published on the MoF website. Procurement plans, and complaint statistics are developed but not published.

Internal controls are strong, established segregation of duties is reinforced through the FMIS business rules. Compliance is high due to the OAG conducting regular pre-audits of all payment batches.

Internal audit activities focus predominantly on evaluating financial compliance, where some risks exist. Internal audit units (IAUs) are not maintaining a formal set of records demonstrating a systemic approach to planning and follow through on recommendations and results.

Accounting and Reporting: Integrity is compromised to a small degree by the failure to completely clear out suspense and advance accounts at the end of the year. Three types of quarterly reports are published, each serving a different purpose. Annual financial reports meet International Public Accounting Standards (IPSAS) cash standards and are submitted to the OAG within four months of the end of financial year.

External Scrutiny and Audit: Almost all the central government agencies, the whole of government and the Public Bodies/Enterprises submitted financial statements to the OAG in a timely manner. These were mostly unqualified and submitted to the Legislative Assembly within nine months. Some common issues require consideration and appropriate action by MoF and line ministries. A Supreme Audit Institution (SAI) performance measurement framework assessment commenced in 2016, with results expected to be available in 2019. The appointment and removal of the Controller and Auditor General is contingent on advice of the Prime Minister.

The FEC has an objective to complete the review of the public accounts within three months from receipt although in practice this takes considerably longer. There does not appear to be a systematic approach taken by the Legislative Assembly and FEC to follow up on whether previously made recommendations are being implemented by government. The proceedings around the recent reviews presented to the Legislative Assembly and proceedings were broadcast on local radio across Samoa.

Assessment of the impact of PFM weaknesses

Aggregate Fiscal Discipline

Aggregate fiscal discipline requires the budget to be delivered as planned, with effective systems ensuring financial compliance across the budget implementation cycle. This has been supported through formulation of a fiscal strategy containing key fiscal targets which have been published and remained relatively consistent over time. These were:

- Budget Balance – target consistently set at no greater than 3.5 percent of Gross Domestic Product (GDP)⁶;
- Total Current Expenditure – target range consistently set at between 35 to 38% of GDP;
- Personnel Costs – Target range varying in from 40 to 45 percent and 40 to 41 percent of GDP;
- Disbursed Public Debt – No greater than 50 percent of GDP, increased to 55 percent of GDP in the latest Samoan Development Strategy; and
- Debt Servicing – Introduced in the 2018/19 budget to be in the range of two to three percent of GDP.

Samoa faces the risks arising from tropical cyclones with annual losses estimated around one percent of GDP (USD 6.9 m).⁷ The estimated impact of Cyclone Evan in 2012 on the public sector were damages and losses amounting to around SAT 256 m⁸.

The response to Cyclone Evan was costly and led to a deterioration in fiscal outcomes which have not improved rapidly. The government acted to boost revenue in 2017/18, through greater efforts to improve compliance alongside additional policy measures such as ceasing tax credits for hotels, increasing non-tax revenue, increasing duty and excise rates and introduction of a telecommunications levy.

The deviation of outturns from the budget are driven predominantly by lower execution rates on development partner activities.

Greater scrutiny of fiscal discipline and improved monitoring of the overall fiscal position of the government would be assisted by: (i) improved classification of the budget and providing all stakeholders with greater visibility around the economic classification of the budget at a more aggregated level for the budget and forward year estimates; (ii) providing more timely reports on budget execution; and (iii) greater visibility on the work of FEC in scrutinizing the initial budget proposal and eventual outcomes.

Timeliness on audit reports of public corporations has improved, allowing policy makers to be informed on any significant contingent liabilities within these entities. The amendment to the Public Finance Management Act (PFMA) in 2015 requires the establishment of a medium-term debt strategy (MTDS) which includes strategic targets to minimize fiscal risk. The MoF annual report is required to report on implementation of the MTDS in the previous year, the most recent published report is for 2014/15.

Strategic Allocation of Resources

Strategic allocation of resources involves planning and executing the budget in line with government priorities aimed at achieving policy objectives.

Over the period assessed, forecasts of own source revenue were reliable, however, weaknesses were apparent in estimating the inflows and outflows of development partner resources. Improving this aspect of the budget will assist government with a greater understanding of when to appropriately allocate resources.

Samoa prepares the budget on a three-year rolling estimate basis. These aim to reflect the expected cost of existing government policy. Adjustments to the estimates arise from: (i) changes in of the quantity of

⁶ The target in itself is published as a budget balance but is aimed at a deficit not exceeding 3.5 percent of GDP

⁷ Pacific Catastrophic Risk and Financing Initiative (PCRAFI) Samoa Profile <http://pcrafi.spc.int/documents/113>

⁸ World Bank Post Disaster Needs Report <http://documents.worldbank.org/curated/en/450361468335701492/Samoa-Post-disaster-needs-assessment-cyclone-Evan-2012>

outputs or their costs; (ii) changes to the profile of capital projects; and (iii) the level of statutory payments. The estimates are only increased/decreased when an actual government decision is made, or when an unavoidable change in costs arises.

Despite the development of forward estimates, concerns remain around their reliability as they remain unpublished. The estimates are then utilized as a ceiling for the next budget year. The non-publication of the forward estimates contributes to a lack of understanding of the country's ongoing fiscal position over the medium term to stakeholders outside of government.

The budget development process is orderly a considerable amount of time is provided to line Ministries to prepare submissions. Undertaking pre-audit checks with every transaction by the OAG reduces the risk of expenditures not aligning with budget intentions but leads to longer timeframes on payments to suppliers of goods and services to government.

Efficient Use of Resources for Service Delivery

Several aspects of PFM contribute to towards more efficient and effective service delivery, including effective public procurement, investments, and asset management.

Reducing the large deviations between budget and outturn on capital projects will in turn lead to improved service delivery. Improved understanding of when an asset and infrastructure will be ready for public use or enabled for the delivery of services will lead to more effective planning.

There has been a significant effort to structure the budget around an elaborate performance framework linking the budget to sectoral plans and the Strategy for Development of Samoa (SDS). Ministry level outcomes are developed with underlying outputs and projects. A significant amount of performance information is provided on each output, these are mostly established benchmarks and standards targets which are then monitored quarterly. Publishing the medium-term estimates by output will provide stakeholders with a greater understanding of whether the targets being pursued present a value for money proposition.

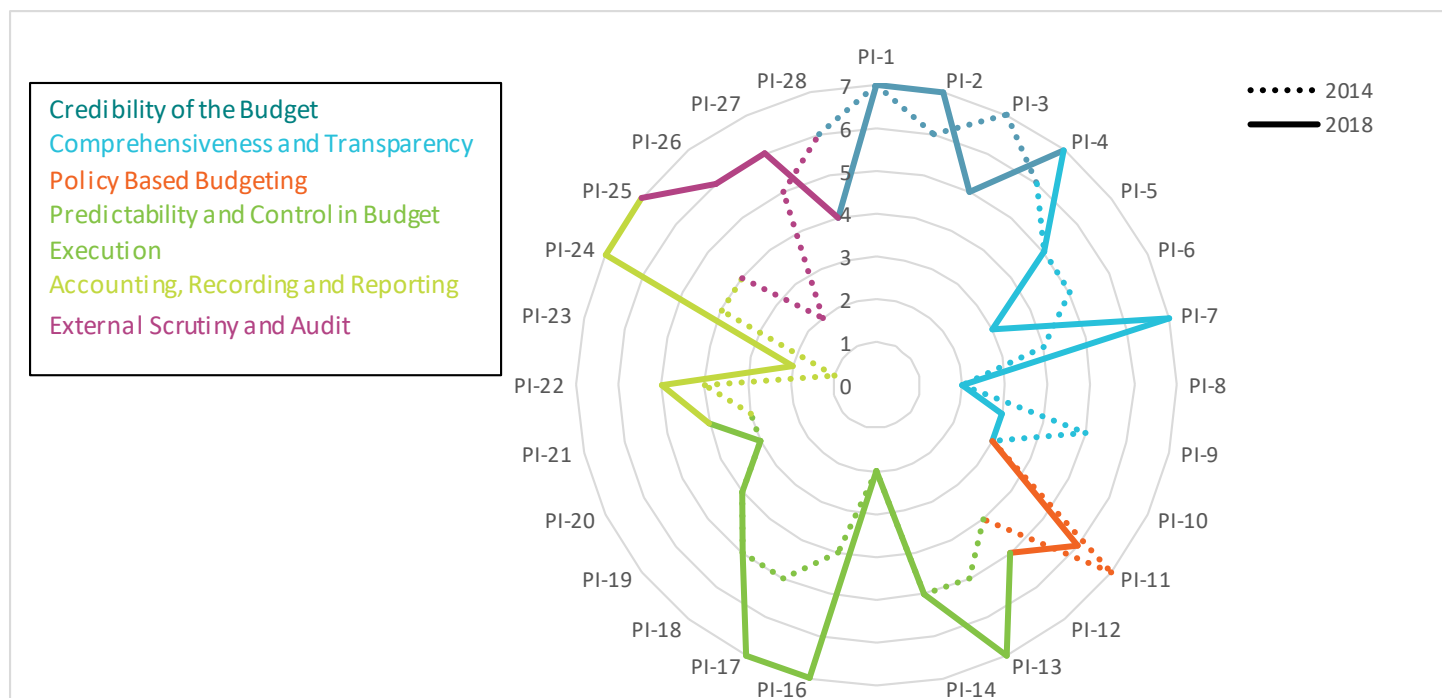
Understanding the full resource envelope available to service delivery units such as schools and health clinics will also lead to more informed decisions on resource allocation. Currently, information is not collected by government on revenue collected by service delivery agencies outside of government, for example, donations or fees paid to schools. Improving the internal audit framework approach across government can lead to a greater understanding on whether systems are operating to achieve government objectives efficiently and effectively.

Change in performance since the last assessment

The 2018 assessment is the fourth in a series of PEFA assessments for Samoa during the period 2004 to 2018. Each PEFA identified areas of weakness which then informed the development of a subsequent PFM reform roadmap identifying priority areas to be addressed. A detailed comparison of Samoan PFM processes and systems from 2014 has been made utilizing the 2011 PEFA Framework is provided at Annex 4.

Since 2014 there has been an overall improvement in PFM performance. Improvements were evident in 13 indicators. Two of the six indicators where no change occurred were already assessed at high levels of performance in 2014 (A and B). Small declines were observed in six indicators, half of which are associated with comprehensiveness and transparency.

FIGURE 2 – Change in PFM Performance 2014 to 2018 (2011 Methodology)



Notable improvements were noted in:

- budget credibility where improved outcomes in the actual composition of expenditure compared to the originally approved budget and in the management of expenditure payment arrears;
- transparency through the reduction of unreported government operations;
- a greater effort in undertaking a multi-year perspective towards planning and budgeting;
- predictability and control in budget execution with greater transparency on taxpayer obligations and liabilities and introduction of an appeals process, improved cash flow forecasting and monitoring, and improved processes around debt management, particularly recording of information and better systems for contracting loans and providing guarantees;
- improved clearance of suspense accounts;
- the quality of information contained within in year reports;
- completeness and timeliness of end of year financial statements which are now IPSAS Cash compliant; and
- reduced delays in submitting audited financial reports to the Legislative Assembly.

Continued good levels of performance were also observed in maintaining effective payroll controls and the credibility around aggregate expenditure actuals when compared to the budget. Information on resources provided to service delivery units remained poor, at a D level.

Two thirds of the declining indicators focused on aspects of the budget document, including the classification of the budget and the comprehensiveness of the document. Whilst the document contains a significant amount of performance information, it lacks other basic elements required to inform a reader of the ongoing fiscal position of the government beyond the budget. This is mainly the result of ceasing the production of the Statement on Forward Estimates. Whilst individual contingent risks are now produced at agency there is no consolidation of these into one document.

Ongoing PFM reform agenda

Following ongoing PFM and economic reforms were implemented in the late nineties and early 2000s the Samoan government implemented the PFMRP. The most recent PFM reform activity has been through Phase III (2015-2017) of the overall PFMRP.

The achievements of the first two phases (2008-15) of the PFMRP saw a focus on basic strengthening of systems to achieve basic fiscal discipline, and actively pursue improved resource allocation and efficiency, in part through: (i) strengthening performance-based management which was linked to a medium-term expenditure framework (MTEF); (ii) developing sector wide plans and investment programs; and (iii) further strengthening revenue administration.

Phase III placed a significant focus upon taking a holistic approach towards rolling out consistent standards to all line ministries to improve the efficiency and effectiveness of the public service in managing the collection and expenditure of funds as well as ensuring policy cohesion between planning and budgetary processes.

MoF continues to prepare annual reports outlining the implementation of the PFMRP which are disseminated at annual Finance Sector review meetings held in November/December for in depth discussions with key stakeholders including development partners, civil society and private sector.

Overview of the scores of the PEFA indicators

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
Pillar I. Budget reliability							
PI-1	Aggregate expenditure outturn	M1	B				B
PI-2	Expenditure composition outturn	M1	D	D	A		D+
PI-3	Revenue outturn	M2	D	C			D+
	Pillar II. Transparency of public finances						
PI-4	Budget classification	M1	C				C
PI-5	Budget documentation	M1	D				D
PI-6	Central gov’t operations outside financial reports	M2	D*	D*	C		D+
PI-7	Transfers to subnational governments	M2	NA	NA			NA
PI-8	Performance information for service delivery	M2	B	C	D	C	C
PI-9	Public access to fiscal information	M1	D				D
	Pillar III. Management of assets and liabilities						
PI-10	Fiscal risk reporting	M2	C	NA	B		C+
PI-11	Public investment management	M2	A	A	D	C	B
PI-12	Public asset management	M2	C	C	B		C+
PI-13	Debt management	M2	A	A	B		A
	Pillar IV. Policy-based fiscal strategy and budgeting						
PI-14	Macroeconomic and fiscal forecasting	M2	C	C	D		D+
PI-15	Fiscal strategy	M2	D	B	B		C+
PI-16	Medium-term Perspective in expenditure budgeting	M2	D	D	C	D	D
PI-17	Budget preparation process	M2	A	C	C		B
PI-18	Legislative scrutiny of budgets	M1	C	B	A	A	C+
	Pillar V. Predictability and control in budget execution						
PI-19	Revenue administration	M2	B	B	B	D	C+
PI-20	Accounting for revenue	M1	B	A	C		C+
PI-21	Predictability of in-year resource allocation	M2	C	A	B	A	B+
PI-22	Expenditure arrears	M1	A	D			D+
PI-23	Payroll controls	M1	C	B	B	C	C+
PI-24	Procurement management	M2	A	A	C	D	B
PI-25	Internal controls on non-salary expenditure	M2	A	C	B		B
PI-26	Internal audit	M1	D	B	D	D	D
	Pillar VI. Accounting and reporting						
PI-27	Financial data integrity	M2	B	D	C	A	C+
PI-28	In-year budget reports	M1	C	B	C		C+
PI-29	Annual financial reports	M1	A	B	C		C+
	Pillar VII. External scrutiny and audit						
PI-30	External audit	M1	D	B	C	D	D
PI-31	Legislative scrutiny of audit reports	M2	C	B	C	B	C+

1. Introduction

Rationale and purpose

The main purpose of this PEFA assessment is to provide the Government of Samoa with an objective up-to-date diagnostic of national-level public financial management performance (PFM) based on the latest internationally recognized PEFA methodology. The assessment establishes a new PEFA baseline using the 2016 methodology and provides an update of progress in PFM since the 2014 assessment. The assessment process sought to build a shared understanding of PFM performance and those areas requiring improvement.

The results of the assessment are expected to assist the Government update the PFMRP and monitoring implementation. The assignment has been resourced through PPFTAC. Samoa has been subject to three previous PEFA assessments in 2014, 2010 and 2006.

Assessment management and quality assurance

The stakeholders of the PEFA assessment are the national authorities and the main development partners engaged in PFM. The assessment was undertaken by the Samoan government with support from PFTAC, with MoF leading the process on the government side. The committee responsible for the finance sector (Finance Sector Advisory Committee) were the oversight committee for the PEFA.

Review of Concept Note

The concept note was circulated to the peer reviewers⁹ on 28 May 2018 for a review. All peer reviewers submitted comments and the concept note was finalized and approved by the Government of Samoa on 17 July 2018. The approved concept note was circulated on 23 July 2018.

Self-Assessment Process

MoF undertook a self-assessment where evidence was collated, and an initial assessment undertaken. The field work took place during August 2018 and representatives from the MoF were presented with a preliminary outcome of the assessment.

Peer Review Process

The final draft assessment report was prepared and shared with government for an initial peer review on 17 December 2018.

The Samoan government approved the draft report for circulation on 16 January 2019.

The draft report was then circulated to all the peer reviewers, these included the EU, World Bank, IMF Headquarters, and the PEFA Secretariat on 16 January 2019.

Subsequent comments were received by all peer reviewers by mid-April 2019.

The peer reviewers' comments were discussed at the decision meeting with MoF officials during a field visit in February 2019 and followed in April 2019. The report was subsequently adjusted to reflect the peer reviewers' comments and re-circulated to all peer reviewers on 17 May 2019.

Final comments were received from the PEFA Secretariat on 3 June 2019, no other responses were received, final revisions made, circulated to the government on 6 June who approved the changes on 7 June. These were then submitted to the PEFA for the PEFA check on 28 June 2019.

PEFA Check

The two stages of the PEFA have been complied with: the Concept Note and the response to comments on the draft report.

⁹ The peer reviewers consisted representatives of MoF, IMF, EU, ADB and PEFA Secretariat.

PEFA assessment management organization

The oversight committee is the same as the Finance Sector Advisory Committee. It consisted of:

- Tupa'imatuna Iulai Lavea, Chief Executive Officer, Ministry of Finance, Chair;
- Matafeo Avalisa Viali, Chief Executive Officer, Ministry for Revenue;
- Fuimaono Papali'i C.G. Afele Controller and Auditor General;
- Maiava Atalina Emma Ainuu-Enari, Governor, Central Bank of Samoa; and
- Ali'imuumua Malaefono Ta'aloga, Government Statistician, Samoa Bureau of Statistics

Support was provided by a government team consisting of:

- PFM and Finance Sector Coordinator, MoF - Tofilau Lae Siliva;
- Budget Representative, MoF - Relina Stowers;
- Accounts Representative, MoF - Gloria Esera;
- Economic Policy and Planning Division Representative, MoF - Siaituvao Talataina;
- Aid Coordination and Debt Management Division Representative, MoF - Peresitene Kirifi;
- Procurement Representative, - Talaetau Lima;
- Internal Audit and Investigation Division Representative, MoF - Alapati Afoa;
- Ministry of Public Enterprises -
- Ministry for Revenue Representative, MfR - Jeannie Isitolo Chadwick;
- Audit Office Representative, Audit Office - Roseanne Faau; and
- Representative, SBS - Uaina Kitiona

The government team above was supported by the following external advisors who provided guidance and quality control in interpreting PEFA rating criteria, evidence documentation, and standards for completion of the performance report:

- Richard Neves, Team Leader (IMF PFTAC PFM Advisor);
- Paula Uluinaceva (Consultant);
- Aisake Eke (Consultant);
- Celeste Kubasta (IMF PFTAC PFM Advisor);
- Barend de La Beer (IMF PFTAC GFS Advisor); and
- Aholotu Palu (Pacific Forum Islands Secretariat Climate Change Finance Readiness Advisor)

Peer reviewers were engaged from the World Bank, the European Union and the IMF. These Peer reviewers included: Kym Edwards (World Bank); Laura Doherty (IMF); Majdeline Al Rayess (IMF); Julia Dhimitri (PEFA Secretariat); and Juana Aristizabel-Pinto (European Union). The PEFA Secretariat was engaged to review and fulfill the formal quality assurance requirements of all six criteria set out in the PEFA Check guidelines during the planning, implementation and reporting phases of the assessment.

Review of Concept Note

The concept note was circulated to the peer reviewers[1] on 28 May 2018 for a review. All peer reviewers submitted comments and the concept note was finalized and approved by the Government of Samoa on 17 July 2018. The approved concept note was circulated on 23 July 2018.

Self-Assessment Process

MoF undertook a self-assessment where evidence was collated, and an initial assessment undertaken. The field work took place during August 2018 and representatives from the MoF were presented with a preliminary outcome of the assessment.

Peer Review Process

The final draft assessment report was prepared and shared with government for an initial peer review on 17 December 2018. The Samoan government approved the draft report for circulation on 16 January 2019. The draft report was then circulated to all the peer reviewers, these included the EU, World Bank, IMF Headquarters, and the PEFA Secretariat on 16 January 2019. Subsequent comments were received by all peer reviewers by mid-April 2019.

The peer reviewers' comments were discussed at the decision meeting with MoF officials during a field visit in February 2019 and followed in April 2019. The report was subsequently adjusted to reflect the peer reviewers' comments and re-circulated to all peer reviewers on 17 May 2019.

Final comments were received from the PEFA Secretariat on 3 June 2019, no other responses were received, final revisions made, circulated to the government on 6 June who approved the changes on 7 June. These were then submitted to the PEFA for the PEFA check on 28 June 2019.

Assessment methodology

Coverage of the assessment

The assessment covers Central Government¹⁰ and reflects the status of PFM systems and processes of the date of the assessment in July 2018. Generally, the data used for rating the indicators covers the last completed fiscal years 2014/15, 2015/16 and 2016/17.

The specific period covered for each indicator follows the PEFA Field Guide¹¹. The assessment addresses the main ministries, departments, and agencies of the central government. EBU's are covered for those indicators where they are required to be considered, a full list of coverage is provided at Figure 2.1 and Table 2.7. Specific coverage for each indicator follows closely the PEFA Field Guide.

Methodology

The assessment evaluates Samoa's performance in accordance with 30 of the 31 indicators¹² of the PEFA PFM performance measurement framework. The PEFA 2016 methodology identifies seven pillars of performance essential for an open and orderly PFM system. These include: (i) budget reliability; (ii) transparency of public finances; (iii) management of assets and liabilities; (iv) policy-based fiscal strategy and budgeting; (v) predictability and control in budget execution; (vi) accounting and reporting; and (vii) external scrutiny and audit.

Each dimension and indicator has been assessed against the criteria set out in the PEFA Field Guide. A previous PEFA Assessment was undertaken in 2011 based on the previous PEFA methodology. In addition to using the Guidelines for Conducting a Repeat Assessment, the performance change over time has been tracked using the PEFA 2011 framework¹³ and is available at Annex 4.

Data Collection

The sources of information for the assessment included: (i) relevant legislation and regulations; (ii) budget documentation and reports; (iii) methodology and other documentation and data provided by MoF and other institutions involved in the assessment; (iv) information collected by the self-assessment team prior to the visit; and (v) also by the team itself during and subsequent to the visit.

The Oversight team and the self-assessment team played a key role in coordinating the data collection. Key members of the MoF assessment team were already familiar with the PEFA methodology from participation in the previous assessments and associated trainings,

Interviews involved all the key PFM institutions engaged in the various parts of the budget cycle, including various government departments (both central coordinating agencies and line ministries), various agencies, the OAG and the Finance Expenditure Committee (FEC). A meeting was also held with a representative from the Samoan Chamber of Commerce. A full list of persons interviewed for the assessment is provided in Annex 3C.

¹⁰ Central Government (which includes budgetary, extra budgetary and social security funds) as defined per GFS Manual 2014 available from <https://www.imf.org/external/Pubs/FT/GFS/Manual/2014/gfsfinal.pdf>

¹¹ Current PEFA guidelines and templates are available from <https://pefa.org/user-guidance>

¹² PI-7 Transfers to sub national governments was not assessed as Samoa does not have sub national government.

¹³ PEFA 2011 Guidance is available from <https://pefa.org/tracking-change-performance-based-previous-versions-pefa>

2. Country background information

Country economic situation

Samoa is an open, tourism-based economy, highly susceptible to external economic shocks. The regularity of natural disasters (most recently cyclone Gita in February 2018), continuing concerns regarding the threat of withdrawal of correspondent banking relationships and the dispersion of the population across four islands which are some distance from other markets, add to Samoa's development challenges over the longer term, including the ability to close key infrastructure gaps.

Samoa's economy has shown resilience and continues to perform well. Growth remained robust at 2.7 percent in 2016/17, driven by commerce, services and agriculture. Inflation picked up to 1.3 percent in 2016/17, compared to being close to zero in 2015/16. Inflation remains well below the authorities' target of three percent. The current account deficit narrowed to 2.3 percent, driven by temporary factors. The Samoan Tala appreciated against the U.S. dollar during 2016/17, although there was little change in the nominal and real effective exchange rates. Financial soundness indicators highlighted commercial banks are well capitalized and that earnings, profitability, and liquidity indicators are within historical norms.

Growth for 2017/18 was down to 0.7 percent, due to the negative impact of the Yazaki manufacturing plant closure in August 2017 and normalizing of fishing exports after two exceptionally good years, being partially offset by the positive impact of higher public infrastructure spending and Samoa's hosting of regional meetings.

The scaling up operations at the old Yazaki plant by two new businesses and several infrastructure projects are completed. In 2019/20, growth is projected to accelerate to five percent, driven by tourism related sectors as Samoa hosts the Pacific Games in July 2019, before settling at just above two percent in the medium term. Inflation is expected to continue to pick up to about three percent in the medium term. The current account deficit is expected to widen to just above four percent of GDP in the next few years, driven by a rebound in imports supporting investment for the Pacific Games and other infrastructure projects.¹⁴

The authorities have made efforts towards fiscal consolidation in recent years, but the fiscal position loosened in 2016/17 and Samoa remains at high risk of debt distress. Samoa remains vulnerable to natural disasters and to the partial withdrawal of correspondent banking relationships. The authorities are implementing mitigation measures to address these risks.

¹⁴ Samoa: 2018 Article IV Consultation-Press Release; Staff Report; Staff Statement; and Statement by the Executive Director for Samoa
<https://www.imf.org/en/Publications/CR/Issues/2018/06/04/Samoa-2018-Article-IV-Consultation-Press-Release-Staff-Report-Staff-Statement-and-Statement-45934>

TABLE 2.1: Selected economic indicators¹⁵

	14/15	15/16	16/17
Real GDP (SAT m)	1,718.9	1,842.1	1,891.9
Nominal GDP (SAT m)	1,949.2	2,056.0	2,133.8
GDP per capita (SAT)	10,111	10,558	10,879
Real GDP growth (percent)	1.5	7.2	2.7
CPI (annual average change) (percent)	1.9	0.1	1.3
Gross government debt (percent of GDP)	57.6	52.6	49.1
External terms of trade (annual percentage change)	-0.6	-1.2	-2.9
Current account balance (percent of GDP)	-2.7	-4.5	-18.5
Total external debt (percent of GDP)	55.2	50.7	47.8
Gross official reserves (months of import value)	5.2	4.2	4.8
Population ¹⁶	162,634	194,238	195,979

This Samoa Bureau of Statistics estimated the proportion of Samoa's population living under the Basic Needs Poverty Line (BNPL) in 2013/14 2013/2014 at 18.8% an improvement of the estimate of 26.9% in 2008.¹⁷

Fiscal and budgetary trends

Fiscal Policy

The most recent fiscal strategy plan submitted to the Legislative Assembly during the 2018/19 budget outlined the governments objective of ensuring macroeconomic stability is achieved over medium to long term. The government's fiscal targets and objectives include:

- maintaining aggregate current expenditure within a range of 35 – 38 percent of GDP over the forward estimate cycle;
- keeping outstanding public debt outstanding to below 50 percent of GDP in the medium term;
- constraining personnel costs as a percentage of total current expenditure;
- maintaining the budget deficit at a rate not more than 3.5 percent of GDP;
- improving performance of State-Owned Enterprises (SOE) to avoid extra burden on Government budget through default loans; and
- improving compliance in revenue collection;

¹⁵ Source: GDP Report - SBoS, CPI tables - EPPD (MOF), Debt Bulletin - MOF, BOP statistics - CBS, Monetary Statistics - CBS.

¹⁶ Samoa Bureau of Statistics Population and Demography Indicator Summary <http://www.sbs.gov.ws/index.php/population-demography-and-vital-statistics> accessed 10 May 2019

¹⁷ Samoa Hardship and Poverty Report Analysis of the 2013/14 Household Income and Expenditure Survey <http://www.sbs.gov.ws/index.php/new-document-library?view=download&fileId=2014>

TABLE 2.2: Aggregate fiscal data¹⁸

	14/15	15/16	16/17
Total revenue	534.4	595.6	617.4
Own source revenue	493.2	550.2	576.6
Grants	41.2	45.4	40.8
Total expenditure	526.7	503.9	490.5
Non-interest expenditure	508.8	485.5	473.3
Interest expenditure	17.9	18.4	17.2
Aggregate deficit (incl. grants)	-75.7	-8.4	-22.5
Primary deficit	-57.7	10	-5.4
Net financing	-75.6	-8.4	-22.6
External	-45.3	-9.1	-2.8
Domestic	-30.3	0.7	-19.8

TABLE 2.3: Actual budgetary allocations by sectors (as a percentage of total expenditures)

	14/15	15/16	16/17
Health	17.0	14.4	12.9
Education	14.0	14.4	13.7
Agriculture	3.3	2.1	6.7
Others	65.7	69.1	66.7

TABLE 2.4: Actual budgetary allocations by economic classification (as a percentage of total expenditures)

	14/15	15/16	16/17
Current expenditures	86.3	83.5	76.7
Wages and salaries	25.3	27.1	26.6
Goods and services	24.9	19.9	17.6
Interest	2.9	3.1	2.7
Transfers	5.8	5.5	4.4
Others	27.4	27.9	25.4
Capital expenditures	13.7	16.6	23.3

¹⁸ GFS June Quarter 2018 Report

Legal and regulatory arrangements for PFM

The legal and regulatory framework for PFM in Samoa originates with the Constitution¹⁹ which establishes the requirement for: (i) a public fund to which all revenues and payments must be made; (ii) parliamentary approval of taxes; (iii) appropriations to be approved prior to the expenditure of monies; (iv) a Controller and Auditor General, and the corresponding appointment and dismissal processes; and (v) the public accounts to be audited.

The current PFMA was passed in 2001 with subsequent amendments passed in 2005, 2008 and 2015 and includes:

- responsibilities of the Minister, the Financial Secretary, and Heads of Department;
- requirements for fiscal responsibility and defining the principles of responsible fiscal management;
- use of generally accepted accounting principles and requiring submission to the Parliament of various types of information to better inform Members of Parliament (MPs) on the economic and fiscal situation of the country when debating the budget;
- level of discretion available to the government to alter the appropriations after they have been approved by the Legislative Assembly;
- establishment of National Revenue Board to monitor and coordinate revenue activities and advise the minister on revenue policy;
- approach to general management of the public fund;
- processes required around the establishment of the Special Fund and other trust funds;
- processes to be followed around unclaimed monies;
- processes and limits to borrowings, loans and provisions of guarantees;
- creation of a tender board to manage the governments procurement processes;
- management of public bodies and their relationship with the government; and
- financial reporting requirements for government and agencies of government.

The Tax Administration Act 2012 is the framework law for tax management. Separate laws regulate the main types of taxes, including laws providing for: (i) a value-added goods and services tax (VAGST); (ii) corporate and income taxes; and (iii) excises and customs.

Table 2.5 presents a framework of statutory instruments which include laws and regulations that guide the PFM systems in Samoa. The main guidance of the legal framework in respect to specific areas is discussed in more detail in the narrative of the respective performance Indicators.

¹⁹ Part VIII Finance

TABLE 2.5: Overall Regulatory Coverage of PFM

Area of coverage	Statutory Instrument
General	Constitution of the Independent State of Samoa 1960 Public Finance and Management Act 2001
Budget Preparation and Execution	Public Finance and Management Act (Parts IV and V)
Debt Management	Public Finance and Management Act (Parts XI, XIA and XIII)
Tax Administration	Tax Administration Act 2012 Tax Information Exchange Act 2012 Customs Act 2014 and Customs Tariff Act 2015 Income Tax Act 2012 Excise Tax Act 1984 and Excise Tax Rates Act 1984 Value Added Goods and Services Act 2015
Public Body Oversight	Public Bodies (Performance and Accountability) Act 2001, and the Public Bodies (Performance and Accountability) Regulations 2002;
Procurement	Public Finance and Management Act (Part XII)
Financial Management and Control	Public Finance and Management Act (Parts VII, VIII and IX)
Financial Reporting	Public Finance and Management Act (Part XIV)
External Audit	Audit Act 2013 and Audit Regulations 1976
Legislative Oversight	Constitution of Samoa 1960 Standing Orders of the Parliament of Samoa 2016 (Part XXIX, XXX and XXXII)

The latest release of the revised Treasury Instructions 2013 are issued in accordance with PFMA²⁰ and are to be read in conjunction with the PFMA, the 2013 revision made changes to ensure consistency in procurement practices. The instructions provide responsible individuals with the instructions across a broad range of areas, including:

- budgeting and forward estimates;
- accounting and internal controls;
- asset management;
- payroll;
- procurement and contracting;
- vehicles and transport;
- miscellaneous;
- travel;
- financial reporting; and
- overseas missions.

MoF also has developed a series of accounting procedures which apply to all of government.

²⁰ Section 127 of the PFMA

TABLE 2.6: Accounting Procedures

Part	Title	Last Updated	Approved by and when
1	Constitution	29 June 2011	Constitution Amendment Act 2015
2	Legislation (PFM)	29 June 2011	Last amendment made in 2017
3	Government Policies	29 June 2011	Cabinet, 28 th August 2013
4	Accounting Control Framework	29 June 2011	Cabinet, 28 th August 2013
5	Performance Budgeting	29 June 2011	Cabinet, 28 th August 2013
6	Finance One	June 2013	Cabinet, 28 th August 2013
7	Monitoring and Review		Cabinet, 28 th August 2013
8	Annual Reporting	June 2013	Cabinet, 28 th August 2013
9	Revenue	June 2013	Cabinet, 28 th August 2013
10	Purchasing	June 2013	Cabinet, 28 th August 2013
11	Payments	June 2013	Cabinet, 28 th August 2013
12	Payroll	June 2013	Cabinet, 28 th August 2013
13	Aid and loans (projects)	Currently under review	Development Cooperation Policy 2010.
14a	Special Purpose Funds	June 2013	Cabinet, 28 th August 2013
14b	Trust Funds	June 2013	Cabinet, 28 th August 2013
15	Journals	June 2013	Cabinet, 28 th August 2013
16	Bank	June 2013	Cabinet, 28 th August 2013
17	Missions	June 2013	Cabinet, 28 th August 2013
18	Capital Subscriptions and Obligations	June 2013	Cabinet, 28 th August 2013
19	Cash Flow	August 2017	MoF-CEO, 2 nd November 2017
20	Year End	June 2013	Cabinet, 28 th August 2013
21	Assets	June 2013	Cabinet, 28 th August 2013
22	Unclaimed Monies	June 2013	Cabinet, 28 th August 2013

The Treasury Regulations 1965 are in place but are not referred to in a daily operational sense.

Institutional arrangements for PFM

The Independent State of Samoa is a parliamentary democracy incorporating Christian principles, common law and customary law, with the Constitution being the supreme law of the land. The State is made up of the Head of State and the unicameral Legislative Assembly of 50 members, and which is elected every five years.

The Head of State (O le Ao o le Malo) is constitutionally elected by the Legislative Assembly, for a five-year term. The Prime Minister, appointed by the Head of State, must be a member of the Legislative Assembly and supported by a majority of its members. The Prime Minister selects 12 other parliamentarians to form a Cabinet to manage the day to day affairs of the country.

The Samoan Constitution was established in 1960, blending traditional and democratic institutions and processes and recognizing the separation of powers between the Legislature, Judiciary and Executive.

The judicial system is based on English common law and local customs. The Supreme Court of Samoa is the court of highest jurisdiction. The Court of Appeal has a limited jurisdiction to hear only those cases referred to it by the Supreme Court. Below the Supreme Court are the two district courts. There is a separate Land Titles Court dealing with matters relating to customary land ownership and 'Matai' (chief) titles.

The existence and powers of the Controller and Auditor General are stipulated in the Audit Act 2013.

Government sectoral policy and regulations is the responsibility of 16 line-ministries led by Ministers. Policies are implemented, and public services are delivered by ministries and agencies.

The lead role in PFM is assigned to the MoF, which consists of the:

- Economic Policy and Planning Division (EPPD) responsible for (coordination, preparation and monitoring of plans for the economic development of Samoa, appraisal of developments projects for the Cabinet Development Committee, and the provision of economic advice) formulating and monitoring fiscal policy, and integrating fiscal and monetary policies in the national economy in cooperation and coordination with the Central Bank and related institutions;
- Aid Coordination and Debt Management Division (ACDMD) responsible for the coordination of development partner assistance and managing the internal and external public debt;
- Operational Management Department responsible for preparation and implementation of the budget, Treasury functions and public internal financial controls;
- Energy Policy and Coordination Division (EPCD) responsible for the administration of the Petroleum act and coordination and monitoring of the National Energy Policy and related projects and activities
- PFM and Finance Sector Coordination Division (PFMFSCD) responsible for coordination and management support design, implementation, monitoring and evaluation of the Public Finance Management Reform Program and the Finance Sector; and
- Climate Resilience Investment and Coordination Division (CRICD) responsible for coordination of climate resilience investment program.

The Ministry of Public Enterprises (MoPE) has the role of ensuring all government public bodies comply with the Public Bodies (Performance and Accountability) Act 2001. The MoPE has a specific focus of improving financial performance of all Public Bodies.

Responsibility for procurement lies with the Central Tender Board (CTB) which is established through the PFMA and who oversee the whole procurement cycle from the calling of tenders to the disposal of assets. The Procurement Division within MoF provides the planning and documentation for the CTB and serves as the Secretariat.

MfR is the key institution responsible for most of the revenue collection of both inland and customs revenue.

SBS is responsible for the collection and dissemination of official government statistics.

CBS is the nation's reserve bank responsible for monetary policy, management of the exchange rate, issuance of securities and prudential supervision of the banking sector.

Other entities of interest include the:

- Accident Compensation Corporation which is classified as a Social Security Fund of the general government.
- Samoa Life Assurance Corporation which is classified as a financial public corporation which is controlled by the government; and the
- Samoa National Provident Fund which is classified as a financial public corporation as it is controlled by the government.

FIGURE 2.1: Structure of the public sector (number of entities and financial turn-over)

Samoa Public Sector 2016/17				
Central Government			Public Corporations	
Budgetary Central Government (BCG)	Extra Budgetary Units (EBU)	Social Security Funds (SSF)	Public Financial Corporations (PFC)	Non-Public Financial Corporations (NPFC)
16 Ministries 9 Agencies	13 Entities	1 Entity	7 Entities	7 Entities
<u>Revenue</u> SAT 512.9 m <u>Expenditure</u> SAT 543.7 m <u>Grants to EBU</u> SAT 146 m <u>Net Expenditure</u> SAT 397.7 m	<u>Revenue</u> SAT 222.6 m <u>Own Source Revenue</u> SAT 76.6 m <u>Expenditure</u> SAT 199.5 m	<u>Revenue</u> SAT 18.3 m <u>Own Source Revenue</u> SAT 18.3 m <u>Expenditure</u> SAT 14.6 m		

TABLE 2.7: Structure of the Public-Sector Entities

Sector	Entity Name
BCG	<p>Ministries: 1. Agriculture and Fisheries; 2.Commerce, Industry and Labour; 3. Communications and Information Technology; 4. Education Sports and Culture; 5. Finance ; 6. Foreign Affairs and Trade; 7. Health; 8. Justice and Courts Administration; 9. Natural Resources and Environment; 10. Police; 11. Prisons and Corrections Services; 12. The Prime Minister; 13. Public Enterprise; 14. Revenue; 15. Women, Community and Social Development; 16. Works, Transport and Infrastructure</p> <p>Government agencies: 17. Bureau of Statistics; 18. Controller and Auditor General; 19. Law Reform Commission; 20. Legislative Assembly; 21. National Prosecution Office; 22. Office of the Attorney General; 23. Office of the Electoral Commissioner; 24. Ombudsman's Office; 24. Public Service Commission</p>
EBU	1. Land Transport Authority; 2. National Kidney Foundation; 3. National Health Insurance; 4. National University of Samoa; 5. Public Trust Office; 6. Samoa Airports Authority; 7. Samoa Fire Emergency Services Authority; 8. Samoa Qualifications Authority; 9. Scientific Research Organization Samoa; 10. Samoa Sports Facility Authority; 11. Samoa Tourism Authority; 12. Samoa Trust Estate Corporation; 13. Samoa Water Authority
SSF	Accident Compensation Corporation
PFC	1.Electric Power Corporation; 2. Polynesian Airlines; 3. Samoa Airlines; 4. Samoa Land Corporation; 5. Samoa Ports Authority; 6. Samoa Shipping Corporation; 7. Samoa Shipping Services
NPFC	1. Central Bank of Samoa; 2. Development Bank of Samoa; 3. Samoa Housing Corporation; 4. Samoa Life Assurance Corporation; 5. Samoa National Provident Fund; 6. Samoa Post Limited; 7. Unit Trust of Samoa

The principal revenue administration authority is MfR, which is responsible for collection of personal and corporate income taxes, VAGST, customs and excise duties. Line Ministries have functional responsibilities with some being responsible for maintaining internal controls within their ministries.²¹ Line Ministries: originate budget proposals; execute the approved budget; incur expenditure; procure goods and services; implement capital projects; and report on their performance to MoF. Samoa has only one tier of government.

TABLE 2.8: Financial Structure of Central Government—Actual Outcomes 2016/17 (SAT m) ²²

	BCG	EBUs	Social Security Funds	Total Aggregated
Revenue	701.8	82.3	18.3	802.4
Expenditure	459.7	184.6	14.6	658.8
Transfers to (-) and from (+) other units of general government's	(140.4)	140.4	-	-
Liabilities		(0.7)	-	(0.7)
Financial assets		22.4	(3.7)	18.7
Non-Financial assets		14.9	7.5	22.3

Other key features of PFM and its operating environment

Institutional arrangements in Samoa for management of budget resources are centralized in MoF with the overarching regulatory framework is set centrally and applied across government. The PFMA prescribes responsibilities for the heads of line ministries who are responsible for safeguarding public monies, taking precautions for public properties, and ensuring they maintain effective internal controls within their ministry.

The OAG is heavily involved in the ongoing transaction processing. Every payment has a pre-audit check undertaken by the OAG.

Budget planning is predominantly a top down approach with MoF closely controlling the budget and the rolling forward estimates during the budget process and using ceilings to ensure budget discipline is maintained.

The government utilizes the latest version of Finance ONE as their financial management information system (FMIS) for the operation of 25 Ministries. This FMIS operates on an accrual/ cash basis which accommodates accruals modules of account payable, accounts receivable and project accounts. It also extracts cash trial balance and is in line with Government IPSAS reporting. The various modules integrated from line ministries to MoF include:

- purchasing and procurement;
- accounts payable;

²¹ The following BCG entities have internal audit units, MfR, MoH, MoE, Police, Ministry of Agriculture and Fisheries, Ministry of Works, Transport and Infrastructure, Office of the Electoral Commissioner, Ministry of Women, Community and Social Development. All EBU's have internal audit units.

²² EBU's and SSF: Data as presented in the cashflow statements of the annual financial statements. Reporting transactions and not stocks of assets and liabilities.

- accounts receivable and receipting (cashier);
- payroll which is integrated to the human resource system managed by the Public Service Commission (PSC);
- bank reconciliations;
- general ledger, including Projects/Budgets/Loan management/Fund Loading and Fund checking/Chart maintenance;
- funds – Treasury Fund/Sinking Fund/Special Purpose and Trust Funds/Insurance Fund/Project Grant and Loan Funded;
- reporting; and
- asset register.

As at 30 June 2017 MoF had 187 staff ²³ the majority of whom (72 percent) are between 20 and 39 years old. MoF acknowledges that the mobility of young staff has seen a high level of turnover as staff obtain good experience and then seek higher paying alternatives.

Approximately 130 current employees have been with MoF for less than five years, the current average tenure of service is four years. This contributes to a loss of capability and capacity in the MoF. Senior management has been stable during this time.

MoF acknowledges the need to focus on human resource management and development efforts its retention strategy focused at retaining this group of employees.

Government's PFM reforms have benefited from strong support by Samoa's development partners. During the period covered by the assessment Samoa benefited from budget support and technical assistance from the multiple development partners, including, the World Bank, the Asian Development Bank (ADB), Australia, the European Union (EU), PFTAC and New Zealand.

The PFMA requires the Financial Secretary to coordinate and monitor internal controls. The line ministries are responsible for establishing a system of internal controls following the guidance provided through the Treasury Instructions issued by MoF. A significant aspect of the internal control framework is the involvement of the OAG in auditing every payment transaction of BCG. A process which normally rests within the MoF.

²³ Staff report outlines composition of 99 females and 88 males

3. Assessment of PFM performance

PILLAR ONE: Budget reliability

Pillar one consists of three performance indicators examining whether the budget is realistic and implemented as intended. It compares actual revenues and expenditures reported in the audited financial statements with the original budget passed by the Legislative Assembly for the last three completed financial years (2014/15, 2015/16 and 2016/17) for budgetary central government (BCG) sector. Calculations followed the methodology provided through the PEFA website and documented at Annex 5.

TABLE 3.1 Summary Scores – Pillar One Budget Reliability

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
PI-1	Aggregate expenditure outturn	M1	B				B
PI-2	Expenditure composition outturn	M1	D	D	A		D+
PI-3	Revenue outturn	M1	D	C			D+

PI-1 Aggregate expenditure outturn

The PI-1 indicator assesses the extent to which aggregate budget expenditure outturn reflects the amount originally approved, as defined in government budget documentation and fiscal reports. It is a single dimension indicator examining data from 2014/15, 2015/16 and 2016/17.

TABLE 3.2 PI-1 Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-1 Aggregate expenditure outturn	B	
1.1 Aggregate expenditure outturn	B	Aggregate expenditure outturn was between 90 and 110% of the approved aggregate budgeted expenditure in at least two of the last three years.

1.1 Aggregate Expenditure Outturn

Total actual expenditure includes program funding, unforeseen expenditure, statutory expenditure, and public debt interest (PDI) and excludes third party-controlled expenditures, and principle payments on public debt. Unforeseen expenditure²⁴ is any expenditure incurred, with the approval of the Cabinet, that exceeds the original appropriation, or occurred in the absence of an appropriation during the period between the passing of the Appropriation Act for any financial year and the end of that year.

The change in scope to PI-1 with the inclusion of development partner expenditures (which in Samoa is predominantly for capital projects) has introduced greater volatility in the outcomes for PI-1. The contrast between what was originally estimated for development partner receipts and actual payments is shown in Table 3.3. The experience of large variances is due mostly to the slow implementation of development projects by implementing agencies which impacts directly on the disbursement rates for any given year.

TABLE 3.3 Calculations of PI-1 Total budget and actual expenditure 2014/15 to 2016/17 (2011 and 2016 methodologies)

	2016/17	2015/16	2014/15
2016 PEFA Framework			
Budget (SAT)	728,085,322	628,996,732	677,647,390
Actual (SAT)	609,815,757	634,434,237	618,652,003
Aggregate expenditure outturn	83.3%	100.9%	91.3%
2011 PEFA Framework			
Budget (SAT)	565,643,394	545,626,919	550,552,385
Actual (SAT)	543,745,866	540,866,567	552,261,003
Aggregate expenditure outturn	96.1%	99.1%	100.3%

The government's consolidated public accounts for the BCG and the financial reports of the EBUs do not site actual expenditures funded by external grants and loans could not be sited. Table 3.4 provides details of budgeted receipts and payments, classified as state-owned enterprises being reported in the

²⁴ Article 96 of the Constitution and Treasury Instructions B.14 of 2013.

consolidated public accounts. The budget estimate for both receipts and payments did not split the cost between EBU of the central government and public corporations.

TABLE 3.4 Variances in Development Partner Payments 2014/15 to 2016/17

	2016/17	2015/16	2014/15
Development partner payments - Ministries²⁵			
Budget (SAT)	162,441,929	83,369,813	127,095,005
Actual (SAT)	66,069,891	93,567,670	66,391,000
Variance (SAT)	96,372,038	(10,197,857)	60,705,005
Variance as % of budget	59%	-12%	48%
Development partner payments – State Owned Enterprises²⁶			
Budget receipts (SAT)	32,316,088	34,501,217	38,915,430
Budget payments (SAT)	116,693,125	106,118,917	69,337,115

Based on the analysis and supporting evidence the score for this dimension is C.

²⁵ Public Accounts, Budget Estimates and MoF staff estimates for the split of cost for 2014/15 for ministries and SOEs.

²⁶ Public Accounts, Budget Estimates and MoF staff estimates for the split of cost for 2014/15 for ministries and SOEs. Actual expenditures for the corresponding budgeted amounts were not available.

PI-2. Expenditure composition outturn

The PI-2 indicator assesses the extent to which reallocations between the main budget categories during execution have contributed to variance in expenditure composition and use of contingency reserves. It contains three dimensions and uses the M1 weakest link (WL) method for scoring:

- Dimension 2.1 Expenditure outturn by function;
- Dimension 2.2 Expenditure composition outturn by economic type; and
- Dimension 2.3 Expenditure from contingency reserves.

TABLE 3.5 PI-2 Summary of scores and performance table

Indicator/Dimension	Score	Brief justification for score
PI-2 Expenditure composition outturn	D+	
2.1 Expenditure composition outturn by function	D	The composition of expenditure by administrative type exceeded 15% in two years of the assessment.
2.2 Expenditure composition outturn by economic type	D	The composition of expenditure by economic type exceeded 15% in all years of the assessment.
2.3 Expenditure from contingency reserves	A	Actual expenditure charged to a contingency vote was on average 1.6%.

2.1 Expenditure composition outturn by function

Dimension 2.1 measures the difference between the original, approved budget and end-of-year outturn in expenditure composition, by functional classification, excluding contingency items, and interest on debt.

The annual budget estimates and the final public accounts did not provide information on expenditure in a manner consistent with the Classifications of Functions of Government (COFOG). Expenditures were only categorized at the administrative level in the approved budget and reported on accordingly.

Consistent with PI-1, the 2016 framework requires the assessment of the dimension to include development partner payments, the impact of the change in methodology is demonstrated in Table 3.6

TABLE 3.6 PI-2.1 Expenditure composition by function 2014/15 to 2016/17 under 2016 and 2011 framework.

Year	2016 Framework	2011 Framework
2014/15	16.8%	3.2%
2015/16	6.0%	4.9%
2016/17	24.4%	5.8%

Based on the analysis and supporting evidence the score for this dimension is C.

2.2 Expenditure composition outturn by economic type

Dimension 2.2 measures the difference between the original, approved budget and end-of-year outturn in expenditure composition by economic classification during the last three years including interest on debt but excluding contingency items.

Aggregate information on expenditure by economic type was not published in the budget, expenditure was categorized by into current (made up of statutory, programmatic or unforeseen) payments or capital payments (made up of loan and grant financed).

The Budget and Fiscal Policy Division (BFPD) within MoF supplied the data underpinning the original budget data by economic type. Publication of budget and forward estimates of expenditure classified by economic type ceased in 2014/15. The composition variance of the expenditure by economic type is provided in Table 3.7, further detail is available at Annex 5.

TABLE 3.7 PI-2.1 Expenditure composition by outturn by Economic Type 2014/15 to 2016/17

Year	Variance
2014/15	16.5%
2015/16	18.8%
2016/17	23.5%

Based on the analysis and supporting evidence the score for this dimension is D.

2.3 Expenditure from contingency reserves

Dimension 2.3 measures the average amount of expenditure charged to a contingency vote.

Unforeseen expenditures are treated as contingency reserves in the Samoan budget, these have averaged 1.6 percent for the three completed fiscal years (2014/15, 2015/16 and 2016/17).

Based on the analysis and supporting evidence the score for this dimension is A.

PI-3 Revenue outturn

The PI-3 indicator measures the change in revenue estimated in the original budget submitted to the Legislative Assembly and end-of-year outturn. It contains two dimensions and uses the M2 (AV) method for aggregating dimensions scores:

- Dimension 3.1 Aggregate revenue outturn; and
- Dimension 3.2 Revenue composition outturn

TABLE 3.8 PI-3 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-3 Revenue outturn	D+	
3.1 Aggregate revenue outturn	D	Actual revenue was outside 92% and 116% in at least two of the three years.
3.2 Revenue composition outturn	C	Variance in revenue composition was less than 15% in two of the last three financial years.

3.1 Aggregate revenue outturn

Dimension 3.1 measures the extent to which revenue outturns deviate from the originally approved budget.

The main sources of revenue in Samoa are: (i) customs and excise duties; (ii) VAGST; and (iii) income tax from individuals and companies (collected by the Ministry of Revenue); (iv) stamp duties imposed on capital transactions; (v) petroleum levies; and (vi) petroleum terminal levies (collected by the Ministry of Finance).

Table 3.9 provides the calculations under the 2011 and 2016 approach for the last three completed years (2014/15 to 2016/17). Utilizing the 2011 framework which excluded revenue from external sources saw an improvement in the outcome.

TABLE 3.9 Calculations of PI-3.1 Estimated and Actual Revenue 2011 and 2016 Framework 2014/15 to 2016/17

	2016/17	2015/16	2014/15
2016 PEFA Framework			
Budget Estimate (SAT)	772,838,863	631,577,818	679,334,744
Actual Revenue (SAT)	701,838,822	678,363,026	581,163,634
Overall variance	90.8%	107.4%	85.5%
2011 PEFA Framework			
Budget Estimate (SAT)	548,145,659	485,014,887	527,898,225
Actual Revenue (SAT)	564,338,822	538,028,401	485,903,930
Overall variance	103.0%	110.9%	92.0%

Based on the analysis and supporting evidence the score for this dimension is D.

3.2 Revenue composition outturn

Dimension 3.2 measures the variance in revenue composition and attempts to capture the accuracy of forecasts of the revenue structure and the ability of the government to collect the amounts of each category of revenues as intended.

The annual consolidated public accounts for 2014/15, 2015/16 and 2016/17 have classified information equivalent to Government Finance Statistics (GFS) Level 3. The annual Budget Estimates did not, as a result some re-engineering with the assistance of MoF was required to make comparisons possible. BPDF formulated the budget economic classification of revenue at a GFS Level 3 up to the end of fiscal year 2014/15 when the compilation and publication of this information ceased due to capacity constraints.

TABLE 3.10 Calculations of PI-3.2 Revenue composition 2014/15 to 2016/17

	2016/17	2015/16	2014/15
Budget Estimate (SAT)	772,838,863	631,577,818	679,334,744
Actual Revenue (SAT)	701,838,822	678,363,026	581,163,634
Deviation	19.7%	13.6%	12.9%

Duties covered 28.8%, VAGST 28.4% and income tax 16.7% of total actual revenue collected in 2016/17.

A contributing factor for the higher composition variances is the VAGST. In two of the three years of assessment there were significant differences between budgeted and actual revenue outcomes. A lower than anticipated performance in 2014/15 of SAT 16.5m and higher than anticipated performance in 2015/16 of SAT 56.5m could be attributable to timing differences and the inflow of revenues.

The impact of development partner activities has also affected performance in this dimension. A score of "A" would have been achieved if external loans and grants received were excluded from the criteria as the variance in revenue composition would have been less than five percent in two of the last three financial years as demonstrated in Table 3.11.

TABLE 3.11 Calculations of PI-3.2 Revenue composition 2014/15 to 2016/17 excluding development partner receipts

	2016/17	2015/16	2014/15
Budget Estimate (SAT)	548,145,659	485,014,887	527,898,225
Actual Revenue (SAT)	564,338,822	538,028,401	485,903,930
Deviation	4.5%	15.2%	4.2%

Based on the analysis and supporting evidence the score for this dimension is C.

PILLAR TWO: Transparency of public finances

Pillar two consists of six performance indicators examining whether information on public financial management is comprehensive, consistent, and accessible to users. This is achieved through comprehensive budget classification, transparency of all government revenue and expenditure including intergovernmental transfers, published information on service delivery performance and ready access.

TABLE 3.12 Summary Scores – Pillar Two Transparency of Public Finances

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
PI-4	Budget classification	M1	C				C
PI-5	Budget documentation	M1	D				D
PI-6	Central government operations outside financial reports	M2	D*	D*	C		D+
PI-7	Transfers to subnational governments	M2	NA	NA			NA
PI-8	Performance information for service delivery	M2	B	C	D	B	C
PI-9	Public access to fiscal information	M1	D				D

PI-4 Budget classification

The PI-4 indicator assesses the classification of the budget and the consistency with international standards during all stages of the budget cycle including formulation, execution and reporting in the last completed year 2016/17. It consists of a single dimension.

4.1 Budget classification

TABLE 3.13 PI-4 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-4 Budget Classification	C	
4.1 Aggregate expenditure outturn	C	Budget formulation, execution, and reporting are based on administrative and economic classification using GFS standards (at least level 2 of GFS standard—2 digits) or a classification that can produce consistent documentation comparable with those standards.

The chart of accounts (COA) used for the preparation, execution and reporting of the budget is approved and administered by MoF. The COA utilized for the 2016/17 budget provides for (i) administrative classification (the legal structure of government); (ii) classification of outputs and sub outputs (as opposed to programs); and (iii) economic type through the natural account. The COA does not have the capacity to classify on a functional basis. Information on a functional basis would require a mapping tool like that used to map the natural account and GFS codes.

There is no economic classification of the budget comparable to GFS Level 2, the public accounts do present information comparable with GFS Level 2.

The 2016/17 budget document contains detailed information at the administrative classification broken down to output and by economic type within the output. Administrative information is aggregated, economic type classification is not. Information on execution of the 2016/17 budget is published on the MoF website through two reports.

- Three quarterly monitoring reports (for Sep-16, Dec-16 and Mar-17) provide information on execution of the budget at the (i) aggregated level by economic type (to the equivalent of GFS Level 2) (ii) administrative classification.
- Three budget monitoring reports (for Sep-16, Dec-16 and Mar-17) which provide the reader on the performance of Ministries and select Authorities for the period.

The audited financial statements for 2016/17 are available on the MoF website, providing information on the full execution of the 2016/17 budget at the (i) aggregated level by economic type (to the equivalent of GFS Level 2) (ii) administrative classification.

Based on the analysis and supporting evidence the score for this dimension is C.

TABLE 3.14 Summary of Classification reporting by document type

	Budget Documentation	Budget Execution	Final Report
Economic Type (equivalent of GFS Level 2)	Information on expenditures by economic type are provided at the individual output level and aggregated at the budgetary unit level, but not aggregated at the total budget level. Details on estimated receipts is provided by economic type at the responsible budget unit collector.	Ongoing monitoring details are provided at the aggregated level for revenue and expenditure	Actual expenditures and receipts are consolidated at the whole of government level.
Administrative Classification	Budgeted expenditure provided to detailed output level and aggregated at budget unit level and expenditures on behalf of the state. Details on estimated receipts is provided by economic type and by budget unit level.	Ongoing monitoring details are provided at the Ministry level for both expenditure and revenue	Actual revenue is detailed at budgetary unit level. Payments are detailed down to the output level. Transactions on behalf of the state are provided at a detailed level by budgetary unit.
Programmatic Classification	N/A	N/A	N/A
Functional Classification	N/A	N/A	N/A

PI-5. Budget documentation

The PI-5 indicator assesses the comprehensiveness and public accessibility of information provided in the annual budget documentation prepared by a government. It consists of a single dimension.

TABLE 3.15 PI-5 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
5.1 Budget documentation	D	The Budget document fulfills the requirements of two basic elements and one additional element.

5.1 Budget documentation

The 2018/19 budget documentation presented by the government to the Legislative Assembly on 28 May 2018 was then published on the MoF website consisted of the:

- Estimate of Receipts and Payments (Main Budget Document);
- Fiscal Strategy Statement (outlining the fiscal targets); and
- Minister of Finance Budget Address (political narrative on the features of the budget).

The supporting documentation fulfilled two of the four basic elements and one of the eight additional requirements. It excluded information on the previous financial outcomes and estimates of financial outcomes beyond the budget year. For the purposes of understanding the timelines, the definition of the years was:

- Budget Year - 2018/19
- Current Year - 2017/18
- Previous Year - 2016/17
- Forward Estimates - From 2019/20 onwards

TABLE 3.16 Information contained in budget documentation for 2018/19

Item	2016	Source/comments
Basic Elements		
Forecast of the fiscal deficit or surplus, or accrual operating result.	Yes	Estimate of Receipts and Payments provides a fiscal balance for the BCG for the budget year (2018/19) and the previous year's budget, inclusive of the supplementary.
Previous year's budget outturn, presented in same format as budget proposal.	No	Estimate of Receipts and Payments excludes outturn amounts from the previous year (2015/16).
Current year's budget presented in same format as budget proposal. Either as revised budget or the estimated outturn.	Yes	Main budget document only contains revised current year (2017/18) in the same format, however this revised number is simply an addition of the original and supplementary appropriation.
Aggregated budget data for revenue and expenditure according to main heads of classifications used data	No	Budget data is aggregated by Ministry. It does not contain the same aggregation for the previous year. Revenue is broken-down

Item	2016	Source/comments
for current and previous year with a detailed breakdown of revenue and expenditure estimates.		into administrative and economic classifications, expenditure is distributed administratively.
Additional Elements		
Deficit financing, describing its anticipated composition.	Yes	Main budget document presents sources of deficit financing and amounts.
Macro-economic assumptions, including at least estimates of GDP growth, inflation, interest rates, and the exchange rate	No	The 2018/19 Fiscal Strategy provides only GDP growth and inflation assumptions.
Debt stock, including details at least for the beginning of the current year presented in accordance with GFS or comparable standard	No	Supporting budget documentation does not contain information on the stock of debt. Only provides details on debt servicing costs.
Financial Assets, including details at least for the beginning of the current year presented in accordance with GFS or comparable standard	No	Supporting budget documentation does not contain information on financial assets.
Summary information of fiscal risks including contingent liabilities such as guarantees, and contingent obligations embedded in structure financing instruments such as private, public partnerships, contracts, etc.	No	Supporting budget documentation does not contain information on fiscal risks.
Explanation of budget implications of new policy initiatives and major new public investments, with estimates of the budgetary impact of all major revenue policy changes and/or major changes to expenditure programs	No	The Budget Address provides some explanations of new policy generally but does not provide the budgetary impact of changes to the budget.
Documentation on the medium-term framework	No	No medium term framework (MTF) is presented in budget, albeit the budget strategy does provide an outlook on the economy.
Quantification of tax expenditures	No	There is no information on tax expenditures.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-6. Central government operations outside financial reports

The PI-6 indicator measures the extent to which government revenue and expenditure are reported outside central government reports. It consists of three dimensions and uses the M2(AV) method for aggregating scores:

- Dimension 6.1 Expenditure outside financial reports
- Dimension 6.2 Revenue outside financial reports
- Dimension 6.3 Financial reports of extrabudgetary units

TABLE 3.17 PI-6 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-6 Central government operations outside financial reports	D+	
6.1 Expenditure outside financial reports	D*	Insufficient information to be able to make an assessment.
6.2 Revenue outside financial reports	D*	Insufficient information to be able to make an assessment.
6.3 Financial reports of extrabudgetary units	C	Detailed financial reports of the majority of extrabudgetary units are submitted to government annually within nine months of the end of the fiscal year.

The central government of Samoa at the time of assessment comprised of ministries, budgetary central government agencies and thirteen extrabudgetary units and one social security fund, the Accident Compensation Corporation. All fourteen of the entities outside the budgetary central government had submitted audited financial statements for the three years in assessment, with 2016-17 being the latest.

TABLE 3.18 Financial reports of extrabudgetary units ²⁷

Extra budgetary unit	Date received by Central Government ²⁸	Content of annual financial report (Y/N)			Expenditure as estimated % of total EBU expenditure
		Expenditures /revenues by economic classification	Financial/non-financial assets and liabilities	Guarantees and long-term obligations	
Land Transport Authority	25 Feb 18	Y	Y	Y	13.1%
National Kidney Foundation	31 Oct 17	Y	Y	Y	2.9%
National Health Service	30 Jan 18	Y	Y	Y	35.2%
National University of Samoa	17 Nov 17	Y	Y	Y	12.2%
Public Trust Office	31 Oct 17	Y	Y	Y	1.0%
Samoa Airports Authority	23 Jan 18	Y	Y	Y	3.6%
Samoa Fire Emergency Services Authority	31 Oct 17	Y	Y	Y	1.9%
Samoa Qualifications Authority	3 Nov 17	Y	Y	Y	1.7%
Scientific Research Organization Samoa	10 Jan 18	Y	Y	Y	1.8%
Samoa Sports Facility Authority	13 Nov 17	Y	Y	Y	1.2%
Samoa Tourism Authority	24 Nov 17	Y	Y	Y	4.4%
Samoa Trust Estate Corporation	Feb 18	Y	Y	Y	0.9%
Samoa Water Authority	3 Nov 17	Y	Y	Y	13.3%
Accident Compensation Corporation	31 Oct 17	Y	Y	Y	6.8%

²⁷ Information on the dates the annual financial reports were completed were not available. 2016/2017 audited financial statements used for compilation and cashflow statements used for compilation to use the same basis of accounting as the budgetary central government

²⁸ Represents the date of the audited annual report submitted to the Ministry of Public Enterprises.

6.1 Expenditure outside financial reports

Dimension 6.1 assesses the magnitude of expenditures incurred by budgetary and extrabudgetary units (including social security funds) that are not reported in the government's financial reports.

The financial reports of the EBUs and the social security fund exclude reporting on externally funded projects in the financial statements.

Total budgeted expenditure for SOE's reported as a footnote to the consolidated public accounts amounts to SAT 116.7 m (16 percent) in 2016/17. This amount could not be split between EBUs, the social security fund and public corporations²⁹. Actual total expenditures for external funded projects and activities nor breakdowns of these expenditures could be found in the financial reports of these entities. There is insufficient information to distinguish actual performance.

Based on the analysis and supporting evidence the score for this dimension is D*.

6.2 Revenue outside financial reports

Dimension 6.2 assesses the magnitude of revenues received by budgetary and extrabudgetary units (including social security funds) that are not reported in the government's financial reports.

The financial reports of the EBUs and the social security fund exclude reporting on revenue for externally funded projects in the financial statements.

Total budgeted revenues for SOEs reported as a footnote to the consolidated public accounts amounts to SAT 32.3 m (4.2 percent) in 2016/17 respectively. This amount could not be split between extrabudgetary units, the social security fund and public corporations. Actual total revenues for donor funded projects nor breakdowns of these revenues could be found in the financial reports of these entities. There is insufficient information to distinguish actual performance.

Based on the analysis and supporting evidence the score for this dimension is D*.

6.3 Financial reports of extrabudgetary units

Dimension 6.3 assesses the extent to which ex-post financial reports of EBUs are provided to central government.

The social security fund and all EBUs reports on a financial year end of June 30. Table 3.18 provides details on the timeliness of annual financial reports submitted to MoPE. Financial reports for all ³⁰ were submitted within nine months of 30 June 2017 (31 March 2018).

Based on the analysis and supporting evidence the score for this dimension is C.

²⁹ In this context Social Security Funds and Public Corporations as defined by GFSM2014

³⁰ All is defined as representing at least 90 % of the value. The deadline set by MoPE is 31 October (four months after the end of year)

PI-7. Transfers to subnational governments

The PI-7 indicator assesses the transparency and timeliness of transfers from central government to subnational governments with direct financial relationships to it. It considers the basis for transfers from central government and whether subnational governments receive information on their allocations in time to facilitate budget planning. It contains two dimensions and uses the M2 (AV) method for aggregating dimension scores.

- 7.1 System for allocating transfers
- 7.2 Timeliness of information on transfers

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

PI-8. Performance information for service delivery

The PI-8 indicator examines the service delivery performance information in the executive's budget proposal or its supporting and documentation in year-end reports. It determines whether performance audits or evaluations are carried out. It also assesses the extent to which information on resources received by service delivery units is collected and recorded. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

- 8.1 Performance plans for service delivery
- 8.2 Performance achieved for service delivery
- 8.3 Resources received by service delivery units
- 8.4 Performance evaluation for service delivery

TABLE 3.19 PI-8 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-8. Performance information for service delivery	C	
8.1 Performance plans for service delivery	B	Information is published annually on policy or program objectives, key performance indicators, outputs or the outcomes planned for most Ministries
8.2 Performance achieved for service delivery	C	Information is published annually on the activities performed for the majority of ministries.
8.3 Resources received by service delivery units	D	No information is available on total resourcing received by one large Ministry (i.e. Ministry of Education (MoE))
8.4 Performance evaluation for service delivery	C	Evaluations of the efficiency and effectiveness of service delivery have been carried out for some ministries at least once within the last three years.

The "Strategy for the Development of Samoa (SDS) 2016/17 to 2019/20 - Accelerating Sustainable Development and Broadening Opportunities for All" outlines priorities the Government aims to progress in the four-year period from 2016/17 to 2019/20. It establishes 14 key strategic outcomes in four priority areas economic, social, infrastructure and environment. These outcomes are aligned to different sectors with detailed plans developed by Ministries and Agencies which form 14 sector planning coordinating groups as outlined in Table 3.20, these are available on the MoF website.

Progress towards these outcomes sought is assessed against a series of strategic outcomes with 47 measurable objectives as illustrated in Table 3.20.³¹

³¹ Strategy for the development of Samoa (SDS) 2016/17 - 2019/20
<https://www.mof.gov.ws/Services/Economy/EconomicPlanning/tabid/5618/Default.aspx>

TABLE 3.20 – Strategy for the Development of Samoa Key Priority Areas and Key Outcomes

Priority Area	Key Outcome and number of measurable strategic outcomes	
1: Economic	1: Macroeconomic Resilience Increased and Sustained	4
	2: Agriculture and Fisheries Productivity Increased	4
	3: Export Products Increased	
	4: Tourism Development and Performance Improved	3
	5: Participation of Private Sector Development Enhanced	3
2: Social	6: A Healthy Samoa and Well Being Promoted	4
	7: Quality Education and Training Improved	4
	8: Social Institutions Strengthened	4
3: Infrastructure	9: Access to Clean Water and Sanitation Sustained	4
	10: Transport Systems and Networks Improved	4
	11: Improved and Affordable Country Wide ICT Connectivity	4
	12: Quality Energy Supply	4
4: Environment	13: Environmental Resilience Improved	4
	14: Climate and Disaster Resilience Increased	1

8.1 Performance plans for service delivery

Dimension 8.1 assesses the extent to which key performance indicators for the planned outputs and outcomes of programs or services that are financed through the budget are included in the executive's budget proposal or related documentation, at the function, program or entity level.

The supporting document to the Parliament “Approved Estimates of Receipts and Payments” publishes a significant amount of quantitative information on KPI's per output by agency in the Central Government Sector and the outcomes for each entity.

A performance framework is prepared for each entity in the BCG. This information includes the key outcome to which the agency is contributing towards. For example, in the case of the Ministry of Education, it's national goal is to achieve the outcomes associated with Goal 7.

Quality Education and Training Improved. Sectoral goals are also then established	Enhanced quality of education at all levels.
	Enhanced educational access and opportunities at all levels
	Enhanced relevance of education at all levels
	Improved sector co-ordination of Research, Policy and Planning Development
	Established Sustainable and Efficient Management of All Education Resources

Information is published annually on key performance indicators and outputs to be produced for all Ministries, each output is identified and linked to ministerial specific outcomes and resourcing is identified against the outcome. Baseline KPI's are provided for each output in the budget.

Program Objectives	Yes - The Government does not take a programmatic approach it does deliver services in line with the strategic approaches are documented in the overarching SDS which is a medium-term document. These are not repeated annually in the budget document.
KPI's- Output indicators	Yes – The budget provides the details of the baseline KPI, the estimated actual achievement in the current year (2017/18) and what is anticipated for the budget year (2018/19).
KPI's Outcome indicators	Yes – These are outlined in the SDS medium term plan and monitored.
Planned outputs (quantity)	Yes – The planned outputs are provided with quantities in many of them which are measurable.
Planned outcomes (Measurable)	
Activities	No – Specific activities are not mentioned in the budget documentation but are outlined in the SDS and sectoral plans.

These are clearly then linked back to the strategic outcomes for the education sector which include:

1. Teaching and learning quality improved: - proportion of year 4 meeting level 3 for literacy and numeracy increased; - percentage of post-secondary education Training students graduating with nationally and internationally recognized qualifications increased to 12 percent male and 5 percent female;
2. Education and training opportunities access increased, especially for vulnerable groups: - 100 percent of education providers meeting standards/quality assurance systems; - proportion of children enrolling in year one who complete year eight to be 95 percent;
3. Education and training aligned to national human resource development priorities: - 70 percent of post-secondary education training technical vocational education training/graduates finding employment on exit; and
4. climate and disaster resilience improved: – 100 percent of school buildings insured.

Based on the analysis and supporting evidence the score for this dimension is B

8.2 Performance achieved for service delivery

Dimension 8.2 examines the extent to which performance results for outputs and outcomes are presented either in the executive's budget proposal or in an annual report or other public document, in a format and at a level (program or unit) that is comparable to the plans previously adopted within the annual or medium-term budget.

Generally, information on the quantity of outputs is provided through a budget monitoring report which provides an overview of performance of each Ministry indicating the number of KPI's met and a brief narrative on what has been achieved. Quarterly reports are produced regularly through the year with the most recent ones available being the third quarter for 2016/17.

These reports covering BCG are part of the suite of in year budget monitoring reports which are provided for Cabinet information, quarterly budget monitoring reports do not contain information on KPI's.

At the time of assessment Information on the quantity of outputs produced by the government in 2016/17 was available up to the 3rd Quarter, and the 4th Quarter had been finalized and was seen by the team and being reviewed by the FEC. The reports outline the performance by output, summarizing the execution rate and the numbers of completed and non-completed key performance indicators (KPIs). It provides a brief narrative as to the major outcomes for the year. The report was subsequently published on

Based on the analysis and supporting evidence the score for this dimension is C

8.3 Resources received by service delivery units

Dimension 8.3 measures the extent to which information is available on the level of resources actually received by service delivery units of at least two large ministries (such as schools and primary health clinics) and the sources of those funds.

MoE outlined there was a process of providing grants to each school from the Ministry. Each school does have a bank account, the schools receive resources from various sources, including:

- government grants;
- school registration fees (years 12 and 13);
- PTA contributions;
- NGO and CSO donations; and
- remittances

MoE has good information in relation to grants which are provided to each school, however each school is not required to provide details of all resources, these are provided at the village level which is the primary level of accountability.

A survey has not been conducted on resources received by service delivery units.

Based on the analysis and supporting evidence the score for this dimension is D

8.4 Performance evaluation for service delivery

Dimension 8.4 considers the extent to which the design of public services and the appropriateness, efficiency, and effectiveness of those services is assessed in a systematic way through program or performance evaluations.

The most recent public expenditure review (PER) undertaken by the World Bank was in 2017 for the period 2013 to 2016 and at the time of assessment a final draft was completed and provided to government. This was a follow up to the PER conducted in 2014. The PER covers off on the major service areas of health and education and is an independent evaluation. It had not been published at the time of the assessment.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-9 Public access to fiscal information

The PI-9 indicator assesses the comprehensiveness of fiscal information available to the public based on specified elements of information to which public access is considered critical. It consists of a single dimension.

TABLE 3.21 PI-9 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-9 Public access to fiscal information	D	
9.1 Public access to fiscal information	D	Only two basic items were met, in accordance with the specified time frames.

9.1 Public access to fiscal information

Dimension 9.1 assesses the comprehensiveness of fiscal information available to the public is based on specified elements of information to which public access is considered critical. Five elements are categorized as basic information requirements. A further four are considered additional. This information should be available without restriction, provided within a reasonable timeframe without a requirement to register, and free of charge, unless otherwise justified in relation to specific country circumstances. Only two basic elements were met (out of five) and no additional element was met (out of four).

TABLE 3.22 Elements of availability of Fiscal Information

Element/ Requirements	Evidence used/ Comments	Met (Y/N)
Basic Information		
Annual executive budget proposal documentation	A complete set of executive budget proposal documents (as referenced in PI-5) was only made available to the public through the MoF website after passage of the Appropriation Act. The requirement is that the documentation be presented within a week of submission to the legislature.	Not met
Enacted Budget	Appropriation Acts can normally be accessed on the Legislative Assembly website. The 2018/19 Appropriation Act was not on the website at the time of the assessment but was at a later stage. The requirement is that the annual budget law approved by the legislature is publicized within two weeks of passage of the law.	Not Met
In-year budget execution reports	Two reports are prepared and placed on the MoF website: (i) quarterly budget monitoring reports; and (ii) quarterly financial reports. The quarterly financial reports are audited financial statements of receipts and payments for the quarter. <ul style="list-style-type: none"> • 1st Quarter Report 2016-2017; • 2nd Quarter Report 2016-2017; and • 3rd Quarter Report 2016-2017. These are only available normally six months after the completion of the quarter due to the process of having to go through an audit	Met

Element/ Requirements	Evidence used/ Comments	Met (Y/N)
	<p>process.</p> <p>The budget monitoring reports provide an overview of the performance of each ministry and corporation against their approved estimates for the reporting quarter and progress on revenue collections.</p> <p>The budget monitoring reports are routinely made available to the public within one month of their issuance, as assessed in PI-27.</p>	
Annual budget execution report	<p>A budget monitoring report outlining full year performance is prepared for the consideration of government covering. The fourth quarter budget monitoring report for 2016/17 full year report was not available on the website at the time of the assessment.</p> <p>The requirement is for the annual budget execution report is made available to the public within six months of the fiscal year's end.</p>	Not Met
Audited annual financial report, incorporating or accompanied by the external auditor's report.	<p>The audited annual financial statements are published on the Ministry of Finance website after they have been tabled in Parliament. The most recent audited annual report as referenced in PI-30 to be published was the 2016/17 public accounts which were submitted to the Parliament on 27 March 2018. The requirement is that these reports are made available to the public within twelve months of the fiscal year's end.</p>	Met
Additional Elements		
Prebudget statement.	<p>The broad parameters for the executive budget proposal regarding expenditure, planned revenue, and debt is made available to the public at least four months before the start of the fiscal year.</p>	Not met
Other external audit reports	<p>In 2016/17 xx/14 extrabudgetary units had published their reports within six months of submission to the Controller and Auditor General. (representing around 41 percent of value). The requirement is for All (at least 90 percent by value) nonconfidential reports on central government consolidated operations are made available to the public within six months of submission.</p>	Not met
Summary of the budget proposal.	<p>The government does not publish a clear, simple summary of the budget proposal or enacted budget which is accessible and available to non-budget experts</p> <p>The requirement is for a clear, simple summary of the executive budget proposal or the enacted budget accessible to the nonbudget experts, often referred to as a "citizens' budget," and where appropriate translated into the most commonly spoken local language, is publicly available within two weeks of the executive budget proposal's submission to the legislature and within one month of the budget's approval.</p>	Not met
Macroeconomic	<p>The government does not publish the macroeconomic forecasts</p>	Not met

Element/ Requirements	Evidence used/ Comments	Met (Y/N)
forecasts.	which have been prepared. The requirement is for forecasts, as assessed in PI-14.1, to be made available within one week of their endorsement.	

Based on the analysis and supporting evidence the score for this dimension is D.

PILLAR THREE: Management of assets and liabilities

Pillar three examines the effectiveness of management of assets and liabilities to ensure that public investments provide value for money, assets are recorded, and managed, fiscal risks are identified, and debts and guarantees are prudently planned, approved, and monitored.

TABLE 3.23 Summary Scores – Pillar Three Management of Assets and Liabilities

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
PI-10	Fiscal risk reporting	M2	C	NA	B		C+
PI-11	Public investment management	M2	A	A	D	C	B
PI-12	Public asset management	M2	C	C	B		C+
PI-13	Debt management	M2	A	A	B		A

PI-10. Fiscal risk reporting

P1-10 measures the extent to which fiscal risks to central government are reported. It contains three dimensions, and uses the M2 (AV) method for aggregating dimension scores:

- Dimension 10.1 Monitoring of Public Corporations;
- Dimension 10.2 Monitoring of subnational governments; and
- Dimension 10.3 Contingent liabilities and other fiscal risks.

TABLE 3.24 PI-10 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-10 Fiscal risk reporting	C+	
10.1 Monitoring of public corporations	C	Government received financial reports from most public corporations within nine months of the end of the fiscal year.
10.2 Monitoring of subnational governments	NA	No sub-national government in the current structure of the government of Samoa.
10.3 Contingent liabilities and other fiscal risks	B	Central Government entities and agencies quantify most significant contingent liabilities in their financial reports.

In 2016/17 Samoa had 29 public corporations shown in Table 3.25 categorized into:

- public trading bodies with 18 entities constituting 61 percent (SAT 285.6 m) of the total expenditures;
- public mutual bodies with 3 entities representing 5 percent (SAT 24.6 m) of the aggregate expenditures; and
- public beneficial bodies with 8 entities making up of 33 percent (SAT 154.8 m) of the total expenditures.

Two entities³² did not disclose their contingent liabilities in their financial representing around two percent of total expenditure.

Section 83 of the PFMA provides for government consideration of the issuance of guarantees and indemnities for a state enterprises, group and individual who may be interested in applying. The overarching principle in considering the provision of a guarantees to an applicant is its linkage to the promotion of the public interest. MoF has issued a paper explaining the procedural requirement in applying for a government guarantee. The PFMA provides the authority for the Minister of Finance to grant the guarantee with prior approval from Cabinet. The Debt Management Division within MoF is responsible for managing the execution of the guarantees in accordance with the legislation and government policies.

The Minister of Finance who assesses any requests for a government guarantee through MoF submits the application to Cabinet for a decision with a recommendation. SOE guarantees are made through the Minister of Public Enterprises to the Minister of Finance who then makes a recommendation to Cabinet. Fees are charged upfront to the borrower on the guarantee amount, and an annual fee on the outstanding balance of the guarantee amount annually.

³² Gambling Control Authority and the Scientific Research of Samoa

The government guarantee is required to be tabled in the Legislative Assembly within seven days after the signing of the guarantee Deed if it is in session. If the Legislative Assembly is not in session, then the guarantee is tabled on resumption of the session.

10.1 Monitoring of public corporations

Dimension 10.1 assesses the extent to which information on the financial performance and associated fiscal risks of the central government's public corporations is available through audited annual financial statements.

Tables 3.25 and 3.26 provide details on entities presenting their 2016/17 financial statements to MoPE relating to the 2016/17 fiscal year:

- 17 entities (SAT 256 m, representing 55 percent of total expenditures) submitted unaudited financial statements within six months, this increased to 25 entities (SAT 452 m representing 97 percent of total expenditure) submitted within nine months; and
- 24 entities (SAT 233.3 m, representing 50 percent of total expenditure) completed the auditing of their financial statements within six months, this increased to 27 entities (SAT 453.9 m representing 98 percent of total expenditure) within nine months.

Although some public public corporations had not submitted within six months of the end of the financial year they had all submitted unaudited financial statements within 18 months. After nine months of the financial year two entities representing around three percent of the total expenditure remained to be audited, the Samoa Land Corporation whose audit was completed after 10 months and Samoa Shipping Services whose audit was completed after 11 months. The outsourcing of the external auditing functions to the private sector has helped greatly timely completion of audit activities.

TABLE 3.25 Annual Financial Reporting by Public Corporations

	Entity	DATE OF AUDITED FINNICAL STATEMENT	TOTAL EXPENDITURE (SAT)	% TOTAL EXPENDTIURE	CONTINGENT LIABILITIES IN FINANCIAL REPORT
CONSOLIDATED			465,023,092	100%	
PUBLIC TRADING BODIES			285,623,801	61.4%	
1	Development Bank of Samoa	31 October 2017	11,110,987	2.4%	Y
2	Electric Power Corporation	5 February 2018	113,625,458	24.4%	Y
3	Gambling Control Authority	30 October 2017	319,303	0.1%	N
4	Land Transport Authority	16 November 2017	34,077,547	7.3%	Y
5	Polynesian Airlines Investment Ltd	7 November 2017	951,042	0.2%	Y
6	Polynesian Ltd.	7 November 2017	17,709,203	3.8%	Y
7	Public Trust Office	31 October 2017	1,002,756	0.2%	Y
8	Samoa Airport Authority	10 November 2017	15,080,550	3.2%	Y
9	Samoa Housing Corporation	31 October 2017	5,383,935	1.2%	Y
10	Samoa International Finance Authority	31 October 2017	12,686,820	2.7%	Y
11	Samoa Land Corporation	6 April 2018	8,506,399	1.8%	Y
12	Samoa Ports Authority	31 October 2017	11,333,150	2.4%	Y
13	Samoa Post Limited	31 October 2017	1,906,950	0.4%	Y
14	Samoa Shipping Corporation	31 October 2017	22,192,369	4.8%	Y
15	Samoa Shipping Services	3 May 2018	2,563,091	0.6%	Y
16	Samoa Trust Estates Corporation	27 December 2017	1,874,880	0.4%	Y
17	Samoa Water Authority	31 October 2017	24,232,915	5.2%	Y
18	Unit Trust of Samoa	23 August 2017	1,066,446	0.2%	Y
PUBLIC MUTUAL BODIES			24,564,577	5.3%	
19	Accident Compensation Corporation	2 November 2017	5,114,708	2.1%	Y
20	Samoa Life Assurance Corporation	12 January 2018	9,558,835	2.1%	Y
21	Samoa National Provident Fund	20 October 2017	9,891,034	2.1%	Y
PUBLIC BENEFICIAL BODIES			154,834,714	33.3%	
22	National Health Services	5 February 2018	97,505,964	21.0%	Y
23	National Kidney Foundation	30 October 2017	6,689,830	1.4%	Y

	Entity	DATE OF AUDITED FINNICAL STATEMENT	TOTAL EXPENDITURE (SAT)	% TOTAL EXPENDTIURE	CONTINGENT LIABILITIES IN FINANCIAL REPORT
24	National University of Samoa	31 October 2017	25,282,968	5.4%	Y
25	Samoa Fire and Emergencies Services	30 October 2017	4,261,950	0.9%	Y
26	Samoa Qualification Authority	31 October 2017	3,688,754	0.8%	Y
27	Scientific Research of Samoa	31 October 2017	3,990,692	0.9%	N
28	Samoa Sports Facilities Authority	2 November 2017	5,082,036	1.1%	Y
29	Samoa Tourism Authority	29 November 2017	8,332,520	1.8%	Y

TABLE 3.26 Unaudited Annual Financial Reporting by Public Corporations to Parent Ministry Entities submitting unaudited financial statements to parent ministry for FY2016/17

	Number of entities	Weighted by total expenses	SAT
Within 6 months of end of FY	17	55%	256,052,469
6-9 months of end of FY	8	42%	195,706,950
9-18 months after end of FY	4	3%	13,263,673
Not yet submitted after 18 months	-	-	-
Total	29	100%	465,023,092

TABLE 3.27 Audited Annual Financial Reporting by Public Corporations Entities audited financial statements and published for FY2016/17

	Number of entities	Weighted by total expenses	SAT
Within 6 months of end of FY	24	50%	233,263,345
7-9 months of end of FY	3	48%	220,690,257
10-18 months after end of FY	2	2%	11,069,490
Not yet submitted after 18 months		-	-
Total	29	100%	465,023,092

Details on government guarantees in 2016/17 totaled SAT 151.2 m, as per Schedule 13 in the Public Accounts. These guarantees are provided for public corporations borrowing for external and local institutions.

The highest guarantee was provided to a variety of institutions for the Development Bank of Samoa (DBS) for SAT 123.8 m or 82 percent of the total guarantee amount. The CBS direct lending to the DBS and Samoa Housing Corporation is a special case, occurring outside of CBS normal operating parameters.

TABLE 3.28 Government Guarantees

Institution	SAT
Bank of South Pacific(Samoa) Limited	
Polynesian Airlines Ltd	7,015,318
European Economic Community	
Development Bank of Samoa	202,671
European Investment Bank	
Development Bank of Samoa	16,560,169
National Provident Fund	
Development Bank of Samoa	17,601,004
Unit Trust of Samoa	
Samoa Shipping Services Ltd	1,749,879
Samoa Trust Estates Corporation	4,224,693
Samoa Housing Corporation	4,832,494
Central Bank of Samoa	
Development Bank of Samoa	89,551,471
Samoa Housing Corporation	9,420,768
Total Guarantees Issued	151,158,466

Based on the analysis and supporting evidence the score for this dimension is C.

10.2 Monitoring of subnational governments

NA

10.3 Contingent liabilities and other fiscal risks

Dimension 10.3 assesses monitoring and reporting of the central government's explicit contingent liabilities from its own programs and projects, including those of EBUs.

Schedule 13 of the audited Public Accounts for 2016/17 lists the contingent liabilities and guarantees of the Government as at 30 June 2017. The explicit contingent liabilities are uncalled capital subscriptions and promissory notes to multi-lateral agencies totaling SAT 169.8 m and SAT 3.18 m respectively, these are reproduced in Table 3.29.

TABLE 3.29 Contingent Liabilities

Uncalled Capital Subscriptions	Amount SAT
Asian Development Bank (327 shares @ SDR 10,000 per share SDR 3,270,000)	11,409,630
International Bank for Reconstruction and Development (USD 62,704,263.48)	157,232,356
International Development Association	38,094
Multilateral Investment Guarantee Agency (USD 432,800)	1,085,256
Total Uncalled Capital Subscriptions	169,765,336
PROMISSORY NOTES	3,180,733

Paid-in Capital	
Asian Development Bank	16,387
International Bank for Reconstruction and Development	2,963,389
International Development Association	65,300
Multilateral Investment Guarantee Agency	135,657
OTHER CONTINGENT LIABILITIES	
Asian Development Bank	102,942

The budget makes no mention of contingent liabilities, and the annual public accounts only mentioned those that are explicitly quantified.

It should be noted that the Samoan National Provident Fund (SNPF) is an important institution for ensuring its viability to meet the obligations to its members when they are due otherwise government will have to step in and bear the risks of those financial obligations. It is providing loans to members and public corporations. An actuarial review is required by law to be undertaken every three years.

The last actuarial review of the SNPF was conducted in 2015 for the period ended 30 June 2014, outlined the Revaluation Pension Reserve deficit of SAT 0.304 m which represents approximately 0.5 percent of BSG expenditure. This represented less than 10 percent of the total liability of the Pension Reserve account, and in accordance with the funding policy and no transfer was required. The next actuarial review is due in 2018, for the period ending 30 June 2017. The SNPF has published its audited financial statements for the fiscal year 2016/2017 in which the Controller and Auditor General offered an unqualified opinion.

Based on the analysis and supporting evidence the score for this dimension is B.

PI-11. Public investment management

The PI-11 indicator assesses the economic appraisal, selection, costing, and monitoring of public investment projects by the government, and contains four dimensions and uses the M2 (AV) method for aggregating dimension scores:

- Dimension 11.1 Economic analysis of investment projects;
- Dimension 11.2 Investment project selection;
- Dimension 11.3 Investment project costing; and
- Dimension 11.4 Investment project monitoring.

TABLE 3.30 PI-11 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-11 Public investment management	B	
11.1 Economic analysis of investment projects	A	Economic analyses were conducted, as established in national guidelines, to assess all major investments projects and these were published and were assessed by an independent entity.
11.2 Investment project selection	A	Prior to their inclusion in the budget, all major investment projects are prioritized by a central entity on the basis of published standard criteria for project selection.
11.3 Investment project costing	D	Projections of the total capital cost of major investment projects, together with the capital costs for the forthcoming budget year were not included in the budget documents
11.4 Investment project monitoring	C	The total cost and physical progress is monitored by the implementing government unit. Information on implementation of major investment projects is prepared annually

Through the Project Planning and Programming Manual (PPPM) the government aims to adopt a common approach in the presentation of project and programme proposals. The PPPM was last updated in 2009 and provides guidance to ministries and agencies on all phases of the project cycle from planning and programming to the post project evaluation stage. The PPPM provides a very clear and detailed guideline on how to fulfill the process for each phase

Project formulation, identification and development is initiated at the ministry level. MoF (through EPPD), undertakes an independent and comprehensive appraisal of project requests which are to be financed by the government. EPPD utilizes financial, economic, environment and technical criteria when undertaking an appraisal. Consideration is also given to the expected outputs and outcomes to be achieved during an assets effective life.

The Samoan Monitoring, Evaluation and Reporting Framework (SMERF) manual provides a guide for design of sector plans, outcome maps and building of sector plan monitoring, evaluation and reporting framework and/or plans. SMERF is a reference for monitoring and evaluating project execution and

outcomes which are then reported to Cabinet through the Cabinet Development Committee (CDC) on a quarterly basis.

The most recent publication of the PSIP for the period 2015/16 to 2017/18 lists of ongoing projects (SAT 583.58 m) and pipeline projects (SAT 97.1 m). Table 3.31 outlines the top ten projects by value which exceeded one percent of the annual budget.

TABLE 3.31: Top Ten Projects by Value

Project Title	Duration	Total Costs (SAT\$)	Proportion of Annual Budget	Development Partners	Economic Analysis Conducted
Samoa Power Sector Expansion	2008:2016	\$230,000,000	27%	ADB, JICA, GoA, GoS	Evidence Provided
Faleolo International Airport Terminal	2015:2017	\$69,703,400	8%	PRC	Evidence Provided
Samoa Aviation Investment Project	2014:2019	\$57,500,000	7%	WB	Evidence Provided
Submarine Cable	2015:2018	\$37,967,700	4%	ADB/WB	Evidence Provided
PPCR - Enhancing the CR of the WCR	2011:2015	\$34,040,000	4%	WB	Evidence Provided
NUS Ocean Campus	2012-2016	\$30,140,202	4%	PRC	Evidence Provided
Petroleum Bulk Storage Facility Project Phase IV	2011:2016	\$27,600,000	3%	OPEC	NA
Urban Untreated Water Scheme	2013:2015	\$16,200,000	2%	JICA	NA
Tanumalala Prison Complex	2015-2016	\$16,000,000	2%	PRC/SoS	
Sanitation and Drainage Phase II	2015:2016	\$14,844,500	2%	ADB	Evidence Provided
Total Ongoing Capital		\$533,995,802			

The PSIP allows for a more informed planning and implementation system of all major development projects to ensure harmonization of efforts across all sectors, with an aim of ensuring resources (both local and foreign) are utilized efficiently and effectively.

11.1 Economic analysis of investment projects

Dimension 11.1 assesses the extent to which robust appraisal methods, based on economic analysis, are used to conduct feasibility or prefeasibility studies for major investment projects and whether the results of analyses are published.

Two major projects were approved by government in 2016/17, the Samoa Aviation Investment project (SAT 101 m) and the MV Lady Naomi Replacement Project (SAT 71 m). These two projects costing (SAT 172 m) represented 30 percent of the total cost for ongoing projects.³³

Both were processed in accordance with the national guidelines stipulated in the PPPM. The Samoa Aviation Authority did the initial project development for the Samoa Aviation Investment project. This was then submitted to MoF to conduct an independent appraisal of the economic and financial viability of the project.

Based on the analysis and supporting evidence the score for this dimension is A.

11.2 Investment project selection

Dimension 11.2 assesses the extent to which the project-selection process prioritizes investment projects against clearly defined criteria.

The 2015/16 to 2017/18 PSIP outlines ongoing and prioritized pipeline development projects which are categorized in one of the 14 SDS sectors and provides total estimated costs for three years.

The PSIP is an important budget and planning tool, allowing a transparent platform for the efficient and effective allocation of available and planned resources. These investment programs have been approved by Cabinet.

The PSIP identifies all estimated financial resources currently being disbursed and the gap in financing for ongoing and pipeline investments during those three years. The PSIP provides a narrative on the links between all the development projects to specific strategies as outlined within the SDS 2012-16, National Infrastructure Strategic Plan as well as each respective sector plan key outcomes. As a rolling plan, the PSIP is reviewed and updated annually in time for the preparation of the annual budget, and links with the implementation of sector plans.

The PSIP document provides the criteria for project selection which include the requirement:

- (i) the project has a sound development orientation and approach in line with the SDS and other government policy statements;
- (ii) the project is in line and consistent with the related sector plan;
- (iii) the fundamental assumptions relating to the project are valid;
- (iv) adequately trained personnel are available when the project is commissioned and entering into the operational phase;
- (v) the project is financially sound and sustainable and can be accommodated through future budget allocations and is consistent with macroeconomic stability;
- (vi) the project accounts for gender equality issues when implemented if applicable; and
- (vii) the project is environmentally sound, and consideration has been taken to address climate preparedness and resilience.

The CDC makes the decision on the project to be endorsed for implementation. ACDMD within MoF is responsible for identification and coordination of funding arrangement for the approved projects. Both PSIP and the PPPM are publicly accessible through the MoF website.

³³ A copy of the analysis of these projects was provided to the team.

Based on the analysis and supporting evidence the score for this dimension is A.

11.3 Investment project costing

Dimension 11.3 evaluates whether the budget documentation includes medium-term projections of investment projects on a full-cost basis and whether the budget process for capital and recurrent spending is fully integrated.

The PSIP document outlines estimated recurrent and capital costs for each project over three years. However, the government's annual budget only provides an estimate for operational and capital costing for each project for only one year which was 2016/17. Both capital and recurrent components of projects are integrated. The 2016/17 Budget only provided one fiscal year disclosure of projects recurrent and capital costing.

Based on the analysis and supporting evidence the score for this dimension is D.

11.4 Investment project monitoring

Dimension 11.4 assesses the extent to which prudent project monitoring and reporting arrangements are in place for ensuring value for money and fiduciary integrity.

The implementing agency or the ministry who is concerned with the project is responsible for monitoring of the project implementation and is required to submit a quarterly progress report to the CDC in the format prescribed in the Manual on project Planning and Programming.

A progress reports for Samoa Aviation Investment project and for MV Lady Naomi Replacement Project were submitted to CDC. The ACDMD maintains a data base for all projects endorsed and implemented. The total cost and physical progress of major investment projects are monitored by the implementing agency and EPPD. But they are not published annually for public access.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-12. Public asset management

The PI-12 indicator assesses the management and monitoring of government assets and the transparency of asset disposal. It contains three dimensions and uses the M2 (AV) method for aggregating dimension scores.

- 12.1 Financial asset monitoring;
- 12.2 Nonfinancial asset monitoring; and
- 12.3 Transparency of asset disposal

TABLE 3.32 PI-12 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-12 Public Asset Management	C+	
12.1 Financial Asset Monitoring	C	The government maintains a record of its holdings in major categories of financial assets.
12.2 Non-financial asset monitoring	C	The government maintains a register of its holdings of fixed assets and collects partial information on their usage and age.
12.3 Transparency of asset disposal	B	Procedures and rules for the transfer or disposal of nonfinancial assets are established. Information on transfers and disposals is included in budget documents, financial reports, or other reports.

Section 107 of the PFMA stipulates the governance framework for monitoring and disposal of public assets and the reporting requirements for the central Government's financial statement covering financial assets and liabilities.

MoF maintains records on the central Government's financial assets in the FMIS. These are inclusive of EBUs, which currently constitute more than 50 percent of the total value of the Government's financial assets.

Non-financial asset management is highly decentralized, line ministries individually record and manage their own assets. The registry management system is governed by MoF³⁴ who occasionally issue a treasury circular to line ministries explaining the importance of maintaining and adhering to the adopted process, as stipulated in the Treasury Instructions, and operationalized in the FMIS. The most recent circular was issued during the 2017/18 financial year to assist with the processes around the Asset Register to ensure accuracy of the 2017/18 Public Accounts.

12.1 Financial asset monitoring

Dimension 12.1 assesses the nature of financial asset monitoring, which is critical to identifying and effectively managing the key financial exposures and risks to overall fiscal management.

In 2016/17 MoF utilized the FMIS to account for the central government's financial assets. Valuation of financial assets follows processes outlined in the Treasury Instructions³⁵. Schedule five of the 2016/17 public accounts outlines in significant detail total financial assets held by the government which consist of cash balances, receivables and capital subscriptions. Total receipts arising from investments are

³⁴ Under the Treasury Instruction, Section IV Part 1, in accordance with Section 127 of the PMFA

³⁵ Section 4 Part 1, Sub-section 1.3.2.

reported in the consolidated public accounts. However, it is unclear whether actual returns from financial or non-financial assets, making it difficult to accurately ascertain the return on capital.

Based on the analysis and supporting evidence the score for this dimension is C.

12.2 Nonfinancial asset monitoring

Dimension 12.2 assesses the features of nonfinancial asset monitoring for BCG. Reporting on nonfinancial assets should identify the assets and their use.

The recording processes for non-financial assets are governed through the Treasury Instructions³⁶ and are operationalized through the FMIS fixed non-financial assets registry module which is accessible by all ministries for the management of non-financial assets.

TABLE 3.33 Categories of nonfinancial assets

Categories	Subcategories	Where captured	Comments
Fixed assets	Buildings and structures	FMIS Public Account	The information for this category is provided in the public account with value and write-off.
	Machinery and equipment	FMIS Public Account	
	Other fixed assets	FMIS Public Account	
Inventories	—	No evidence	
Valuables	—	No evidence	
Non-produced assets	Land	Public Account	For foreign missions' land only.
	Mineral and energy resources	No evidence	
	Other naturally occurring assets	No evidence	
	Intangible non-produced assets	No evidence	

Note: The categories in the table are based on the GFS Manual 2014, but different categories applied by the government may be used.

The key functions for the managing of non-financial assets are ensuring details such as the date of purchase, descriptions, usages and maintenance worksheets, all of which are recorded and monitored in the FMIS.

The information contained in the FMIS is available for internal use and the aggregate data is reported and published in the public accounts.

Land valuation, only for foreign missions is valued and recorded in the consolidated public accounts. Domestic government land is neither valued or recorded either in the consolidated public accounts or the SOE's financial statement. The EBU's do not report any land values in their financial statements.

³⁶ Section 4 Part 1

Buildings is the largest category among the other asset categories and is reported in the Finance One System. New Buildings they are valued at cost and are then depreciated against a set schedule.

Based on the analysis and supporting evidence the score for this dimension is C.

12.3 Transparency of asset disposal

Dimension 12.3 assesses whether the procedures for transfer and disposal of assets are established through legislation, regulation, or approved procedures.

The process for the disposal of assets is governed through the Assets Write-Off Operating manual, which is required under the PFMA and operationalized through the Treasury Instructions³⁷. The manual assists the process for the collection of proceeds generated from the disposal of non-financial assets and is operationalized in conjunction with the following manuals:

- Finance ONE – General Overview;
- General Enquiries and Reports Training Manual;
- Monitoring and Review; and
- Purchasing and Payments.

Asset disposal processes are conducted by the CTB who are also responsible for procurement operations. MoF provides a supporting secretariat role.

A report of the public auction outcome is provided to the TBC Chairman requesting approval to dispose and write-off government non-financial assets, such as vehicles.

A government auction process and a guideline policy are in place to guide the process and the information is recorded in the FMIS. The sales and disposal of non-financial assets information are reported in the central government financial statements, including for the EBU.

The asset policy under the Treasury Instructions provides the rules for the sale, transfer and disposal of non-financial assets³⁸.

Based on the analysis and supporting evidence the score for this dimension is B.

³⁷ Part K

³⁸ Operational manual and procedural guidelines for disposal of non-financial assets

PI-13. Debt management

The P1-13 indicator assesses the management of domestic and foreign debt and guarantees. It contains three dimensions and uses the M2 (AV) method for aggregating scores.

- 13.1 Recording and reporting of debt and guarantees;
- 13.2 Approval of debt and guarantees; and
- 13.3 Debt management strategy (DMS).

TABLE 3.34 PI-13 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-13. Debt management	A	
13.1 Recording and reporting of debt management	A	Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least quarterly.
13.2 Approval of debt and guarantees	A	Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity. Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees, and monitor debt management transactions by a single debt management entity. Annual borrowing must be approved by the government or legislature.
13.3 Debt management strategy	B	A current medium-term debt management strategy, covering existing and projected government debt, with a horizon of at least three years, is publicly reported. The strategy includes target ranges for indicators such as interest rates, refinancing, and foreign currency risks.

Debt management is governed through the PFMA which requires the Minister of Finance to have in place a DMS³⁹. The current three-year MTDS was approved in June 2016.

The amendment to the PFMA in 2015 made a significant addition to Part XI which required the Minister to have a debt management strategy and requiring the reporting on debt through the MoF annual report. The MTDS includes strategic targets to minimize fiscal risk, which are required to be monitored and reported annually in the MoF annual report to the Legislative Assembly. MoF's annual report is required to report on implementation of the MTDS in the previous year. The most recent annual report publicly available is 2015/16 MoF's annual reports for 2016/17 has been completed but not published.

The 2017/18 Fiscal Strategy outlined a target for public debt levels not to exceed 50 percent of GDP. Table 3.35 outlines basic debt information contained in the published 2018/19 Fiscal Strategy.

³⁹ Section 86B

Additionally, the PFMA ⁴⁰, underscored for the government to adhere to the procedures approved by Cabinet and to limit new loans within the period of the existing MTDS.

All debt management operations and transactions are centralized at MoF through ACDMD. Cabinet reviews debt levels annually, which is then released in the Fiscal Strategy statement accompanying the budget. Table 3.35 summarizes reported debt levels from 12/13 to 17/18. ACDMD publishes a quarterly report containing qualitative and quantitative information on the stock of debt at the end of the reporting quarter.

TABLE 3.35 Public debt levels in Samoa 2012/13 to 2018/19

Years	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Total Debt (SAT m)	990.4	1,015.5	1,126	1,080	1,047	NA	NA
Total debt (% of GDP)	54	54	58	53	49	49	NA
Total debt serving (SAT m)	38.8	46.2	53.9	66.5	66.6	NA	NA
Debt serving as % of GDP	2.1	2.5	2.8	3.2	3.1	NA	NA

Note Targets Total Debt to GDP 55 percent/ Total Debt Servicing two to three percent of GDP.

13.1 Recording and reporting of debt and guarantees

Dimension 13.1 assesses the integrity and comprehensiveness of domestic, foreign, and guaranteed debt recording and reporting.

MoF uses the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) for recording and managing the country's domestic and external public-sector debt. All guarantees are recorded and managed in excel.

The reconciliation of debt with lenders is undertaken monthly. The recording of debt also requires ongoing data reconciliation with information contained in the FMIS, lenders' statements, and are also validated against loan agreements and records maintained within ACDMD to ensure consistency with the creditor institutional records.

The quarterly debt bulletin is prepared and disseminated within MoF and other Government agencies such as CBS and SBS and are also published on the MoF website. The quarterly monitoring report is comprehensive and covers key debt information regarding the stock, flow and debt operations.

Based on the analysis and supporting evidence the score for this dimension is A.

13.2 Approval of debt and guarantees

Dimension 13.2 assesses the arrangements for the approval and control of the government's contracting of loans and issuing of guarantees, which is crucial to proper debt management performance.

The PFMA ⁴¹ authorizes the Minister of Finance to borrow and issue guarantees on behalf of government, the PFMA allows borrowing:

- to finance any deficit in the approved budget of the State;
- to maintain a cash balance at a level or range determined by the Minister;
- to lend money in accordance with the Act;

⁴⁰ Part XI, Section 78A

⁴¹ Sections 78 and 86

- to honor obligations under outstanding State guarantees;
- to refinance outstanding State debt, including repayment of a loan prior to its maturity date, and repurchase of State debt securities;
- to immediately protect or eliminate effects caused by a natural or environmental disaster or any other national emergency;
- to meet requests by the Central Bank to issue Treasury bills for the sole purposes of supporting monetary policy objectives; and
- for any other purposes as may be approved by the Cabinet.

The Cabinet approved procedures for contracting new loans and issuance government guarantees are in place through the MTDS and have been implemented to guide debt management activities. Any new loans are first approved by Cabinet, and then submitted to the Legislative Assembly for approval. This provides part of the budget documents.

The most recent borrowing was in 2016, a USD 16.8 m, loan from the World Bank to assist with the Samoa Aviation Investment Project.

Based on the analysis and supporting evidence the score for this dimension is A.

13.3 Debt management strategy

Dimension 13.3 assesses whether the government has prepared a debt management strategy with the long-term objective of contracting debt within robust cost–risk trade-offs.

The MTDS for the period 2016 to 2020 was adopted by the government after reviewing the previous MTDS (2013 to 2015). The MTDS outlines the key strategies to be implemented over the period to achieve the objective of ensuring financing needs are always met on a timely basis at lowest cost as possible over the medium term, within a prudent risk level.

The MTDS is published on MoF's website and is reviewed and reported to Parliament annually through the MoF annual report, although the last publicly available report is for 2015/16.

Table 3.36 outlines the annual targets which are established to manage cost and risks such as foreign currency risk, interest rate risk, credit risk and refinancing risk. These are monitored and published in the MoF annual report.

TABLE 3.36 Debt Risk Exposure Targets in the MTDS

Risk Exposure	Indicators	Target (annual)
Manage cost	i. Implied interest rate ii. Number of new loans approved below minimum concessionality iii. Number of new loans approved without compliance to procedures and guidelines	≤1.4% 0 0
Foreign currency risk	iv. foreign exchange debt % of total debt v. Short term FX debt % reserves	≤98% <15%
Refinancing risk	vi. % of total public debt maturing in 1year vii. Total Average Time for Re-fixing	<5% >13years
Interest rate risk	viii. % of total debt in variable interest rates	<2%

Risk Exposure	Indicators	Target (annual)
Credit risk	ix. Total Guarantees % of GDP x. Number of new guarantees issued without compliance to procedures and guidelines	≤10% 0

Based on the analysis and supporting evidence the score for this dimension is B.

PILLAR FOUR: Policy based fiscal strategy and budgeting

Pillar four examines whether the fiscal strategy and the budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections.

TABLE 3.37 Summary Scores – Pillar Four Policy Based Fiscal Strategy and Budgeting

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
PI-14	Macroeconomic and fiscal forecasting	M2	C	C	D		D+
PI-15	Fiscal strategy	M2	D	B	B		C+
PI-16	Medium-term Perspective in expenditure budgeting	M2	D	D	C	D	D
PI-17	Budget preparation process	M2	A	C	C		B
PI-18	Legislative scrutiny of budgets	M1	C	B	A	A	C+

PI-14. Macroeconomic and fiscal forecasting

PI-14 measures the ability of a country to develop robust macroeconomic and fiscal forecasts, which are crucial to developing a sustainable fiscal strategy and ensuring greater predictability of budget allocations. It also assesses the government's capacity to estimate the fiscal impact of potential changes in economic circumstances. It contains three dimensions and uses M2 (AV) for aggregating dimension scores.

- 14.1 Macroeconomic forecasts
- 14.2 Fiscal forecasts
- 14.3 Macro-fiscal sensitivity analysis

TABLE 3.38 PI-14 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-14. Macroeconomic and Fiscal Forecasting	D+	
14.1 Macroeconomic forecasts	C	The government prepares forecasts of key macroeconomic indicators for the budget year and the two following fiscal years.
14.2 Fiscal forecasts	C	The government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years.
14.3 Macro-fiscal sensitivity analysis	D	The macro fiscal forecasts prepared by the government did not include a qualitative assessment of the impact of alternative macroeconomic assumptions.

The requirements under Section 17 of the PFMA to publish macroeconomic and fiscal information are comprehensive. The PFMA requires the Minister to provide a (i) Statement of Economic Strategy (SES); and (ii) a budget address that covers many of the requirements of PI-14. The Minister of Finance is required to publish the SES no later than 31 May of the year the statement becomes effective, it should include the:

- national vision;
- short to medium term overall policy directions and objectives;
- priority areas for development;
- fiscal strategy; and
- broad strategies that the government will pursue to achieve the stated vision.

The SES also requires the review and assessment to what extent policy objectives, priorities, and strategies outlined are consistent with the requirement to produce a fiscally responsible budget as defined in the PFMA. The SES should also compare this with the information provided in the preceding SES, or, if amended justify the difference. The Minister is also required to publish a mid-year review of the SES and how it is progressing against stated objectives.

The Minister's budget address is required to include:

- supporting information that is in the public interest and consistent with the principles of fiscal responsibility as defined in the Act; and

- a statement providing a projection of expenditures for each category of outputs for the ensuing financial year and the two years following that financial year including:
 - (i) the details of the estimated revenue of the Government;
 - (ii) the details of the estimated expenditures for each department;
 - (iii) the Government's debt management responsibilities and, where applicable, the details of a financial plan to meet those responsibilities; and
 - (iv) a statement that the annual budget is fiscally responsible in accordance with the principles set out in the Act.

The PFMA also prescribes that economic reports shall include, where available, forecasts of projected movements in Samoa of:

- GDP, including the major components of gross domestic product;
- consumer prices;
- employment levels;
- the balance of payments; and
- such other information deemed necessary by the Minister to provide a comprehensive economic forecast.

The PFMA requires the fiscal forecasts to include:

- Forecast information with respect to the statements required where available for:
 - (i) total trading revenues;
 - (ii) all other revenue;
 - (iii) total grants or subsidies;
 - (iv) total operating expenditures;
 - (v) all other expenditures;
 - (vi) the difference between all expenditure and all revenue;
 - (vii) the level of total debt; and
 - (viii) the level of asset values, including a statement of Government policy for the maintenance of asset values.
- forecast information with respect to the current year statement of economic strategy update and comparative budgeted and actual (where available) or provisional (where not) figures for the immediately preceding financial year;
- details of fiscal risks and, where they cannot be quantified, a statement of possible impacts;
- economic forecasts shall include a statement of all significant assumptions underlying them; and
- where information to be included in reports and statements under this section is not available the Minister shall provide in the report or statement required the reason why the information is not available.

The Macroeconomic Policy Coordination Committee (MPCC) consisting of representatives from the MoF, CBS, MfR and Ministry of Commerce (MoC), Ministry of Industry and Labor (MoIL) was re-established in 2017.

MoF prepared forecasts of several macroeconomic indicators in 2014/15, 2015/16 and 2016/17 using the Samoa Economic and Revenue Forecasting Model (SERFM). The forecasts for these years were undertaken prior to the re-establishment of the MPCC and were reviewed by the Macroeconomic Forecasting Committee (MFC) which comprised representatives from the CBS, the SBS and MoF. The MFC is now a sub-committee of the MPCC

The forecasts were discussed to some degree in the FEC before the budget was submitted for discussion in Legislative Assembly. Forecasts of key macroeconomic indicators were prepared but many of these were not disclosed in the fiscal strategy.

14.1 Macroeconomic forecasts

Dimension 14.1 assesses the extent to which comprehensive medium-term macroeconomic forecasts and underlying assumptions are prepared to inform the fiscal and budget-planning processes and are submitted to the Legislative Assembly as part of the annual budget process.

In 2016/17 the government prepared forecasts of core macro-economic indicators outlined in Table 3.39.

TABLE 3.39 Preparation of forecasts of Macroeconomic indicators 2014/15 to 2016/17

	2014/15		2015/16		2016/17	
	CBS	MoF	CBS	MoF	CBS	MoF
GDP Growth	Yes	Yes	Yes	Yes	Yes	Yes
Inflation	Yes	No	Yes	No	Yes	No
Interest Rates	Yes	No	Yes	No	Yes	No
Exchange Rates	Yes	No	Yes	No	Yes	No

The fiscal strategy statements released in those years contained the following:

- 2014/15 published real GDP growth, nominal GDP and inflation for the budget year (2014/15) and two forward years were provided (2015/16 and 2016/17);
- 2015/16 published real GDP growth and nominal GDP for the budget year (2015/16) and two forward years were provided (2016/17 and 2017/18); and
- 2016/17 published real GDP growth and nominal GDP for the budget year (2016/17) and two forward years were provided (2017/18 and 2018/19).

Two of the four variables were published in 2014/15, but inflation was removed from 2015/16 onwards, leaving only GDP growth as the only published macro-economic forecast.

Based on the analysis and supporting evidence the score for this dimension is C.

14.2 Fiscal forecast

Dimension 14.2 assesses whether government has prepared a fiscal forecast for the budget year and the two following fiscal years based on updated macroeconomic projections and that reflects government-approved expenditure and revenue policy settings.

The government prepares fiscal forecasts of revenue and expenditure (both current and capital) and the fiscal balance. These do not appear anywhere in the budget documentation which is published despite a requirement in the PFMA. The fiscal strategy statements have incomplete information on some budget aggregates expressed as a proportion of GDP, aligning with fiscal policy targets which are being pursued. The forward estimates beyond the budget year are not published and therefore a reconciliation between the estimates from one year to the next is not provided. Neither is it prepared.

TABLE 3.40 Fiscal Forecasts at the 2016/17 Budget

	Target	2015/16	2016/17	2017/18	2018/19
Budget Balance	Deficit <3.5% of GDP	-4.7%	-3.5%	-4.5%	-3.6%
Total Current Expenditure	35-38% of GDP	25.3%	25.1%	22.9%	21.2%
Personnel Costs	40-45% of GDP	46.9%	48.1%	48.1%	47.2%
Disbursed Outstanding Debt	< 50 % of GDP	58.0%	58.0%	56.2%	52.9%
Nominal GDP (SAT billion)		2.03	2.14	2.225	2.38

TABLE 3.41 Fiscal Forecasts at the 2015/16 Budget

	Target	2014/15	2015/16	2016/17	2017/18
Budget Balance	Deficit < 3.5% of GDP	-4.2%	-4.7%	-4.0%	-2.3%
Total Current Expenditure	35-38% of GDP	28.9%	28.2%	27.5%	28.9%
Personnel Costs	40 -45% of GDP	43.9%	46.9%	46.9%	47.0%
Disbursed Outstanding Debt	< 50 % of GDP	56.5%	58.0%	56.2%	52.9%
Nominal GDP (SAT billion)		1.9589	2.0397	2.0861	2.1017

TABLE 3.42 Fiscal Forecasts at the 2014/15 Budget

	Target	2013/14	2014/15	2015/16	2016/17
Budget Balance	Deficit < 3.5% of GDP	-4.8%	-4.2%	-2.0%	-1.2%
Total Current Expenditure	35-38% of GDP	36.0%	30.8%	27.2%	25.9%
Personnel Costs	40 -45% of GDP	37.9%	43.9%	46.4%	46.5%
Disbursed Outstanding Debt	< 50 % of GDP	60.1%	59.2%	56.9%	53.6%
Nominal GDP (SAT billion)		1.9589	2.0397	2.0861	2.1017

Based on the analysis and supporting evidence the score for this dimension is C.

14.3 Macro fiscal sensitivity analysis

Dimension 14.3 assesses the capacity of governments to develop and publish alternative fiscal scenarios based on plausible unexpected changes in macroeconomic conditions or other external risk factors that have a potential impact on revenue, expenditure, and debt.

The government does not prepare alternative fiscal scenarios based on plausible unexpected changes in macroeconomic conditions or other external risk factors that have a potential impact on revenue, expenditure, and debt.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-15. Fiscal strategy

PI-15 analyses the capacity to develop and implement a clear fiscal strategy and measures the ability to develop and assess the fiscal impact of revenue and expenditure policy proposals. It contains three dimensions and uses the M2 (AV) method for aggregating dimension scores.

- 15.1 Fiscal Impact of policy proposals
- 15.2 Fiscal strategy adoption
- 15.3 Reporting on fiscal outcome

TABLE 3.43 PI-15 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-15. Fiscal strategy	C+	
15.1 Fiscal Impact of policy proposals	D	The government did not prepare estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year.
15.2 Fiscal strategy adoption	B	The government has adopted and submitted to the legislature a current fiscal strategy that includes quantitative or qualitative fiscal objectives for at least the budget year and the following two fiscal years
15.3 Reporting on fiscal outcome	B	The government has submitted to the legislature along with the annual budget a report that describes progress made against its fiscal strategy and provides an explanation of the reasons for any deviation from the objectives and targets set.

Part III of the PFMA sets out the responsibility of the principles of fiscal responsibility, these are:

- managing total State debt at prudent levels;
- ensuring total overall expenditures are not more than its total overall receipts (inclusive of borrowings) in the same financial year;
- achieving and maintaining levels of the State's net worth;
- managing prudently the fiscal risks facing the State;
- pursuing policies that are consistent with a reasonable degree of predictability about the level and stability of tax rates for future years; and
- agreement of Government on the fiscal limits that will apply to the current and future expenditure on departments and Government projects.

The PFMA requires release of the SES by 31 May and should incorporate (amongst other things) the fiscal strategy, which should provide:

- an assessment of the extent to which the budget statement is consistent with the statement of economic strategy;
- an explanation of reasons for any significant differences between the current economic and financial situation of the State and the information and intentions presented in previous statements;
- where the circumstances have changed, present an amended set of intentions; and
- projections of movements in the variables specified in Sections 21 and 22 of the PFMA.

The PFMA outlines the written budget address provided by the Minister to the Legislative Assembly at the time of presenting the Budget should include:

- a budget statement, inclusive of financial, statistical, output performance and other information, data and recommendations as the Minister may determine are in the public interest and consistent with the principles of fiscal responsibility; and
- projections of expenditures for each category of outputs for the ensuing financial year and the two years following: (i) the details of the estimated revenue and expenditures; (ii) the Government's debt management responsibilities; (iii) a statement the annual budget is fiscally responsible.

The budget address for 2014/15, 2015/16 and 2016/17 includes some macroeconomic and fiscal key indicators. But excludes information in relation into the two years beyond the budget.

TABLE 3.44 Macroeconomic Fiscal Targets

YEARS	Target	2017/18	2018/19	2019/20	2020/21
Real GDP Growth (%)	YES	YES	YES	YES	YES
Revenue new initiatives	YES	YES	YES	NO	NO
Expenditure consolidation policy	YES	YES	YES	NO	NO
Personnel costs (% of total current expenditure)	YES	YES	YES	YES	YES
Official public debt as % of GDP	YES	YES	YES	YES	YES
Debt servicing (% of GDP)	YES	YES	YES	YES	YES

Source: Ministry of Finance, Fiscal Strategy Statement 2018/19

15.1 Fiscal impact of policy proposals

Dimension 15.1 assesses the capacity of the government to estimate the fiscal impact of revenue and expenditure policy proposals developed during budget preparation.

The fiscal strategy for the last three completed years (2014/15, 2015/16 and 2016/17) was prepared and submitted to the Legislative Assembly as part of the government budget proposal submission for that budget year. The Budget address (2014/15, 2015/16 and 2016/17) was submitted at the same time.

The Fiscal Strategy statements contained no analysis of the impact of the proposed fiscal policy initiatives. The Budget Address' provides a narrative on total spending and does not identify the actual fiscal impact of proposed changes in the budget. Some additional fiscal analysis information is prepared and submitted to the Legislature upon the request of FEC.

Based on the analysis and supporting evidence the score for this dimension is D.

15.2 Fiscal strategy adoption

Dimension 15.2 assesses the extent to which government prepares a fiscal strategy that sets out fiscal objectives for at least the budget year and the two following fiscal years.

The 2016/17 fiscal strategy highlighted the importance of PFM and macroeconomic reform in meeting national development outcomes. The strategy was documented and adopted internally by Cabinet, and later submitted to the Legislative Assembly as required by the PFMA, the fiscal strategy is publicly

available. It outlined that fiscal policy would be formulated to ensure macroeconomic stability over the medium to long term, it stipulated ongoing continuation of the following fiscal targets and objectives which are time based in the sense that they demonstrate the movements in those targets which are all currently being achieved:

- maintaining aggregate current expenditure within a range of 35 – 38% of GDP over the forward estimate cycle;
- reducing outstanding public debt to less than 50% of GDP in the medium term;
- constraining personnel costs to a range of 40 - 45% of total current expenditure;
- maintain the budget deficit at a rate not below -3.5% of GDP;
- improving SOE performance of SOE's; and
- improving compliance in revenue collection.

Based on the analysis and supporting evidence the score for this dimension is A.

15.3 Reporting on fiscal outcomes

Dimension 15.3 assesses the extent to which the government makes available—as part of the annual budget documentation submitted to the legislature—an assessment of its achievements against its stated fiscal objectives and targets.

The 2016/17 Fiscal Strategy accompanying the budget submission to the Legislative Assembly provides a review of fiscal performance for the preceding five years (2011/12 to 2015/16). Information on whether targets are being met is provided through a mixture of charts and tables and commentary is made on the actual outcomes for a variety of variables and whether objectives and targets were met, and if they weren't the reason why. The review does mention generally the need for consolidation of expenditure to meet targets, but not a set of actions. Further information is also provided in the end of financial year sector report which provides similar information, the most current version being published for the 2017/18 year.⁴²

Based on the analysis and supporting evidence the score for this dimension is B.

⁴² Samoa Ministry of Finance website archive of public finance management reports.
<https://www.mof.gov.ws/AboutUs/PublicFinanceManagementReforms/tabid/6008/Default.aspx>

PI-16 Medium-term perspective in expenditure budgeting

The PI-16 indicator examines the extent to which expenditure budgets are developed for the medium term within explicit medium-term budget expenditure ceilings. It also examines the extent to which annual budgets are derived from medium-term estimates and the degree of alignment between medium-term budget estimates and strategic plans. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

- 16.1 Medium-term expenditure estimates;
- 16.2 Medium-term expenditure ceilings;
- 16.3 Alignment of strategic plans and medium-term budgets; and
- 16.4 Consistency of budgets with previous year's estimates.

TABLE 3.45: PI-16 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-16 Medium-term perspective in expenditure budgeting	D	
16.1 Medium-term expenditure estimates	D	The annual budget did not present estimates of expenditure for the budget year and the two following fiscal years allocated by administrative or economic classification.
16.2 Medium-term expenditure ceilings	D	Aggregate expenditure ceilings for the budget year and the two following fiscal years were not approved by the government before the first budget circular is issued.
16.3 Alignment of strategic plans and medium-term budgets	C	Medium-Term strategic plans are prepared for some ministries. Some expenditure policy proposals in the annual budget estimates align with the strategic plans.
16.4 Consistency of budgets with previous year's estimates	D	The budget documents did not provide an explanation of some of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate level.

During the budget process MoF develops a three-year profile of estimated expenditure. Ministries and agencies are required to complete budget templates to submit information for the budget and two forward years. Once the first forward year estimate is established it becomes the ceiling for the subsequent budget. MoF only publishes the budget year estimates of revenue and appropriated expenditure.

The fiscal strategy paper which accompanies the budget does use the baseline expenditure estimates to provide information on expenditure as a proportion of GDP and personnel expenditure as a proportion of total expenditure provided for the budget and forward estimates period.

16.1 Medium-term expenditure estimates

Dimension 16.1 assesses the extent to which medium-term budget estimates are prepared and updated as part of the annual budget process.

Medium term estimates of expenditure are prepared by agencies; however, the annual budget only provides estimates of expenditure for the budget year.

Based on the analysis and supporting evidence the score for this dimension is D.

16.2 Medium-term expenditure ceilings

Dimension 16.2 assesses whether expenditure ceilings are applied to the estimates produced by ministries to ensure that expenditure beyond the budget year is consistent with government fiscal policy and budgetary objectives.

Aggregate expenditure ceilings are prepared by the MoF for the budget year and the two following fiscal years for the purposes of budget development. These are usually rolled over from the previous year's forward estimates, which are neither published or approved by government. These are then broken down by expenditure type with adjustments for those items that are not ongoing in nature, e.g. excess overtime or ad hoc allowances.

Previously approved Cabinet policy priorities are included if they were part of the forward estimates in the previous year. The ceilings were circulated to Ministries along with the first circular (usually in November), government does not approve the ceilings before the issuance of the first budget circular is issued.

Based on the analysis and supporting evidence the score for this dimension is D.

16.3 Alignment of strategic plans and medium-term budgets

Dimension 16.3 measures the extent to which approved expenditure policy proposals align with costed ministry strategic plans or sector strategies.

Appropriately, the SDS is a high-level document outlining desired priority objectives being sought by the Government. Sectoral strategies normally embrace a few ministries, listing outcomes sought and outputs that may come from public sector bodies, development partners, non-government organizations, households and the private sector.

The budget and the reporting framework only focuses on government outcomes and outputs per Ministry which are not necessarily comparable with those in the sector strategies. Table 3.46 outlines those sector plans which have undergone a medium-term expenditure costing exercise outlining what resources are required to achieve the intended objectives and outcomes.

TABLE 3.46: Costing plan completion

Key Outcome and Medium-Term Expenditure Costing	
1: Macroeconomic Resilience Increased and Sustained	
2: Agriculture and Fisheries Productivity Increased	Costing completed
3: Export Products Increased	Costing completed
4: Tourism Development and Performance Improved	Costing completed
5: Participation of Private Sector Development Enhanced	
6: A Healthy Samoa and Well Being Promoted	
7: Quality Education and Training Improved	Costing completed

Key Outcome and Medium-Term Expenditure Costing	
8: Social Institutions Strengthened	Costing completed
9: Access to Clean Water and Sanitation Sustained	Costing completed
10: Transport Systems and Networks Improved	Costing completed
11: Improved and Affordable Country Wide ICT Connectivity	
12: Quality Energy Supply	
13: Environmental Resilience Improved	
14: Climate and Disaster Resilience Increased	

The costings are then used to develop the budget with certain outputs being financed fully or partially by governments or development partners.

Based on the analysis and supporting evidence the score for this dimension is C.

16.4 Consistency of budgets with previous year's estimates

Dimension 16.4 assesses the extent to which the expenditure estimates in the last medium-term budget establish the basis for the current medium-term budget.

The budget does not provide details on changes in estimates from the previous budget.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-17. Budget preparation process

The PI-17 indicator measures the effectiveness of participation by relevant stakeholders in the budget preparation process, including political leadership, and whether that participation is orderly and timely. It contains three dimensions and uses the **M2 (AV)** method for aggregating dimension scores. The three dimensions are:

- 17.1 Budget calendar;
- 17.2 Guidance on budget preparation; and
- 17.3 Budget submission to the legislature

TABLE 3.47 PI-17 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-17	B	
17.1 Budget Calendar	A	A clear annual budget calendar exists, is generally adhered to, and allows budgetary units at least six weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time.
17.2 Guidance on budget preparation	C	A budget circular or circulars are issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. The budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units.
17.3 Budget submission to the legislature	C	The executive has submitted the annual budget proposal to the legislature at least one month before the start of the fiscal year in two of the last three years.

Processes around the preparation of the budget are governed through the Constitution, the PFMA, the MoF performance and budgeting manual.

Section 94 of the Constitution requires the Minister of Finance to submit a statement of estimated receipts and expenditure for the year to the Legislative Assembly prior to the start of the year, and proposals for expenditure are provided through an Appropriation Bill.

The PFMA establishes some processes around the budget through Parts IV and V. Part IV covers requirements around economic, financial and fiscal policy and Part V covers requirements around the budgets and appropriations. Section 17 of the PFMA require the submission of a SES by 31 May. Section 18 requires the Minister of Finance to submit a Budget address accompanying the Appropriation Bill when it is submitted to Legislative Assembly.

The PFMA also requires the Minister of Finance to submit to Cabinet a detailed assessment of the economic and financial impact of the receipts and expenditure estimates in relation to the budget statement required; and details of options (where appropriate) to change the estimates including details of possible changes in Government programme policy objectives or outputs to make them compatible with the budget address.

Whilst the budget development cycle normally commences in October when the initial budget circular is issued to the various organs of government. Active political engagement starts after a process between the MoF and line ministries negotiating on the final budget bid, usually around early May.

17.1 Budget calendar

Dimension 17.1 assesses whether a fixed budget calendar exists and the extent to which it is adhered to.

The Manual provides a generic timetable setting out the various steps in the annual budget cycle. Each year BFPD prepares a budget circular providing all agencies with a more specific calendar on when submissions are required to be submitted and the various milestones which need to be met.

In preparing the 2018/19 budget a fixed budget calendar was provided by the MoF through the general budget circular issued to all chief executive officers of government ministries and all heads of public beneficiary bodies and state-owned enterprises via email on 27 October 2017. This was followed up by a hardcopy version which was delivered to each agency shortly after.

The circular required agencies to submit updates on estimates of expenditure to the MoF by 15 January 2018, providing almost three months for agencies to prepare their submissions. Most agencies met the due date.

Based on the analysis and supporting evidence the score for this dimension is A.

17.2 Guidance on budget preparation

Dimension 17.2 assesses the clarity and comprehensiveness of top-down guidance on the preparation of budget submissions.

Each year the PFPD prepares a budget circular providing all agencies with a more specific calendar on when submissions are required to be submitted and the various milestones which need to be met.

The budget circular sent to all agencies in October 2017 provided guidance on the budget process for the development of the 2018/19 budget. Approval from the Cabinet was not sought prior to issuance, the circular outlined:

- guidance on the requirements for updating information on budget and forward estimates;
- the requirement for all agencies (including SOE's) to complete a procurement plan template; and
- the calendar with deadlines and milestones.

Agencies were individually provided with expenditure ceilings, which consisted of ceilings for personnel and operational expenditure and reflected the unpublished forward estimate for 2018/19 which was prepared at the time of the 2017/18 budget. These forward estimates are not formally endorsed by the Cabinet, and Cabinet approval was not sought before or after the issuing of the ceilings.

The initial development of the 2018/19 budget was driven by the MoF. The political engagement commenced around May when the draft budget was first provided to Cabinet. At this stage the final budget estimates are approved.

Based on the analysis and supporting evidence the score for this dimension is C.

17.3 Budget submission to the legislature

Dimension 17.3 assesses the timeliness of submission of the annual budget proposal to the legislature or similarly mandated body so that the legislature has adequate time for its budget review and the budget proposal can be approved before the start of the fiscal year.

The Legislative Assembly's Standing Orders do not stipulate any requirement on the timing of submission of the budget to the Legislative Assembly. The timing in previous years has been driven by the PFMA requirement to submit the SES by 31 May. In previous years the budget submissions to the Legislative Assembly were:

- 2018/19 on 29 May 2018;
- 2017/18 on 30 May 2017; and
- 2016/17 on 31 May 2016.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-18 Legislative scrutiny of budgets

The PI-18 indicator assesses the nature and extent of scrutiny of the annual budget by the Legislative Assembly. It contains four dimensions and uses the M1 (WL) method for aggregating dimension scores:

- 18.1 Scope of budget scrutiny;
- 18.2 Legislative procedures for budget scrutiny;
- 18.3 Timing of budget approval; and
- 18.4 Rules for budget adjustments by the executive

TABLE 3.48 PI-18 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-18 Legislative Scrutiny of Budgets	C+	
18.1 Scope of budget scrutiny	C	The legislature's review covers details of expenditure and revenue.
18.2 Legislative procedures for budget scrutiny	B	The legislature's procedures to review budget proposals are approved by the legislature in advance of budget hearings and are adhered to. The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures.
18.3 Timing of budget approval	A	The legislature has approved the annual budget before the start of the year in each of the last three fiscal years.
18.4 Rules for budget adjustments by the executive	A	Clear rules exist for in-year budget adjustments by the executive. The rules set strict limits on the extent and nature of amendments and are adhered to in all instances.

The comprehensiveness of the budget information on expenditure and revenue estimates and outturns contained in supporting budget documentation provided only partial information on the fiscal implications related to new revenue and expenditure policy initiatives.

Additional information on the analysis of any new fiscal policy initiatives is provided to the Legislative Assembly upon the request of the FEC. This additional analysis is tabled in the Legislative Assembly during the budget deliberation which is broadcast live on local radio stations across the country.

It was unclear how much actual Legislative Assembly debate was devoted towards discussing the implications of fiscal policy.

The Standing Orders of The Legislative Assembly govern the Legislative Assembly's processes on the passage of Appropriation Bill which is then provides the Executive with the authority to spend.

Procedurally, on the second reading of the Appropriation Bill the debate is adjourned for a minimum of fourteen days where it is then referred to the FEC who are then required to consider the Bill and report back to The Legislative Assembly on the Bill.

The FEC Chair outlined fourteen days was sufficient for the deliberation and consideration of the Bill, it allowed FEC the opportunity to meet with all heads of agencies to discuss the Bill. FEC hearings are not public. At the time of writing the FEC report for the 2017/18 budget was not on the website. Although the one for the 2017/18 supplementary budget was.

TABLE 3.49 Timetable for submission of Budgets to the Legislative Assembly

Budget Year	Submit Legislative Assembly	Referred to FEC	FEC meeting	FEC Report Legislative Assembly	Legislative Assembly Debate	Approval	Assent
2014/15	29 May 14	30 May 14	4–16 Jun	17 Jun 14	17–19 Jun	19 Jun 14	23 Jun 14
2015/16	26 May 15	27 May 15	4–17 Jun	18 Jun 15	18–29 Jun	29 Jun 15	29 Jun 15
2016/17	31 May 16	31 May 16	7–20 Jun	22 Jun 16	22–24 Jun	24 Jun 16	30 Jun 16

18.1 Scope of budget scrutiny

Dimension 18.1 assesses the scope of legislative scrutiny

The Legislative Assembly's review covers details of expenditure and revenue in good detail. Not much discussion is conducted on the overall content of the Budget address delivered by the Minister of Finance which outlines the major points of the government's fiscal policy. Section 133 of the Standing Orders outlines when the FEC reports on the draft Bill, when the debate resumes it is to be confined to the financial and economic state of Samoa and the Government's financial policy.

Based on the analysis and supporting evidence the score for this dimension is C.

18.2 Legislative procedures for budget scrutiny

Dimension 18.2 assesses the extent to which review procedures are established and adhered to.

The Standing Orders provide for procedures to review the Executive's budget proposals. Section 133 of the Standing Orders defers consideration of the Bill to the FEC and provides 14 days for that. The arrangement is an ongoing one and the FEC is provided with resources such as space and technical support and does the capacity to negotiate with the Parliament for more time, the Chair of the FEC felt that 14 days was sufficient to do the review.

The Executive's budget proposals were approved by the Legislative Assembly in advance of the 2016/17 budget hearings and were adhered to. The standing Orders refer scrutiny of the Appropriation Bill to the FEC which has staff and resources to conduct its business.

Based on the analysis and supporting evidence the score for this dimension is B.

18.3 Timing of budget approval

Dimension 18.3 assesses the timeliness of the scrutiny process in terms of the legislature's ability to approve the budget before the start of the new fiscal year.

In each of the three completed fiscal years the Legislative Assembly passed the Appropriation Bill prior to the commencement of the financial year on 1 July, the:

- 2014/15 Budget was approved by the Legislative Assembly on 19 June 2014;
- 2015/16 Budget was approved by the Legislative Assembly on 29 June 2015; and
- 2016/17 Budget was approved by the Legislative Assembly on 24 June 2016;

Based on the analysis and supporting evidence the score for this dimension is A.

18.4 Rules for budget adjustments by the executive

Dimension 18.4 assesses arrangements made to consider in-year budget amendments that do not require legislative approval.

The rules for budget adjustments to the Budget are laid out in the PFMA and are strictly adhered to through the supplementary budget process. The PFMA provides for changes to the original parliamentary authority for the following scenarios (except for statutory payments):

Transfers between outputs and sub outputs are limited and (i) cannot lead to an increase of an output or sub output greater than 20 percent, (ii) cannot conflict with the performance of that output and (iii) cannot not allow for the overall department appropriation to be altered.

- Where an agency exceeds the initial trading revenue estimate, they may seek approval from the Financial Secretary to spend it in the following year;
- Where a state of emergency is declared under the Constitution emergency expenditure can be undertaken, but must be publicized in the paper, and then financial statements are to be published at the next sitting of the legislative assembly and the expenditure included in the financial statements published at the end of the year and regularized through an appropriation.
- Funds put aside for unforeseen expenditure (one percent) can be transferred by the Minister with the approval of Cabinet to an existing or non-existing vote;

In 2016/17 there was a single supplementary budget which authorized an additional SAT 5.284 m offset by reductions of SAT 9.677 m (mainly due to reductions in development partner spending) for a net impact on the overall budget of SAT 4.392 m. ⁴³ Unforeseen expenditure was \$9.806 m well below the three percent limit figure of SAT 14.769 m.

⁴³ Supplementary Appropriation No.1 (No.1) 2016/2017
<http://www.palemene.ws/new/wp-content/uploads/Supplementary-Appropriation-Act-No.1-2016-2017-Eng.pdf>

TABLE 3.50 2016/17 Appropriation variations and outcomes

Agency	2016/17 Original Budget	2016/17 Supplementary Budget	Virements	Final Approved Budget	Unforeseen Expenditure	Total Authorized Budget	Outcome
Agriculture and Fisheries	16,660,228	-	-	16,660,232	-	16,660,232	15,913,887
Attorney General	3,025,296	-	-	3,025,296	-	3,025,296	2,873,132
National Prosecution	1,599,613	-	-	1,599,613	-	1,599,613	1,453,878
Controller and Auditor General	3,380,412	-	-	3,380,412	-	3,380,412	3,211,302
Bureau of Statistics	4,426,679	-	-	4,426,679	-	4,426,679	4,413,960
Commerce, Industry and Labour	15,836,099	-	-	15,836,099	-	15,836,099	15,258,104
Communication and Information Technology	8,111,096	709,886	-	8,820,982	266,395	9,087,376	8,945,223
Education, Sports and Culture	91,186,761	1,934,828	-	93,121,594	1,502,164	94,623,758	92,393,807
Electoral Commissioner	2,050,379	-	-	2,050,379	205,652	2,256,031	2,060,191
Finance	75,687,360	(2,375,000)	-	73,312,360	6,117,960	79,430,320	69,598,786
Foreign Affairs and Trade	21,104,049	353,570	-	21,381,925	413,148	21,795,073	19,965,850
Health ¹	86,833,049	1,505,080	-	88,338,130	-	88,338,130	88,019,151
Justice and Courts Administration	11,213,942	125,000	-	11,338,943	271,341	11,610,284	11,052,467
Law Reform Commission	1,319,280	-	-	1,319,280	-	1,319,280	1,245,000
Legislative Assembly	6,204,313	274,134	-	6,478,447	111,500	6,589,947	6,506,220
Natural Resources and Environment	24,796,777	-	-	24,796,778	201,434	24,998,212	23,006,302
Ombudsman	1,119,895	-	-	1,119,895	-	1,119,895	1,049,759
Police	27,640,064	-	-	27,640,063	21,500	27,661,563	27,061,916
Prime Minister	7,697,417	-	-	7,697,417	188,193	7,885,610	7,358,451
Prisons and Corrections Services	5,973,323	-	-	5,973,323	-	5,973,323	5,649,980
Public Enterprises	2,578,529	-	-	2,578,529	-	2,578,529	2,518,633
Public Service Commission	4,634,310	-	-	4,634,310	43,700	4,678,010	4,547,399
Revenue	10,880,967	-	-	10,874,469	32,551	10,907,020	10,751,955
Women, Community and Social Development	11,317,444	-	-	11,317,444	380,700	11,698,144	9,436,709
Works, Transport and Infrastructure	46,495,810	(6,919,795)	-	39,576,015	50,000	39,626,015	38,587,045
Total	491,773,092	(4,392,297)	-	487,298,612	9,806,238	497,104,850	472,879,105

Based on the analysis and supporting evidence the score for this dimension is A

PILLAR FIVE: Predictability and control in budget execution

The budget is implemented within a system of effective standards, processes, and internal controls, ensuring that resources are obtained and used as intended.

TABLE 3.51 Summary Scores – Pillar Five Predictability and Control in Budget Execution

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
PI-19	Revenue administration	M2	B	B	B	D	C+
PI-20	Accounting for revenue	M1	B	A	C		C+
PI-21	Predictability of in-year resource allocation	M2	C	A	B	A	B+
PI-22	Expenditure arrears	M1	A	D			D+
PI-23	Payroll controls	M1	C	B	B	C	C+
PI-24	Procurement management	M2	A	A	C	D	B
PI-25	Internal controls on non-salary expenditure	M2	A	C	B		B
PI-26	Internal audit	M1	D	B	D	D	D

PI-19. Revenue administration

PI-19 relates to the entities that administer central government revenues, which may include tax administration, customs administration, and social security contribution administration. It also covers agencies administering revenues from other significant sources such as natural resources extraction. These may include public corporations that operate as regulators and holding companies for government interests. In such cases the assessment will require information to be collected from entities outside the government sector. The indicator assesses the procedures used to collect and monitor central government revenues. It contains four dimensions and uses **M2 (AV)** method for aggregating dimension scores.

- 19.1 Rights and obligations for revenue measures
- 19.2 Revenue risk management
- 19.3 Revenue audit and investigation
- 19.4 Revenue arrears monitoring

TABLE 3.52 PI-19 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-19 Revenue Administration	C+	
19.1 Rights and obligations for revenue measures	B	Entities collecting the majority of revenues did not provide payers with access to information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures.
19.2 Revenue Risk Management	B	Entities collecting the majority of revenues use a structured and systematic approach for assessing and prioritizing compliance risks for some categories of revenue and, as a minimum, for their large revenue payers.
19.3 Revenue audit and investigation	B	Entities collecting the majority of revenue undertake audits and fraud investigations managed and reported on according to a documented compliance improvement plan and complete all planned audits and investigations.
19.4 Revenue Arrears Monitoring	D	The stock of revenue arrears at the end of the last completed fiscal year was below 40 percent of the total revenue collection for the year and the revenue arrears older than 12 months exceeded 75 percent of total revenue arrears.

Most central government revenue (exceeding 75 percent) is collected by MfR. MfR is responsible for collecting the main tax revenues arising from excise and duties, value added goods and services tax (VAGST) and income taxes.

TABLE 3.53 Revenue collections in Samoa 2016/17

Revenue Type	Samoan Tala '000	Proportion of CG	Proportion of BCG
Total Central Government	642,496	100%	113.5%
Total Budget Central Government ⁴⁴	565,882	88.1%	100%
Ministry of Revenue:	501,460	78.0%	88.6%
Duties	181,617	28.3%	32.1%
VAGST	199,354	31.0%	35.2%
Other	117,058	18.2%	20.7%
Other fees and charges	3,431	0.5%	0.6%
Ministry of Finance:	36,724	5.7%	6.5%
Duties	18,000	2.8%	3.2%
Other fees and charges ⁴⁵	18,724	2.9%	3.3%
Balance of ministries:	27,698	4.3%	4.9%
Total EBU own revenue	76,614	11.9%	

Major amendments to the Income Tax Act 2012 and the Excise Tax Rates Act 1984 were required to cater for changes resulting from the revenue review, which revisited all government revenue sources.

Changes to the Acts as well as internal processes and procedures were consulted. Pamphlets/fact sheets, forms as well as operational statements have been developed and written in both English and Samoan to assist taxpayers and customs' clients with useful information on Tax and Customs' requirements and obligations. All the tools mentioned are all available at customer service counters in both Offices, on the Ministry's website and the Ministry's intranet.

In 2015/16 Samoa E-Tax was introduced as a modern approach for registration, filing and paying taxes online.

19.1 Rights and obligations for revenue measures

Dimension 19.1 assesses the extent to which individuals and enterprises have access to information about their rights and obligations, and to administrative procedures and processes that allow redress, such as a fair and independent body outside of the general legal system (ideally a "tax court") that is able to consider appeals.

The MfR website is well structured into three component areas: (i) providing information covering inland revenue and (ii) providing information for customs clients; and (iii) publications and a significant amount of information on the obligations of taxpayers. The website enables for registered taxpayers to access online information relating to their activities through the revenue management system (RMS) as well as the ASYCUDA system for customs users. Information provided on the MfR website on inland revenue includes:

⁴⁴ From 2016/17 public accounts and consists of 518.768 m in taxes, 39.14 m in other fees and charges, 6.437 m in investment income, 1.537 m in in other receipts. Excludes on lending of 11.694 m, budget support of 15m and capital sales receipts of 0.798 m.

⁴⁵ Includes investment income of 496,701 and fees and other charges of 12,693,704, safety and regulatory fees and charges of 5,264,933 in 2016/17 financial statement.

- an up to date schedule of what the tax due dates for all the different tax types (business licenses, provision, pay as you go by employers on behalf of employees, income tax and VAGST);
- information on the different taxes applied in Samoa with links to the various registration or application forms which companies require;
- links to the various forms which a business would require, including spreadsheets to assist in the calculation of pay as you go for employers;
- a guide on what someone needs to do when starting a business;
- providing advice to tax payers if they have a tax debt;
- outlining what a business should do if they have provided incorrect information to Ministry of revenue;
- information on what is required from tax agents, including forms for people who want to register as tax agents;
- the Business License Register for 2015 identifying all the registered businesses and their business license number (is this the same as the Tax Identification Number (TIN)); and
- information on Samoa's Exchange of Information arrangements.

Information provided on the MOR website on customs includes:

- customs procedures and forms, including appeal rights;
- forms to register to access ASYCUDA World online; and
- a list of customs authorized partners

Pamphlets/fact sheets, forms as well as operational statements have been developed and written in both English and Samoan to assist clients with useful information on Tax and Customs requirements and obligations.

A Tax Tribunal and a Customs Appeal Authority have been established and currently in the process of recruiting candidates. A judge has already been appointed to chair the Tax Tribunal. MfR is planning on these two committees to start official operations in 2019/20.

The Commissioner pointed out information is continually provided through monthly workshops and information which is provided through the radio, television and the print media.

Some information is provided on the rights of taxpayers, particularly redress processes and procedures which are provided for in taxation legislation and for which a tax tribunal has been established, but this is not easily found on the MfR website.

Based on the analysis and supporting evidence the score for this dimension is B.

19.2 Revenue risk management

Dimension 19.2 assesses the extent to which a comprehensive, structured and systematic approach is used within the revenue entities for assessing and prioritizing compliance risks.

MfR relies on a self-assessment process and utilizes risk-based processes to ensure compliance. It has updated the whole of Ministry Compliance Improvement Plan (MCIP) applying from 2016 to 2018 and which replaced the previous version which focused solely on taxes and from 2012 to 2015. The MCIP is not a public document, but it is discussed with the Chamber of Commerce and the Samoa Institute of

Accountants. The MCIP segments the following specific high-level actions to preserve revenue collections:

- continue to build the compliance risk management capability in the Ministry;
- use different customer segments to improve the identification and treatment of risk;
- improve customer awareness and understanding of compliance obligations;
- improve filing compliance levels for high risk taxpayers;
- reduce the level of outstanding debt (including tax and customs accounts receivable);
- use risk-based compliance assurance programs to reduce the risks of customs revenue leakage;
- build an effective risk management capability; and
- manage the identification and mitigation of tax compliance and customs risks; strengthen governance processes;

Each division within MfR has a compliance improvement plan. The Audit and Investigations Team Division (AITD) plan for 2016/17 outlined a compliance approach, with the following specific activities:

- analyzing data to determine risks within different taxpayers;
- undertaking a review of businesses operating within the hidden economy including illegal businesses;
- collating statistics on customers segments under LEs analyze data and recommend strategic actions appropriate to improve level of compliance;
- issuing tax shortfall penalties and failure to maintain records penalties to improve and influence taxpayer compliance of taxpayers; and
- provide tax information for external use.

The 2016-18 the MfR CIP breaks down tasks to be undertaken, identifying who is responsible and accountable for the work, and what the milestone or measure of success is and a status update. It does appear to emphasize efforts on identifying and acting on risks. The Compliance Risk Management Committee (CRMC) was established to provide strategic leadership, direction and governance over the management of risks and plan implementation through monthly meetings.

Based on the analysis and supporting evidence the score for this dimension is B.

19.3 Revenue audit and investigation

Dimension 19.3 assesses whether sufficient controls are in place to deter evasion and ensure that instances of noncompliance are revealed.

The MfR compliance improvement plan report for 2016 to 2018 provides information on the (i) strategic intent; (ii) task action; (iii) who is responsible and accountable; (iv) milestones; and (v) success. It is broken up into component parts which involves:

- continual effort building the compliance risk management capability in MfR;
- collecting budgeted revenues;
- using different customer segments to improve the identification and treatment of risks;
- improving customer awareness and understanding of compliance obligations;
- reducing the level of outstanding debt (including tax and customs accounts receivable);
- Improve the management of underreporting risks;

- managing border risks to detect the movement of illicit, restricted goods and undesirable travelers; and
- using risk-based compliance assurance programs to reduce the risks of customs revenue leakage

The AIDT business plan for 2016/17 outlines a few areas of activity around tax collections. Specifically, it outlines performance measures for:

- targeting non-compliance using a risk-based approach, this involved analyzing data to determine risks within different taxpayers and gathering information from third parties through the Policy Forecasting and Business Improvement Division and reviewing businesses operating within the hidden economy;
- building and developing large enterprise segment profiles through the collation of statistics on customers segments and recommending strategic actions appropriate to improve level of compliance;
- issuing penalties for tax shortfalls and for failure to maintain records; and
- providing information to taxpayers on tax audit information by issuing standard operating procedures for external use and assisting in training when required.

The 2016/17 MfR annual report outlines that it had exceeded all planned activities, which included audits of (i) 18 large enterprises, 83 small to medium enterprises, (iii) seven special audits; and (iv) 23 credit check audits.

Based on the analysis and supporting evidence the score for this dimension is B.

19.4 Revenue arrears monitoring

Dimension 19.4 assesses the extent of proper management of arrears within the revenue entities by focusing on the level and age of revenue arrears.

Revenue arrears are monitored monthly by MfR for both customs and inland revenue. A monthly report outlines collections for the previous month and a cumulative annual total against a preset target. Table 3.54 outlines the arrears calculations for 2016/17

TABLE 3.54 Arrears Collections for 2016/17

	SAT
Total Revenue Arrears	92,719,759
Arrears Older Than 12 Months	86,857,264
Total Own Source Revenue Collected	564,338,822
Stock of Revenue Arrears as % of Revenue Collected	16.4%
Arrears older than 12 months as % of Total Arrears	94%

Based on the analysis and supporting evidence the score for this dimension is D.

PI-20. Accounting for revenue

PI-20 assesses the procedures for recording and reporting revenue collections, consolidating revenues collected, and reconciling tax revenue accounts. It covers both tax and nontax revenues collected by the central government. This contains three dimensions and uses M1(WL) for aggregating dimension scores.

- 20.1 Information on revenue collections;
- 20.2 Transfer of revenue collections; and
- 20.3 Revenue accounts reconciliation

TABLE 3.55 PI-20 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-20 Accounting for Revenue	C+	
20.1 Information on revenue collections	B	A central agency obtains revenue data at least monthly from entities collecting most central government revenue. This information is broken down by revenue type and is consolidated into a report.
20.2 Transfer of revenue collections	A	Entities collecting most central government revenue transfer the collections directly into accounts controlled by the Treasury, or transfer the collections daily to the Treasury and other designated agencies.
20.3 Revenue accounts reconciliation	C	Entities collecting most central government revenue undertake complete reconciliation of assessments, collections, arrears, and transfers to Treasury and other designated agencies at least quarterly within four weeks of the end of quarter.

The authorized procedures around revenue collection are outlined in the Revenue Operating Manual. The major revenue collectors in the central government are:

- MoF through collection of customs and excise duties and various other fees and charges (approximately five percent of total central government revenue in 2016/17); and
- MfR through collection of all the remaining taxes and duties (approximately 84 percent of total central government revenue in 2016/17).

Receipts are banked into one of three of the consolidated accounts:

- The Treasury Fund account (accommodates the payments made with the cashiers which are then banked);
- Electronic Funds Transfer at Point of Sale (EFTPOS) Deposit account (the fund where receipts from electronic point of sale receipts are generated, this is only available for the tax and duty revenues collected by the Ministry of Revenue and the fees and charges collected by MoC); and
- Online Deposit account which is where tax payers can pay their tax obligations through an internet banking portal.

20.1 Information on revenue collections

Dimension 20.1 assesses the extent to which a central ministry, i.e. MoF or a body with similar responsibilities, coordinates revenue administration activities and collects, accounts for, and reports timely information on collected revenue.

Information on tax collections is stored within the RMS for taxes and the ASYCUDA system for import GST, customs and duties. Revenues are banked into one of the three central accounts which are established for revenue deposits. At the end of each day, an upload of the day's transactions is uploaded into the FMIS and a hard copy statement of the day's transactions is provided and checked against the system.

The payments made to the cashier are immediately recorded in either the RMS or ASYCUDA systems which classifies the transaction by revenue type. The revenue collection areas have access to Finance one to post the transactions to the general ledger in the system.

This was confirmed through evidence provided for the previous two months. Both MfR and MoF produce monthly reports for management on revenue collection breaking out the type of revenue collected, these are not publicly released.

Based on the analysis and supporting evidence the score for this dimension is B.

20.2 Transfer of revenue collections

Dimension 20.2 assesses the promptness of transfers to the Treasury or other designated agencies of revenue collected.

Revenues collected by agencies are deposited directly into one of three consolidated accounts which are controlled by MoF. Ensuring these funds are immediately available to MoF to support cash management and, ultimately, spending.

Based on the analysis and supporting evidence the score for this dimension is A.

20.3 Revenue accounts reconciliation

Dimension 20.3 assesses the extent to which aggregate amounts related to assessments/charges, collections, arrears and transfers to (and receipts by) the Treasury or designated other agencies take place regularly and are reconciled in a timely manner.

Reconciliations are conducted on a daily and a monthly basis on the revenue received and the amounts deposited into the consolidated accounts. The MfR can provide information on the information on amounts levied which are not yet due, as well as arrears and what has been collected.

Based on the analysis and supporting evidence the score for this dimension is C.

PI-21. Predictability of in-year resource allocation

This indicator assesses the extent to which the central Ministry of Finance is able to forecast cash commitments and requirements and to provide reliable information on the availability of funds to budgetary units for service delivery. It contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

- 21.1 Consolidation of cash balances
- 21.2 Cash forecasting and monitoring
- 21.3 Information on commitment ceilings
- 21.4 Significance of in-year budget adjustments

TABLE 3.56 PI-21 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-21 Predictability of in-year resource allocation	B+	
21.1 Consolidation of cash balances	C	Most cash balances are consolidated on a monthly basis.
21.2 Cash forecasting and monitoring	A	A cash flow forecast is prepared for the fiscal year and is updated monthly on the basis of actual cash inflows and outflows.
21.3 Information on commitment ceilings	B	Budgetary units are provided reliable information on commitment ceilings at least quarterly in advance.
21.4 Significance of in-year budget adjustments	A	Significant in-year adjustments to budget allocations take place no more than twice in a year and are done in a transparent and predictable way.

21.1 Consolidation of cash balances

Dimension 21.1 assesses the extent to which MoF can identify and consolidate cash balances as a basis for informing the release of funds.

The Government has approximately 80 bank accounts held with the commercial banks and CBS, of these 36 are Treasury Fund bank accounts with the CBS and commercial banks including ANZ, Westpac, Samoa Commercial Bank, National Bank of Samoa and overseas. Development fund bank accounts held with CBS. The number of bank accounts have grown from 72 in 2014 largely due to the additional number of project accounts being established under the Development Fund accounts with CBS.

Consolidation provides government with information on its cash and bank balances allowing them to maximize returns on funds and/or switch unused balances to meet overdrawn balances and minimize borrowing costs.

The processes for the consolidation of government's cash balances are outlined in the Cash Management Manual ⁴⁶. The daily cash position reports on the government's general funds. The main accounts held at the ANZ Bank are aligned as an offset to the overdraft facility for the government's general disbursement account. If there are funds held in the other ANZ Bank accounts up to the overdraft of the

⁴⁶ Clause 19.25

General Disbursement Accounts, no overdraft interest will be charged. The bank balances shown in the daily cash position report includes unpresented cheques. All government account balances are consolidated monthly by CBS and this report is submitted ARFD, within the following month.

In managing cashflow and balances daily, MoF does not have a TSA centralized with a single bank, it has several operational accounts with the commercial banks and the development fund account at CBS. Government's domestic operational accounts at the commercial banks and only part of the CBS development fund account is consolidated daily, whereas the CBS development fund account can only be fully consolidated on a monthly basis. A profile of government bank accounts' balances as at the end of the 2016/17 fiscal year are as shown below:

TABLE 3.57 Government Account Consolidations

Bank Account	Number	% of closing balance	Consolidation
Operational domestic bank accounts			
ANZ Samoa	8	2.0%	Daily
Westpac - Samoa Ltd	3	7.0%	Daily
National Bank of Samoa	1	1.1%	Daily
Samoa Commercial Bank	1	1.3%	Daily
Central Bank of Samoa	3	19.5%	Daily
Total Domestic Operational	16	0.0%	
Operational Foreign Bank Accounts		0.0%	
ANZ – New Zealand	6	7.0%	Daily
ANZ – American Samoa	2	0.0%	
Westpac Bank Corp – Australia	5	0.3%	Monthly
UN Federal Union – United States	2	0.3%	Monthly
Crown Agents – United Kingdom	1	0.0%	Monthly
Fortis Banque – Belgium	1	0.2%	Monthly
Bank of Japan	1	0.1%	Monthly
Bank of China	2	1.0%	Monthly
CBS – Development account (44)	44	60.1%	Monthly

Based on the analysis and supporting evidence the score for this dimension is C.

21.2 Cash forecasting and monitoring

Dimension 21.2 assesses the extent to which budgetary unit commitments and cash flows are forecast and monitored by MoF.

Annual cash flow forecasts are prepared and updated monthly by the Cash Flow Unit in the Accounting and Fiscal Reporting Division (AFRD). The cash flow forecast is based on a combination of information provided from ministries during the budget process, the annual appropriation to ministries, and a review of previous years data. The annual forecast is approved by the Cash Management Committee (CMC). The revenue forecast is based on each type of revenue, external grants, and cost recovery item. The expenditure forecast includes personnel, operating, capital, overhead, third party transactions,

transactions on behalf of state, statutory expenditures, unforeseen expenditures, and special purpose accounts.

The updates to actual data are monitored weekly. Monthly actuals and changes to forecast are prepared and provided monthly to CMC for approval.

Based on the analysis and supporting evidence the score for this dimension is A.

21.3 Information on commitment ceilings

Dimension 21.3 assesses the reliability of in-year information available to budgetary units on ceilings for expenditure commitment for specific periods.

Warrants prepared at the commencement of the year allowing for the release of the entire annual appropriation, authorizing Ministries to spend their annual appropriation. Reports are available from the FMIS, identifying the annual amount, commitments, payments to date, and amount remaining. Ministries have live read access to the FMIS allowing them to plan, and commit based on the remaining appropriation authority. No provisions are provided to ministries on the cash availability since cash is generally available. For BCG, discussions indicated delays may have occurred by a few days during the year, however several documents indicate the delays are created by the cumbersome process to finalize approval for payment.

Based on the analysis and supporting evidence the score for this dimension is B.

21.4 Significance of in-year budget adjustments

Dimension 21.4 assesses the frequency and transparency of adjustments to budget allocations. Governments may need to make in-year adjustments to allocations in the light of unanticipated events that affect revenues or expenditures.

Adjustments to the budget are allowed in some cases, the PFMA outlines adjustments at the higher administrative (i.e. increases or decreases in expenditure) level require authorization by the Legislative Assembly.

The PFMA provides for transfers between outputs and sub outputs, it requires the approval of the Financial Secretary at the request of the relevant head of agency for the transfer. There is a quantitative limit in the PFMA restricting the appropriation for the financial year for an output or sub-output being affected by more than 20 percent.

The adjustments of SAT 0.353 m (less than 0.1 percent of total operational expenditure) in 2016/17 were undertaken through the transparency of a single supplementary budget.

Based on the analysis and supporting evidence the score for this dimension is A.

PI-22. Expenditure arrears

The PI-22 indicator measures the extent to which there is a stock of arrears, and the extent to which a systemic problem in this regard is being addressed and brought under control. It contains two dimensions and uses the M1 (WL) method for aggregating dimension scores.

- 22.1 Stock of expenditure arrears
- 22.2 Expenditure arrears monitoring

TABLE 3.58 PI-22 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-22 Expenditure arrears	D+	
22.1 Stock of expenditure arrears	A	The stock of expenditure arrears is no more than 2% of total expenditure in at least two of the last three completed fiscal years.
22.2 Expenditure arrears monitoring	D	Data on the stock and composition of expenditure arrears is not generated annually at the end of each fiscal year.

Procedures for the compilation of data on all payables and deposits are provided in the *Operating Manual: Year End and Preparation of the Public Accounts* which requires arrears to be shown in the statements as deposits and payables⁴⁷ in Schedule 12 of the Public Accounts. These include:

- deposits held on behalf of others arising from the application of legislation or agreements the government has entered into with other parties;
- special purpose monies to be used for specific purposes only or are payable to third parties (special purpose accounts with separate bank accounts are treated as part of the Special Fund and are reported upon separately from the Treasury Fund); and
- other payables such as amounts owed by the Treasury Fund to other government funds.

Deposits and special purpose monies are not considered arrears as they are outside the operational stream of obligations and are either monies held: (i) in trust (former) for a specific purpose; or (ii) for specific purposes under its own statutory or legal obligation (latter), as with donor-funded project funds that are still to be expended in the following years.

The government defines expenditure arrears in a manner consistent with the internationally accepted business practices. The definition is the component of total outstanding expenditure commitments that relate back to commitments preceding the last month of the reporting period constitute payment arrears.

22.1 Stock of expenditure arrears

Dimension 22.1 assesses the extent to which there is a stock of arrears.

The closest estimate of expenditure arrears is from the total sundry creditors in Schedule 12 of the Public Accounts. In addition to outstanding expenditure commitments as defined in the government's monitoring report, Schedule 12 also includes unclaimed monies, the sundry clearing account, the transfer

⁴⁷ Clause 20.9.14

account, and withheld and unclaimed salaries. The stock of arrears can be measured under either of the two sources as illustrated in Table 3.59.

TABLE 3.59 Levels of Expenditure Arrears

Source	FY 14/15	FY15/16	FY16/17
Audited Public Accounts			
Schedule 12 - Total Sundry Creditors	2,320,683	3,190,620	2,521,102
Total Expenditures	623,574,000	642,897,000	619,060,000
% of total expenditures	0.3%	0.4%	0.4%

Based on the analysis and supporting evidence the score for this dimension is A.

22.2 Expenditure arrears monitoring

Dimension 22.2 assesses the extent to which any expenditure arrears are identified and monitored.

MoF quarterly reports on expenditure arrears categorizes total value of arrears according to the:

- length of time between when the arrears were incurred and the date of their recording; and
- composition of arrears segregated by responsible ministry.

These reports provide MoF with the opportunity to follow up with reminders to lagging ministries who are required to explain and improve on their level and extent of delays in meeting payments for expenditure arrears. The report classifies as arrears all components of all expenditure commitment batches relating to 30 days or more preceding the end of the quarter. The proportion of each ministry's expenditure commitment batches being queried are also highlighted, where they are advised to keep below the ten percent level. Payment turnarounds are monitored for each ministry to assist in the monitoring and management expenditure arrears levels at ministry level and overall across government.

The report does not contain information on unpaid salaries (in arrears) but includes all other expenditure lines. Information on salaries arrears are available in the payroll system and should be included as part of a more consolidated quarterly monitoring report.

Data on the economic type of arrears is not available and not provided in the quarterly expenditure arrears report nor other reports. It does not contain the type of arrears, such as arrears for goods and services, salary payments, pension payments, statutory transfers, court judgements etc.

Based on the analysis and supporting evidence the score for this dimension is D.

PI-23 Payroll controls

PI-23 is concerned with the payroll for public servants only: how it is managed, how changes are handled, and how consistency with personnel records management is achieved. Wages for casual labor and discretionary allowances that do not form part of the payroll system are included in the assessment of non-salary internal controls, PI-25. This indicator contains four dimensions and uses the M1 (WL) method for aggregating dimension scores.

- 23.1 Integration of payroll and personnel records
- 23.2 Management of payroll changes
- 23.3 Internal control of payroll
- 23.4 Payroll audit

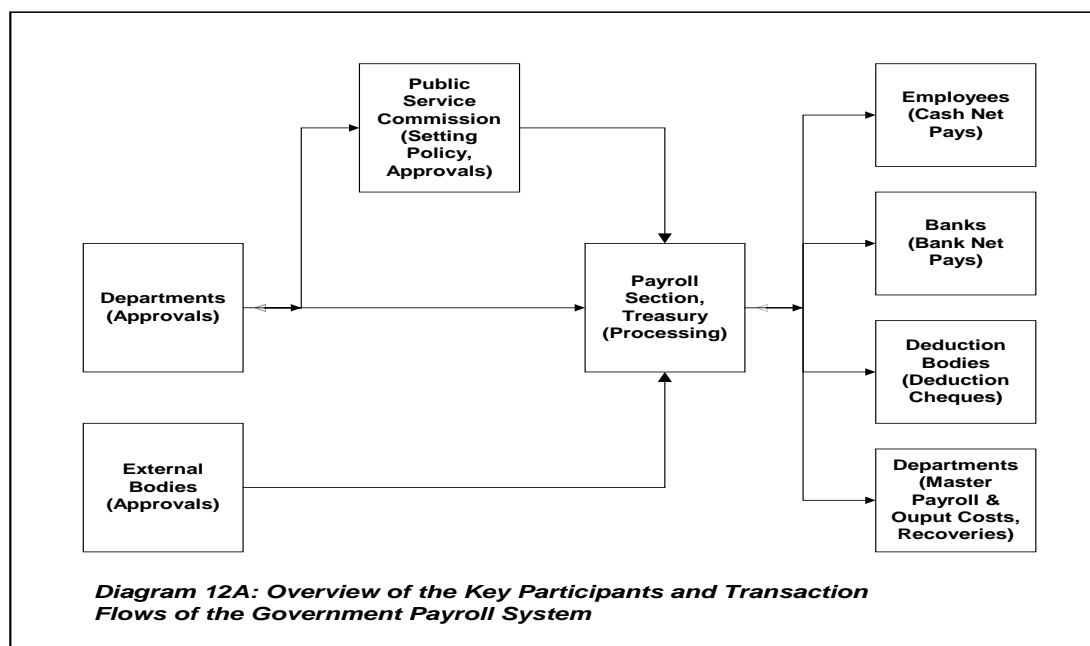
TABLE 3.60 PI-23 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-23 Payroll Controls	C+	
23.1 Integration of payroll and personnel records	C	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. Staff hiring, and promotion is controlled by a list of approved staff positions.
23.2 Management of payroll changes	B	Personnel records and payroll are updated at least quarterly and require a few retroactive adjustments.
23.3 Internal control of payroll	B	Authority and basis for changes to personnel records and the payroll are clear and adequate to ensure high integrity of data.
23.4 Payroll audit	C	Partial payroll audits or staff surveys have been undertaken within the last three completed fiscal years.

Institutionally, PSC and MoF are responsible for managing the processes and controls around the BCG payroll. The Public Service Act 2004 (PSA) establishes the PSC, which is primarily responsible for (i) planning the human resources needs of the public service; (ii) developing and promoting policies for the efficient and effective management of people employed under the Act, (iii) monitoring and evaluating the human resource management practices of Ministries, and (iv) providing advice and assistance on human resource management matters in the public service on the Minister's request.

The PSC is the guardian of the approved staffing structure, which establishes the total number of positions, and the number of positions at each grading or classification across government. The PSC is also responsible for determining the rate of salaries across government.

FIGURE 3.1: Flowchart of BCG payroll system



Source: Operating Manual: Payroll Systems and Procedures

MoF manages the BCG payroll through the payroll system which is integrated into the FMIS. The PSC manage the approved staffing structure and movements of staff through the HR database.

OAG also has a significant involvement in the overall payroll system control process, through thorough integrity checks (pre-audit processes) which aim to verify the accurateness and integrity of the payroll (Both EBU and BCG) on a fortnightly basis. Table 3.61 illustrates that for the previous three completed years total EBU have exceeded a third of the total Central Government CG payroll.

TABLE 3.61 CG payroll split between EBU and BCG for 2014/15 – 2016/17

EBUs	2014/15	2015/16	2016/17
EBU total	80,633,530	81,341,753	93,919,362
BCG Total	143,247,000	151,636,000	160,864,000
CG Total	223,880,530	232,977,753	254,783,362
EBU % of CG	36%	35%	37%

The governance of payroll processing is documented through of the Treasury Instructions 2013⁴⁸ and the Payroll manual. The Treasury instructions sets out in detail the definitions, policies and principles to be followed in managing payroll including:

- the various level authorities that govern and provide legal effect to the overall management of payroll in government;
- the various categories processed through the payroll and the rates of the pay entitlements;
- the various responsibilities in government for management;
- principles and policies guiding the different types of transactions, such as promotions, appointments, transfers, and terminations; and

⁴⁸ Section Five, Part J

- the calculations methodology for entitlements, deductions and other adjustments to existing payroll etc.

The manual was last updated in June 2011 and takes these areas and provides further operational guidance and detail on the payroll management process outlined in the Treasury Instructions, including:

- key internal controls underpinning the payroll system;
- Systems and procedures to be followed in effecting:
 - approved variations in staffing establishment;
 - payroll costing;
 - entitlements;
 - casual and wages;
 - payroll of statutory and constitutional responsibilities; and
 - all other adjustments to payroll.

23.1 Integration of payroll and personnel records

Dimension 23.1 assesses the degree of integration between personnel, payroll, and budget data.

The BCG payroll system comprises both manual and computerized payroll system processes. The system commences when an action requires a transaction affecting an employee's pay entitlements, deductions, disbursement methods and/or costing, through to the completion of the processing of the transaction.

All salaries, allowances and most employment related reimbursements are processed through the payroll system. Payroll authorities enter the required information into the payroll system (People One) in a timely manner. MoF verifies funds availability with information on the most recent staffing establishment from PSC. This is then subjected to an integrity check by the audit office. Once these processes are completed a general payment advice for posting a payroll transaction for payment is issued.

Integration of payroll and personnel databases is done through the system as a leadup to a payroll run. Both databases are cross-updated according to any variations approved by the PSC and the BFPD since the last payroll run.

PSC has the final checking authority on the payroll system, which is updated once the budget allocation is approved by BFPD. BFPD has the final authority to update the personnel database once PSC has approved the variation. These vetting processes ensure both databases are simultaneously updated and self-correcting during the payroll run.

In 2014/15, 2015/16 and 2016/17 EBU's represented 36 percent of the Central Government payroll. For BCG's the integration of personnel and payroll are directly linked to ensure improved budget control, data consistency, and monthly reconciliations.

The rigor applying in BCG is not necessarily the case with EBU's. The majority are undertaking a manually-driven process where the payroll system and personnel database are hosted in two standalone programs (in most cases database and excel), only to be updated when the relevant authority approves any variation to staff establishments.⁴⁹

EBU's are required (through the MoPE guidelines on corporate planning) to provide in their three-year corporate planning document details on the organizational structure as well as the number of employees

⁴⁹ Can be either executive management or the Board depending on the staff level concerned.

at the end of the financial year immediately preceding the current year, and the projected for the current year and over the planning period.⁵⁰

Most EBU's are subject to integrity checks on changes to the payroll with the OAG. All EBU's undertake a comprehensive audit process through OAG to ensure all payroll changes are used to update personnel records every six months.

Based on the analysis and supporting evidence the score for this dimension is C.

23.2 Management of payroll changes

Dimension 23.2 assesses the timeliness of changes to personnel and payroll data.

Payroll change procedures for BCG agencies are prescribed in the Payroll Systems and Procedures Manual⁵¹ for any of the following variations: (i) appointments, promotions or transfers; (ii) suspensions; (iii) terminations; (iv) salary and allowance adjustments. All payroll changes go through the same adjustment process for any of these changes. This requires the sponsoring ministry to produce the conveyance based on PSC approval, which is submitted to MoF for vetting by the Payroll section and BPDF.

BPDF certifies adjustments in the personnel database when approving the budget and PSC certifies the budget when it approves the adjustment in the personnel database.

Approximately 80 percent of EBU's have a manual interface between their human resource database and payroll systems. Most EBU's are subject to integrity checks by OAG prior to a payroll run.

The remaining agencies are subject to spot checks by their respective internal audit areas to ensure all changes to payroll and personnel records are regularly updated in a timely manner, which can be fortnightly at best or quarterly at the latest.

It can only be assured personnel records and payroll are updated at least quarterly and require a few retroactive changes.

Based on the analysis and supporting evidence the score for this dimension is B.

23.3 Internal control of payroll

Dimension 23.3 assesses the controls that are applied to the making of changes to personnel and payroll data.

A few steps take place prior to the general payment advice for posting payroll transaction can be issued for payment. Payroll authorities of all BCG agencies are required to submit the required information to MoF in a timely manner, to enable verification with the latest updated staffing establishment with PSC, this is prior to the OAG integrity check.

The Payroll Systems and Procedures Manual⁵² prescribes specific control procedures for: (i) general control; (ii) payroll processing; (iii) accounting controls; and (iv) computerized system controls.

⁵⁰ MoPE Corporate Planning Guide <https://www.mpe.gov.ws/wp-content/uploads/2017/12/CorporatePlanGuide.pdf>

⁵¹ Clause 12

⁵² Clause 12.2

Internal controls in the BCG payroll process are quite clear and are consistently applied centrally by the MoF during fortnightly payroll runs and when a variation is being applied for and approved by PSC and BFPD.

BFPD verifies sufficient appropriation is available accompanied by the regular updating of personnel records and ensuing audit trail maintains full integrity of data from the point of submission by payroll authorities in the ministries to MoF.

EBUs have their own payroll procedures and process using the same control framework of government i.e. the Treasury Instructions and Payroll Systems and Procedures Manual. Compliance with proper payroll procedures however are not consistently monitored by the internal audit areas within each EBU due to capacity issues.

EBUs rely on the comprehensive six-monthly audit process conducted by the OAG to identify areas of internal control weaknesses, which generally helps maintain the integrity of payroll data.

Based on the analysis and supporting evidence the score for this dimension is B.

Indicator 23.4 Payroll audit

Dimension 23.4 assesses the degree of integrity of the payroll.

The Controller and Auditor General undertakes a pre-payroll integrity check of the BCG payroll fortnightly before the payroll run payment advice is issued. These integrity checks include onsite verification of payroll listings, staff variations and personnel registers.

The coverage includes only BCG ministries which made up 64 percent of total CG payroll in the last three completed years (2014/15, 2015/16 and 2016/17).

The integrity checks exclude EBU's that run their own payroll systems, separately. EBU's are governed by their respective financial instructions and manuals and comprised 36 percent of total central government payroll during the same period. In the last three fiscal years the major EBU's consulted⁵³, have undertaken integrity checks sporadically, and not as systematically and comprehensively as the BCG. No complete payroll audit has been done for the entire central government in the three fiscal years (2014/15, 2015/16 and 2016/17).

Only partial payroll audits have been undertaken in the last three years and essentially limited to systems, control and procedures only with little or no on-site physical verification.

Based on the analysis and supporting evidence the score for this dimension is C.

⁵³ The eight EBU's with the largest payroll (personnel emoluments costs) were assessed, since they made up 92.3% of total EBU personnel emolument costs.

PI-24. Procurement

PI-24 examines key aspects of procurement management, focusing on transparency of arrangements, the degree of open and competitive procedures, monitoring of procurement results and access to appeal and redress arrangements. This indicator contains four dimensions and uses the M2 (AV) method for aggregating dimension scores.

- 24.1 Procurement monitoring;
- 24.2 Procurement methods;
- 24.3 Public access to procurement information; and
- 24.4 Procurement complaints management.

TABLE 3.62 PI-24 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-24 Procurement management	B	
24.1 Procurement monitoring	A	Databases or records are maintained for contracts including data on what has been procured, value of procurement and who has been awarded contract. The data are accurate and complete for all procurement methods for good, services, and works.
24.2 Procurement methods	A	The total value of contracts awarded through competitive methods in the last completed fiscal year represents 80% or more of total value of contracts.
24.3 Public access to procurement information	C	At least three of the key procurement information elements are complete and reliable for government units representing the majority of procurement operations and are made available to the public.
24.4 Procurement complaints management	D	The procurement complaint system does not meet criterion (1), and one of the other criteria.

Procurement in Samoa for central government (BCG and EBU's) is governed primarily PFMA, and the Treasury instructions⁵⁴. Guidance on the procedures to be followed are provided through Guidelines for Procurement and Contracting: Goods, Works and General Services (GWGS). The PFMA also establishes the CTB whose functions in the PFMA are to:

- call for and consider tenders;
- award contracts;
- recommend to Cabinet for acceptance such tenders as the Board considers will be in the best interests of the Government and exceed the prescribed limits of the Board's authority to accept tenders; and
- consider appropriate methods of disposal of public property surplus to requirements; and
- examine, review and make recommendations to Cabinet on the composition, procedures, functions and powers of the Board.

⁵⁴ Part XII of the PFMA, and Section 6 Part K of the Treasury Instructions

The Treasury Instructions require procuring entities which are ministries and public bodies to comply with the instructions. These bodies may be audited for compliance by the Controller and Auditor General.⁵⁵ The instructions apply to all government procurement except to non-procurement activities, the Treasury Instructions do provide an avenue for some exemptions in defined circumstances. All procuring entities (including those opting-out) are required to seek the best value for money (not necessarily the lowest prices) over the life of the contract, regardless of whether Instruction apply. The Procurement Division within MoF provides the planning and documentation for the CTB and serves as the Secretariat.

24.1 Procurement monitoring

Dimension 24.1 assesses the extent to which prudent monitoring and reporting systems are in place within government for ensuring value for money and for promoting fiduciary integrity.

The Treasury Instructions outline responsibility for monitoring procurement rests with the Procurement Division within MoF. Since 2014, procuring entities, such as ministries and public bodies, are responsible for preparing an annual procurement plan utilizing templates provided with the budget preparation package.

The procurement plans include existing projects in the pipeline and proposals. These details are entered into a Microsoft Access database in the Procurement Division, which provides a quarterly report that is submitted to Cabinet. Other reports are available on request.

Prior to a tender process commencing, draft tender documents are submitted to the Office of the Attorney General. Once approved the Procurement Division receives and enters information related to the closing date, evaluation criteria, selection panel, etc. into the procurement database. The requirement for the database is included within the Treasury Instructions⁵⁶.

An initial procurement record in the procurement database is allocated a unique ID number, the name describing the procurement, closing dates of the tender, method of procurement, project details on the type of purchase, advertisement, and contact details. The details on the tender bid include agency, each bidders name, amount of bid and additional information from bid including identification of who was awarded the contract are available. Additional information from the database will be provided below in the appropriate dimension narrative. All information is included within the database.

Any deviations from the requirements outlined in the Treasury Instructions are noted in the report to the CTB, including findings from the Procurement Division, internal auditors or OAG. A review of the documents from CTB meeting notices, supporting documentation⁵⁷ noted minimal findings with no significant variance on procuring or reporting. The data for all procurement is maintained on the database for goods, services, and works.

Based on the analysis and supporting evidence the score for this dimension is A.

24.2 Procurement methods

Dimension 24.2 analyzes the percentage of the total value of contracts awarded with and without competition.

⁵⁵ As identified in the Audit Office Ordinance of 1961

⁵⁶ K.1.2.2 Functions of the Procurement Division

⁵⁷ Minutes and supporting documentation reviewed for all indicators included October 2017, May 2016, and July 2016. The Tenders board details cover all Central Government.

Table 3.63 provides information on the procurement guidelines issued by the CTB identifying the methodology of procurement and appropriate documentation to be prepared at various financial thresholds.

TABLE 3.63 Procurement Thresholds and Payment Information

Thresholds (SAT)	Certifying Officer – Initial Payment	Counter Signature when initiating payment	Authority to Approve Award	Procurement Method Used
> 500,000	CEO	Cabinet Approval	Cabinet Approval	Competitive Tender
> 200,000 499,999	CEO	Minister of Finance	CTB approval	Competitive Tender
> 150,000 to 199,999	CEO	Cabinet Minister/Financial Secretary	CTB approval	Competitive Tender
> 100,000 to 149,999	CEO	N/A	CTB approval	Request for quotation for Works, Tender for Goods and related Services and General Services and Request for Proposal for Consulting Services
> 50,000 to 99,999	CEO	N/A	CTB approval	
Above 5,000 to 49,999	CEO/ACEO/Principal Officers (Refer to TY10 Requisition Officer)	N/A	CEO Approval	
0 – 5,000 Inclusive	CEO/ACEO/Principal Officers (Refer to TY10 Requisition Officer)	N/A	CEO Approval	

Generally, procurement is conducted using competitive methods. The Treasury Instructions allow for some exemptions, which when applied are subject to audit and review. Procurement processes are subject to review by the Procurement Division, internal auditors and OAG. Meetings with MfR, Ministry of Health (MoH),⁵⁸ and MoE confirmed their own internal processes are consistent with the guidelines, and reviews are performed by the CTB, Procurement Division, and OAG.

The meetings and database indicate most procurement is performed by securing three tenders or quotes in compliance with the threshold categories shown in the Table 3.63⁵⁹. An analysis of 2016/17 data identified SAT 212 m of SAT 219 m (97 percent) was awarded through a competitive process.

Based on the analysis and supporting evidence the score for this dimension is A.

24.3 Public access to procurement information

Dimension 24.3 reviews the level of public access to complete, reliable and timely procurement information.

The MoF website and provides information on procurement activities for all stakeholders⁶⁰. The website⁶¹ includes information on the procurement processes for ministries and public bodies, including the reform plan⁶². Table 3.64 outlines that three of the six criteria required for this dimension are published.

TABLE 3.64 Publication of procurement information

Key procurement information	Production and publication	Published
(1) Legal and regulatory framework for procurement	The current Public Finance Management Act 2001(effective procurement law), Treasury instructions, guidelines, and schedule of thresholds and approvals are posted on the internet.	Yes
(2) Government procurement plans	Some MDAs prepare annual procurement plans, whereas others do not. Where they exist, they are not published. The webpage has been prepared but is not yet populated.	No
(3) Bidding opportunities	Bidding opportunities are publicized in the newspapers, Government Gazette and in local newspapers, television, radio, and on the website for mof.gov.ws	Yes
(4) Contract awards (purpose, contractor and value)	Contract awards are published and available on the website under the tab Tender Awards. The site lists the contract, implementing agency, winning bidder, contract amount, and all bidders.	Yes

⁵⁸ Discussions with MfR and MoE

⁵⁹ These amounts and field details were viewed on-line with screen shots taken and labeled procurement evidence. These include a sample of the database, the statistics for the year, value of contracts, historical exchange rates, sample tender advertisements, and complaint database.

⁶⁰ Insert a link to the website

⁶¹ <https://www.mof.gov.ws/Services/Procurement/tabid/5587/Default.aspx>

⁶² MAPS assessment for Samoa: Dated April 25, 2014 includes action plan

Key procurement information	Production and publication	Published
(5) Data on resolution of procurement complaints	Complaint resolution is monitored, and statistics are maintained, however, it is not published.	No
(6) Annual procurement statistics	Some procurement statistics exist and are reported to the Tenders Board at the weekly meeting. Information on the meetings is published and meetings are open to the public, but the information is not published.	No

Based on the analysis and supporting evidence the score for this dimension is C.

24.4 Procurement complaints management

Dimension 24.4 assesses the existence and effectiveness of an independent, administrative complaint resolution mechanism.

The government has recently adopted a manual on the *Procurement Complaints and Review Procedure*⁶³ and existing procedures are underway to operate in compliance with the manual. The hiring of an independent adjudicator to resolve complaints is underway. Currently, the process is that the procuring entity is the initial point of contact. The issue is then reported to the tender board and, if resolution is not reached, the courts are the final outlet for the complainer to use.

Based on the analysis and supporting evidence the score for this dimension is D.

⁶³ Government of Samoa Procurement Independent Complaints and Review Procedure issued by the Tenders Board under section K/9/1 (1) of the Treasury Instructions and adopted May 2018.

PI-25. Internal controls on non-salary expenditure

PI-25 measures the effectiveness of general internal controls for non-salary expenditures. Specific expenditure controls on public service salaries are considered in PI-23. The present indicator contains three dimensions and uses the M2 (AV) method for aggregating dimension scores.

- 25.1 Segregation of duties
- 25.2 Effectiveness of expenditure commitment controls
- 25.3 Compliance with payment rules and procedures

TABLE 3.65 PI-25 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-25 Internal controls on non-salary expenditure	B	
25.1 Segregation of duties	A	Appropriate segregation of duties is prescribed throughout the expenditure process. Responsibilities are clearly laid down.
25.2 Effectiveness of expenditure commitment controls	C	Expenditure commitment control procedures exist which provide partial coverage and are partially effective.
25.3 Compliance with payment rules and procedures	B	Most payments are compliant with regular payment procedures. The majority of exceptions are properly authorized and justified.

25.1 Segregation of duties

Dimension 25.1 assesses the existence of the segregation of duties, which is a fundamental element of internal control to prevent an employee or group of employees from being in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties.

The segregation of duties is defined in the Treasury Regulations⁶⁴ and compliance testing is included within internal audit functions and pre-audits conducted by OAG. The Treasury Regulations and Accounting manual⁶⁵ define several positions within government, by job type, and identifies responsibilities in order to establish segregation of duties. This includes officers for controlling/certifying, procurement, requisition, inspection, receiving, banking, cashiers, payroll, and Treasury.

The descriptions of responsibilities for these positions are specific and the approvals/IT system authorizations are established in compliance with these roles and responsibilities. This segregates the approval, recording, custody and reconciliation processes within government operations. The business processes are flowcharted and documented in circulars, policy and procedure manuals, FMIS user manuals, and other documents and clearly identify these roles and responsibilities.

⁶⁴ Treasury Regulations of 2013 Part D

⁶⁵ Accounting Manual – Government of Samoa Accounting Manual

Internal control testing of rules, including access to system input/authorization is undertaken by Systems Support and Services.⁶⁶ OAG Annual reports also cite internal control issues identified during audits and include a list of all non-ministry entities and an assessment of internal controls, by specific categories⁶⁷.

An additional review is provided by Systems Support and Services⁶⁸ for activity per user, authorization of officers, and testing of IT controls by role. The Treasury Accounts System Accountant also prepares exception reports identifying variances or unusual activities. Exception reports show the number of invoices rejected has reduced over time (around 10 percent) but those rejections often are not cleared up immediately. Segregation of duties is prescribed throughout the process and roles/responsibilities are clearly laid down.

For the major EBUs (comprising more than 80 percent in volume of total EBU expenditures and revenue), there were no explicit references to any "emphasis of matter" in the OAG's audit letters in relation to internal controls or malpractice.

Based on the analysis and supporting evidence the score for this dimension is A.

25.2 Effectiveness of expenditure commitment controls

Dimension 25.2 assesses the effectiveness of expenditure commitment controls.

Expenditure commitment controls exist for all budgetary expenditures and are effective at controlling the commitments consistent with budget appropriations. Upon budget approval, the appropriation is input by each unit of the ministries at the appropriate line item. Reports are available within Finance One, identifying the annual amount, commitments, payments to date, and amount remaining.⁶⁹ Ministries can plan, commit, and spend based on the remaining appropriation authority. This provides complete coverage for all BCG expenditures. The accounting manual⁷⁰ states the Government uses commitment accounting in conjunction with cash accounting to provide management information.

The monthly budget comparison reports detail actual expenditure and unpaid commitments against budget so that managers can see more accurately what funds remain. It should be noted that recognition of payments does not occur until the payment for the goods/services is made.

No provisions are made to limit commitments to projected cash availability. The approved budget appropriations (which is the same as the allocation) are available for ministries to commit and record payables. Control over payments is provided by the Cash Management Unit within MoF. When cash needs exceed cash availability, payment by MoF can be delayed. This has not been an issue in recent years⁷¹ since cash is currently available no provision has been made to provide information based on cash availability⁷².

⁶⁶ Meeting with Systems Support and Service

⁶⁷ Annual report of the auditor general

⁶⁸ Confirmed by discussion with Systems Support and Services

⁶⁹ Viewed on the screen of Finance One.

⁷⁰ in chapter 3.32

⁷¹ Discussions with MfR, MoPE, and MoE indicated no delay in payments due to lack of funding. Annual Funding for schools is provided at the start of year.

⁷² While the aging of payables shows some extended period for payment, according to reports on the arrears, it is caused by the delay in processing, approvals, pre-audits by OAG, and other issues not relating to cash availability. Regularly, MoF prepares a commitment report for the monitoring of arrears. This report identifies the reasons for the delay. Reasons noted on the report include supplier details incorrect, invoice did not agree to PO, approvals were not obtained, lack of invoice data, and lack of supporting documents. No indication of delay caused by lack of cash was noted.

The OAG's audit management letters to EBU's (evidence obtained from the major ones that comprise more than 80 percent of total EBU's revenue and expenditures) contained no explicit reference to any "emphasis of matter" relating to expenditure commitment controls or unbudgeted spending.

Based on the analysis and supporting evidence the score for this dimension is C.

25.3 Compliance with payment rules and procedures

Dimension 25.3 assesses the extent of compliance with the payment control rules and procedures based on available evidence.

Rules on the authorities, responsibilities and duties underlying the payment procedures are prescribed in the Treasury Instructions⁷³. This covers the processing of payment claims from the submitting ministry/department and the subsequent steps in MoF, relating to: (a) payment orders; (b) FMIS accounts payable module; (c) processing and accounting at the AFRD; (d) payment modalities and the instruments involved.

Chapter 11 of the Operating Manual: Payments Process lays out responsibilities of Departments who are issuing payments to vendors and Treasury, and sets out controls and procedural steps for making payments. All government payments are processed through the accounts payable system which comprises both the manual procedures and the computerized system processes in the accounts payable module in the FMIS.

- The matching process whereby direct invoices issued manually by the vendor and verified by the purchasing Ministry/Department which then enters it into system before it is forwarded to AFRD.
- The Ministries/Departments are responsible for coding and posting to the ledgers and advising MoF of any necessary corrections (journal adjustment).
- MoF is responsible for processing of claims for payment through Accounts Payable module and updating of the computerized accounts payable records and costing of payments to the relevant general ledger accounts.

A comprehensive set of payment rules and procedures are in place. Compliance with these rules and procedures are essentially being undertaken by OAG which conducts regular pre-audits of all payment batches i.e. assessing the extent to which all payments meet minimum rules and requirements, before payment can be authorized. The more common compliance issues raised on payment by the audits are: (i) inadequate supporting documentation and authorization; and (ii) inaccurate postings by purchasing ministries. These are subsequently addressed through scheduled training and awareness for ministry/department personnel responsible for payments.

There have been concerns expressed with the delays caused by the backlog of audit clearance of payment batches which has slowed down implementation of program and activities by affected ministries, and caused cashflow strains with suppliers/vendors. This must however be weighed against the risk of compromising the required control checks instituted by MoF, which has a policy of clearing all commitments within 15 working days of receipt of goods. For the time of assessment, expenditure monitoring reports showed average turnaround period of about 25-30 days for all ministries.

⁷³ Part G of Treasury Instructions 2013

The major EBUs (comprising more than 80 percent in volume of total EBU expenditures and revenue) did not have any explicit reference to any "emphasis of matter" relating to payment control rules and procedures in the OAG's audit management letters on these EBUs.

Based on the analysis and supporting evidence the score for this dimension is B.

PI-26. Internal audit

PI-26 assesses the standards and procedures applied in internal audit. It contains four dimensions and uses the M1 (WL) method for aggregating dimension scores.

- 26.1 Coverage of internal audit
- 26.2 Nature of audits and standards applied
- 26.3 Implementation of internal audits and reporting
- 26.4 Response to internal audits

TABLE 3.66 PI-26 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-26 Internal audit	D	
26.1 Coverage of internal audit	D	Internal audit is not operational for central government entities representing the majority of budgeted expenditures and for central government entities collecting the majority of budgeted government revenue.
26.2 Nature of audits and standards applied	C	Internal audit activities are primarily focused on financial compliance.
26.3 Implementation of internal audits and reporting	D	Performance is less than required for a C score.
26.4 Response to internal audits	D	Performance is less than required for a C score.

26.1 Coverage of internal audit

Dimension 26.1 assesses the extent to which government entities are subject to internal audit.

The internal audit function has been active for several years in MoF and other agencies and provides comprehensive coverage for central government. Internal audit is authorized through the PFMA, the PSA, and the Public Bodies Performance and Accountability Act 2001.⁷⁴

The PFMA outlines the responsibilities of Heads of Departments which include the establishment of putting in place a system for effective internal control and effective internal audit.⁷⁵

IAUs operate in nine ministries and 17 public entities (covering EBU, the Accident Corporation Commission and other public corporations). For those where units do not exist, the Internal Audit and Investigative Services Division (IAISD) unit in MoF includes them within the scope of their workplan. In addition, IAISD includes 'whole of government' activities within their planning. This is reflected within the annual workplan.

Annual risk assessment and workplans for MoF Internal Audit and Investigation Division (IAID) for 2018/19 includes two cross governmental audits involving all units within ministries and public entities. The annual risk assessment excluded those items included in 'spot checks' and items within the 100 percent pre-audit testing of the OAG. The workplan for 2018/19 identified the following audits: i)

⁷⁴ in Section 126 of Public Financial Management Act

⁷⁵ Part II, section 13(o) of the PFMA

revenue; and ii) IT systems. The revenue cross-governmental workplan excludes revenues applicable only to individual entities. In the case of revenue included within MfR, the cross-governmental entity audit will rely on the testing performed by the MfR audits.

The annual workplans for 2018/19 fulfill the features for an operational audit function and previous years documentation identified the existence of audit work programs, audit documentation, and reporting while covering total budgeted revenues and expenditures for their scope of responsibility. The internal audit entities annual workplans in compliance with the requirements for 2018/19 (two internal audit entities: MoF and MfR) cover all expenditures and revenues for the entity or entities covered. Table 3.67 summarizes the IAU's which were assessed and clearly demonstrates a lack of approved workplans

TABLE 3.67 – Summary of Internal Audit Investigations

Ministry	Audit Plan Coverage (2018/19)	Approval of Audit Plan by Audit Committee or CEO	Comments
MfR	Multiyear plan (2018-21) based on strategic risk category, risk ranking and number of weeks per year.	Discussed with CEO but not signed as of PEFA assessment.	No pre-audits or spot-check activities noted at MfR.
MoF	2018/19 Workplan is risk based. Cross Government Audits – IT Audit and Revenue ⁷⁶	CEO has yet to sign	Cross-governmental audits, coverage is 100% of Central Government Law: PFMA Part 2 Section 14; Regulations – in draft form; Internal Audit manual and Internal Audit charters
MoE		Annual work plan is not finalized and approved	This was from email – did not provide existing workplan. Auditor is new and does not have access to previous audit documentation.
Ministry of Police	2017/18 workplan provided, 2018/19 not provided	No approval noted on documentation	
Ministry of Health (NHS) ⁷⁷	2017/18 workplan provided, 2018/19 plan provided. Based on risk areas identified.	Annual and quarterly work plans prepared (no approval noted)	
Ministry of Works, Transport and Infrastructure	2017/18 workplan provided, 2018/19 not provided	No approval noted on documentation	

⁷⁶ For large planned cross government audits, assistance occurs from internal auditors at other ministries and public bodies in order to provide the coverage required.

⁷⁷ These amounts are directly appropriated specifically to the National Health Services. NHS is not part of government but is an extrabudgetary unit.

Based on the analysis and supporting evidence the score for this dimension is D.

26.2 Nature of audits and standards applied

Dimension 26.2 assesses the nature of audits performed and the extent of adherence to professional standards.

The internal audit activities of entities are focused on financial compliance. While spot-checks and investigative work performed may be based on risk, the risk appears related to financial activities and areas of non-compliance. For these type of activities, some reporting is based on corrective activity and limited recommendations on actions to improve business processes (other than to identify that procedures should be complied with). For MfR, MoH, and the Ministry of Works, Transport and Infrastructure findings evaluating the adequacy and/or effectiveness of internal controls with recommendations on improving processes were noted.

Based on the analysis and supporting evidence the score for this dimension is C.

26.3 Implementation of internal audits and reporting

Dimension 26.3 assesses specific evidence of an effective internal audit (or systems monitoring) function as shown by the preparation of annual audit programs and their actual implementation including the availability of internal audit reports.

While annual audit programs exist, no formal records are maintained of: (i) planned to actual; (ii) reports issued; and (iii) details on distribution of reports. Due to work on investigative-spot check activities and pre-audits, discussions with ministries supported a focus for monitoring is the norm, due to a lack of documentation for some ministries and inadequate completion of audit activities.

Based on the analysis and supporting evidence the score for this dimension is D.

26.4 Response to internal audits

Dimension 26.4 assesses the extent to which action is taken by management on internal audit findings.

No comprehensive list of audit recommendations is prepared by internal audit units. For some units, a response is included within the audit report, however, follow-up on actual implementation is not tracked through the process. For this dimension, the scoring reflects that “response means that management provides comments on the auditors’ recommendations and takes appropriate action to implement them where necessary. Internal audit validates whether the response provided is appropriate.” No validation of the response was noted in any report.

Based on the analysis and supporting evidence the score for this dimension is D.

PILLAR SIX: Accounting and reporting

Pillar six assesses whether accurate and reliable records are maintained, and information is produced and disseminated at appropriate times to meet decision-making, management, and reporting needs.

TABLE 3.68 Summary Scores – Pillar Six Accounting and Reporting

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
PI-27	Financial data integrity	M2	B	D	C	A	C+
PI-28	In-year budget reports	M1	C	C	B		C+
PI-29	Annual financial reports	M1	A	B	C		C+

PI-27. Financial data integrity

PI-27 assesses the extent to which treasury bank accounts, suspense accounts, and advance accounts are regularly reconciled and how the processes in place support the integrity of financial data. It contains four dimensions and uses the **M2 (AV)** method for aggregating dimension scores.

- 27.1 Bank account reconciliation;
- 27.2 Suspense accounts;
- 27.3 Advance accounts; and
- 27.4 Financial data integrity processes

TABLE 3.69 PI-27 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-28 Financial Data Integrity	C+	
Bank account reconciliation	B	Bank reconciliation for all active central government bank accounts takes place at least monthly, usually within four weeks from the end of each month.
Suspense accounts	D	Reconciliation of suspense accounts does not take place annually, within two months from the end of the year. Suspense accounts are cleared in a timely way, no later than the end of the fiscal year unless duly justified.
Advance accounts	C	Reconciliation of advance accounts takes place annually, within two months from the end of the year. Advance accounts may frequently be cleared with delay.
Financial data integrity processes	A	Access and changes to records is restricted and recorded, and results in an audit trail. There is an operational body, unit or team in charge of verifying financial data integrity.

The integrity of financial data, through the process of reconciliation of bank accounts, management of suspense and advance accounts and reporting is governed through the Treasury Instructions and the accounting manual.

All BCG bank accounts⁷⁸ fit into one of two categories, either the Treasury Fund for operational purposes; or the Development Fund for its development projects. Treasury Fund accounts are held with both CBS domestic commercial banks⁷⁹ and foreign bank accounts which provide for diplomatic missions' operational activities. All Development Fund bank accounts are with CBS.

The Treasury Instructions

- Outline responsibility for (i) coding of claims for payment, (ii) posting to the ledgers; (iii) monitoring of the costing of payments to Outputs and (iv) advising MoF of any necessary corrections to the Line Ministries (Part B5).
- Outline MoF is responsible for processing payment claims through the accounts payable module in the FMIS and updating of the accounts payable records and costing of payments to the relevant general ledger or sub-ledgers and assisting ministries with queries (Part B5).

⁷⁸ Detailed in Schedule 5 of the "Government of Samoa Public Accounts for the Financial Year Ended 30th June 2017."

⁷⁹ ANZ, Westpac, Samoa Commercial Bank, and National Bank of Samoa

- Stipulate that regular reconciliation of error suspension accounts and control accounts shall ensure the accounting systems are functioning properly and the accounting data is recorded and maintained accurately (Part D4).
- Requires regular clearance of payroll error suspense and control accounts (Part D4).

27.1 Bank account reconciliation

Dimension 27.1 assesses the regularity of bank reconciliation.

The Operating Manual on Banking Operations and Reconciliations⁸⁰ requires all bank accounts to be reconciled monthly within seven days from the end of the month. All BCG bank accounts held with all domestic commercial bank accounts daily by the Treasury Division, as bank statements are provided accordingly from the banks.

The remaining accounts held with either CBS or foreign banks are reconciled monthly. CBS only has the capacity to provide bank statements monthly and there are logistic issues with foreign bank accounts

The reconciliation statements identify all mismatches between government records and data held by the relevant banking institution. Reconciliation of BCG's aggregate cash position across all its accounts is reconciled with the CBS and commercial banks' corresponding records monthly.

The audited financial statements for the EBU's did not identify any audit findings related to bank reconciliations.

Based on the analysis and supporting evidence the score for this dimension is B.

27.2 Suspense accounts

Dimension 27.2 assesses the extent to which suspense accounts, including sundry deposits/liabilities, are reconciled on a regular basis and cleared in a timely way.

Despite the requirement for regular reconciliations of bank accounts, error suspense accounts, and control accounts there has been an ongoing challenge with uncleared suspense accounts at the end of the financial year. Reconciliations are conducted monthly, but outstanding balances are carried forward into subsequent months and eventually into the subsequent fiscal year.

In 2016/17, SAT 647,309 was shown as the opening uncleared revenue suspense account balance, the closing balance carried forward to 2017/18 was SAT 649,449⁸¹. On average over the three years these represented less than 0.5 percent of total revenue and the average of expenditure suspense accounts represented less than 0.1 percent of total expenditure.

Based on the analysis and supporting evidence the score for this dimension is D.

27.3 Advance accounts

Dimension 27.3 assesses the extent to which advance accounts are reconciled and cleared.

All advances must be approved by the Finance Secretary which are then processed by AFRD. The Treasury Instructions provide for the following types of advances:

⁸⁰ Section 16.3 of t

⁸¹ Government of Samoa. Schedule 4 - Public Accounts for the Financial Year Ended 30th June 2017. 2018.

- imprest for normal operations;
- salary advances;
- advances for allowances paid to staff on official overseas travel; and
- budget advances for overseas missions

A key indicator of the extent to which advance balances are being proactively managed is the frequency and timeliness of the reconciliation clearance of advance accounts. All advances are reconciled and cleared as and when the terms of each advance dictates. Some advances may be for longer periods, but all advances are required to be cleared by the end of the financial year. All advances are cleared annually, though most may be cleared during the year without delay, as and when they are due and when all documents are submitted for verification i.e. for imprests and advances for official travel.

Based on the analysis and supporting evidence the score for this dimension is C.

27.4 Financial data integrity processes

Dimension 27.4 assesses the extent to which processes support the delivery of financial information and focuses on data integrity defined as accuracy and completeness of data (ISO/IEC, International Standard, 2014).

The Operating Manual on Monitoring and Review Procedures defines policies and procedures pertaining to regular monitoring, review and reporting of financial data to ensure effective internal controls are maintained at all times and ensuring the accuracy of processing and prevention and detection of errors.

The financial data captured in the FMIS is used to generate a range of reports, including:

- budget comparison, budget v actual (BFPD and line ministries);
- quarterly summary reports;
- budget monitoring reports;
- project monitoring reports; and
- cashflow management and forecasting reports.

The quality of these financial reports depends on the timeliness and accuracy of data entered in the FMIS. AFRD aims to improve the data within the FMIS through a monitoring unit which identifies and corrects data anomalies which haven input into the FMIS. The unit regularly monitors data issues as they occur and seeks to reconcile against verifiable independent records, in collaboration with the primary users in the FMIS. Access and changes to records is restricted and recorded and the system generates an audit trail.

Based on the analysis and supporting evidence the score for this dimension is A.

PI-28. In-year budget reports

PI-28 assesses the comprehensiveness, accuracy and timeliness of information on budget execution. This indicator contains three dimensions and uses the M1 (WL) method for aggregating dimension scores.

- 28.1 Coverage and comparability of reports
- 28.2 Timing of in-year budget reports
- 28.3 Accuracy of in-year budget reports

TABLE 3.70 PI-28 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-28 In-year budget reports	C+	
Coverage and comparability of reports	C	Coverage and classification of data allows direct comparison to the original budget for the main administrative headings.
Timing of in-year budget reports	B	Budget execution reports are prepared, and issued within four weeks from the end of each quarter.
Accuracy of in-year budget reports	C	There may be concerns regarding data accuracy. Data is useful for analysis of budget execution. An analysis of the budget execution. Expenditure is captured at least at payment stage.

Indicator 28.1 Coverage and comparability of reports

Dimension 28.1 assesses the extent to which information is presented in in-year reports and in a form that is easily comparable to the original budget.

The PFMA and Treasury Instructions⁸² require the MoF CEO to prepare and publish a summary of receipts and quarterly from the beginning of the financial year to the end of the relevant quarter and forward the summary to OAG for auditing. This is officially known as the Quarterly Summaries Report (QSR).

For official reporting purposes to the Executive, MoF centralizes the capture and processing of ministries' transaction data. It also produces and distributes budgetary unit-specific and whole of Government (BCG) aggregated/consolidated reports. The only material example of de concentration was the National Health Service (NHS) which up until 2018 was an entity outside of BCG responsible for delivery of health services. The grants from the MoH to NHS were reported as spent as they were transferred to the NHS. At the end of each quarter, three sets of budget monitoring reports are officially produced, the:

- QSR produced by AFRD within a few weeks after the end of the quarter and then submitted to OAG prior to public release.
- Budget Monitoring Report (BMR) generated by BFPD within a few days of the end of the month, and submitted to the Minister for presentation to Cabinet; and
- GFS report produced by SBS at least six months after the end of the quarter.

The BMR and QSR are assessed as part of the coverage and scope of this dimension. The coverage of the budget is directly comparable to the original budget. Aggregated financial information is contained in the BMR, whilst the breakdown at administrative level is contained in the QSR. Both reports are directly

⁸² Section 108 of the PFMA and Part O.7 of the Treasury Instructions

comparable at the administrative level for both the BMR and QSR, with only partial aggregation in the QSR.

Based on the analysis and supporting evidence the score for this dimension is C.

Indicator 28.2 Timing of in year budget reports.

Dimension 28.2 assesses whether this information is submitted in a timely manner and accompanied by an analysis and commentary on budget execution.

The BMR is normally presented within two weeks after the end of the quarter and submitted to the Minister of Finance, it presents a significant amount of information on progress. The QSR is prepared and issued to OAG between one month at the end of each quarter, it contains a set of notes to explain the financial statements. The quarterly GFS report also contains a significant amount of information describing the figures which are produced.

Based on the analysis and supporting evidence the score for this dimension is B.

Indicator 28.3 Accuracy of in year budget reports.

Dimension 28.3 assesses the accuracy of the information submitted, including whether expenditure for both the commitment and the payment stage is provided.

The information presented in the BMR and QSR is at the point of recognition of the receipt or payment, and exclude commitments, advances, arrears and suspense account balances. The excluded information is available in detail in reports directly generated from the FMIS for internal management purposes at line Ministry level like the “budget comparison” report, “monthly expenditure” report and the “commitment” report⁸³.

The quarterly expenditure arrears monitoring report tracks in more detail the extent to which expenditure commitments and arrears are progressing during the year.

Overall, the quality of data in these in year reports is consistent, reliable and useful for budget execution.

Based on the analysis and supporting evidence the score for this dimension is C.

⁸³ Treasury Instructions. Clause B8-B10.

PI-29. Annual financial reports

PI-29 assesses the extent to which annual financial statements are complete, timely, and consistent with generally accepted accounting principles and standards. This is crucial for accountability and transparency in the PFM system. It contains three dimensions and uses the M1 (WL) method for aggregating dimension scores.

- 29.1 Completeness of annual financial reports
- 29.2 Submission of reports for external audit
- 29.3 Accounting standards

TABLE 3.71 PI-29 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-29 Annual Financial Reports	C+	
29.1 Completeness of annual financial reports	A	Financial reports for budgetary central government are prepared annually and are comparable with the approved budget. They contain full information on revenue, expenditure, financial and tangible assets, liabilities, guarantees, and long-term obligations, and are supported by a reconciled cash flow statement.
29.2 Submission of reports for external audit	B	Financial reports for budgetary central government are submitted for external audit within 6 months of the end of the fiscal year.
29.3 Accounting standards	C	Accounting standards applied to all financial reports are consistent with the country's legal framework and ensure consistency of reporting over time. The standards used in preparing annual financial reports are disclosed.

The requirement to produce annual reports on the country's public accounts is outlined mostly in Section 107 within Part XIV of the PFMA which is on financial reporting. It requires financial statements to be submitted to the audit office within four months of the end of the financial year.

The Controller and Auditor General is mandated to examine the financial statements and required to provide a written report to the Legislative Assembly stating whether the financial statements have been prepared in accordance with the PFMA and any other relevant Acts and present fairly the matters required by these Acts.

The Controller and Auditor General is required to return the financial statements together with the report to the Financial Secretary no later than six months after the end of the financial year to which they relate. The Minister is required to lay them before the Legislative Assembly if it is in session and if not, at the commencement of the next ensuing session.

The PFMA also requires the Financial statements to be published in a summary format in the *Savali* (the official government gazette) and a widely circulated Samoan newspaper. Schedule 5 to the PFMA outlines the form and content of the suite of financial statements to be produced.

The Public Accounts consist of several financial statements, including the:

- consolidated statement of cash flows;
- consolidated statement of comparison of budget and actual amounts;

- statement of receipts and payments of the Central Government of Samoa;
- statement of financial position of the Central Government of Samoa;
- supporting schedules to the consolidated statements; and
- notes to the consolidated public accounts.

29.1 Completeness of annual financial reports

Dimension 29.1 assesses the completeness of financial reports. Annual financial reports should include an analysis providing for a comparison of the outturn with the initial government budget.

The annual financial statements for 2016/17 were prepared under IPSAS cash reporting standards and met the PFMA requirements⁸⁴. The annual financial statements report on BCG and are directly comparable to the approved budget. They contain information on key items such as revenue, expenditure, financial assets, tangible assets, financial liabilities, guarantees, and long-term liabilities. Additional information on receivables, payables, fixed assets, contingent liabilities, write-offs and losses and ex-gratia payments are all reported.

Based on the analysis and supporting evidence the score for this dimension is A.

29.2 Submission of reports for external audit

Dimension 29.2 assesses the timeliness of submission of reconciled year-end financial reports for external audit as a key indicator of the effectiveness of the accounting and financial reporting system.

The PFMA⁸⁵ requires the Financial Secretary to prepare and submit the financial statements for the year to the Controller and Auditor General no later than four months after the end of the financial year.

The Financial Secretary submitted the 2016/17 financial statements which contained all revenue and expenditure on October 31, 2017.

Based on the analysis and supporting evidence the score for this dimension is B.

29.3 Accounting standards

Dimension 29.3 assesses the extent to which annual financial reports are understandable to the intended users and contribute to accountability and transparency.

The financial statements for the last three completed financial years (2014/15, 2015/16 and 2016/17) covered all BCG revenue and expenditure and includes financial information on externally funded projects. From 2015/16, the annual financial statements have split information on externally funded projects between grants and loans in compliance with IPSAS. Formal adoption of the IPSAS cash standards have been used as a guide in the preparation of the statements.

The first time the Controller and Auditor General gave an opinion the statements were in all material aspects in accordance with the IPSAS Cash was for the 2016/17 financial statements. This incremental adoption of IPSAS cash reporting standards was part of government's transition strategy as noted in the previous PEFA, as captured in detail in the notes to the statements⁸⁶.

⁸⁴ of Section 107

⁸⁵ Section 107 (1)

⁸⁶ Note 2.3 of Public Accounts 2014/15-2016/17: Changes to Presentation of Financial Statements

All financial reports are consistent with IPSAS, which has been incrementally incorporated as the adopted standard for preparing the statements since the fiscal year 2014/15. In the 2016/17 statements, the standards used in preparing the financial reports are disclosed. It further explains areas in the statements government had sought to report in accordance with, or where it had specifically made changes to further comply with IPSAS cash. The extent of variations between national standards and IPSAS are however not clearly disclosed. More information on the variation would disclose which areas that need to be met by when in the future, as part of the transition strategy.

Based on the analysis and supporting evidence the score for this dimension is C.

PILLAR SEVEN: External scrutiny and audit

Pillar seven assesses whether public finances are independently reviewed and there is external follow-up on the implementation of recommendations for improvement by the executive.

TABLE 3.72 Summary Scores – Pillar Seven External Scrutiny and Audit

PFM Performance Indicator		Scoring Method	Dimension Ratings				Overall Rating
			i.	ii.	iii.	iv.	
PI-30	External audit	M1	D	B	C	D	D
PI-31	Legislative scrutiny of audit reports	M1	C	B	C	B	C+

PI-30. External audit

PI-30 examines the characteristics of external audit. It has four dimensions and uses M1 (WL) method for aggregating dimension scores:

- Dimension 30.1 Audit coverage and standards;
- Dimension 30.2 Submission of audit reports to the Legislature;
- Dimension 30.3 External audit follow-up; and
- Dimension 30.4 Supreme Audit Institution independence.

TABLE 3.73 PI-30 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-30 External Audit	D+	
30.1 Audit coverage and standards	D	Financial reports of central government entities representing the majority of total expenditures and revenues have not been audited, using ISSAIs or national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant significant issues.
30.2 Submission of audit reports to the Legislature	B	Audit reports were submitted to the legislature within six months from receipt of the financial reports by the audit office for the last three completed fiscal years.
30.3 External audit follow-up	C	A formal response was made by the executive or the audited entity on audits for which follow up was expected, during the last three completed fiscal years.
30.4 Supreme Audit Institution independence	D	The SAI does not operate independently from the executive with respect to the procedures for appointment and removal of the Head of the SAI as well as the execution of the SAI's budget. The SAI has unrestricted and timely access to the majority of the requested records, documentation and information.

The mandate of the OAG is laid out in various statutory instruments which include the:

- Articles 93, 97-99 of the Constitution 1960;
- Audit Act 2013;
- Audit Regulations 1976;
- Public Finance Management Act 2001;
- Public Bodies (Performance and Accountability) Act 2001;
- Public Bodies (Performance and Accountability) Regulations 2002; and
- Empowering/Enabling Legislation for Departments, Ministries, Statutory Corporations, Authorities and Public Bodies

The Audit Act is the major statute providing for the role of OAG within the public sector. It outlines the functions, powers, immunities and independence of the Controller and Auditor General, and provides for the independent audit of the public sector and related entities.

30.1 Audit coverage and standards

Dimension 30.1 assesses key elements of external audit in terms of the scope and coverage of audit, as well as adherence to auditing standards.

OAG carried out the audit of the public accounts and financial statements for nine EBU's for the past three years (2014/15, 2015/16 and 2016/17) as per the schedule outlined in Table 3.74. Some of these audits were outsourced to the private sector as permitted by the Audit Act but remained under the direction of the Controller and Auditor General.

The audit opinions for public accounts and the financial statements for EBU's cited in Table 3.74 were unqualified. However, there were some significant issues which required consideration and appropriate action in the future by the agencies being audited. In the case of audit opinions on the Government Public Accounts these were:

- the appropriate application of the IPSAS cash accounting standards;
- disclosure of fixed assets to be completed;
- receivables to be fully accounted for;
- full accounting for project aid funds; and
- proper classification of project grant and loan funded activities.

Despite the audits being completed by OAG, it was unclear as to what degree international audit standards are being met. The reported auditing standard used to conduct the external audits was the International Standards on Auditing (ISA). The supreme audit institutions of Tonga and Cook Islands together with the INTOSAI Development Initiative (IDI) and Pacific Association of Supreme Audit Institution (PASAI) conducted a SAI Performance Measurement Framework Assessment commencing in 2016. This was still progressing as of November 2018 and the result is expected to be tabled in February 2019.

TABLE 3.74 List of Central Government Audits

	2014/15	2015/16	2016/17	2014/15 Audit Date	2015/16 Audit Date	2016/17 Audit Date
Government Public Accounts	82.80%	83.70%	81.60%	17-Feb-16	21-Apr-17	20-Feb-18
Scientific Research of Samoa	0.50%	0.50%	0.50%	31-Oct-15	31-Oct-16	31-Oct-17
National University of Samoa	3.00%	2.90%	3.30%	27-Oct-15	31-Oct-16	31-Oct-17
Samoa Qualification Authority	0.40%	0.40%	0.50%	29-Oct-15	31-Oct-16	31-Oct-17
Samoa Fire Emergency Services	0.50%	0.50%	0.60%	14-Dec-15	31-Oct-16	30-Oct-17
National Kidney Foundation	1.10%	0.80%	0.90%	27-Oct-15	31-Oct-16	30-Oct-17
Pubic Trust Office	0.10%	0.10%	0.10%	30-Oct-15	31-Oct-16	31-Oct-17
Samoa Trust Estate Corporation	0.20%	0.20%	0.20%	21-Jan-16	21-Apr-17	27-Dec-17
National Health Services	10.20%	10.00%	11.50%	18-Apr-17	3-Nov-17	5-Feb-18
Land Transport Authority	1.20%	0.80%	0.80%	4-May-15	4-Nov-16	16-Nov-17

Based on the analysis and supporting evidence the score for this dimension is D.

30.2 Submission of audit reports to the Legislature

Dimension 30.2 assesses the timeliness of submission of the audit reports on budget execution to the legislature, or those charged with governance of the audited entity, as a key element in ensuring timely accountability of the executive to the legislature and the public.

Table 3.75 demonstrates almost all the central government agencies had submitted their financial statements to the external auditors within six months of the end of the financial year for the past three years; and the external auditors had completed auditing within six months after the receipt of the financial statements. Copies of these financial statements were made available on hand.

TABLE 3.75: Number of months between receipt of financial reports by the OAG and submitting of the audit reports to the Legislature for 2014/15 to 2016/17

	Months between OAG receipt of financial statements from auditees and completion of audit.			Months between OAG receipt of financial statements from auditees and submission to Legislature		
	14/15	15/16	16/17	14/15	15/16	16/17
Public Accounts	4	6	4	8	8	5
Scientific Research of Samoa	2	2	2	7	2½	2½
National University of Samoa	2	2	2	7	2	2½
Samoa Qualification Authority	2	2	2	2	7	2
Samoa Sports Facilities Authority	6	3	3	NE	5	5
Samoa Tourism Authority	5	3	3	7	6	NE
Samoa Water Authority	2	2	2	2	2½	2
Samoa Aviation Authority	8	3	3	8¼	3 3/4	5
Samoa Fire and Emergency Services Authority	4	2	2	4	NE	2
National Kidney Foundation	2	2	2	2	6	NE
Samoa Public Trust Office	2	2	2	2¼	2½	2
Samoa Trust Estate Corporation	5	2	2	8	2¼	6
National Health Services	52	15	6	60	15	NE
Land Transport Authority	9	3	3	9¼	5	6

NE = No Evidence from Legislature

Based on the analysis and supporting evidence the score for this dimension is D.

30.3 External Audit follow-up

Dimension 30.3 assesses the extent to which effective and timely follow-up on external audit recommendations or observations is undertaken by the executive or audited entity.

The Audit office management letters on the outcome of the auditing of the government public accounts for the financial years 2014/15 to 2016/17 were received together with the written responses from MoF. The main issues highlighted by the Audit office were commonly relating to: (i) variances between budget and actual on receipts and payments; (ii) outstanding unpresented cheques; (iii) unrecorded receivables on tax arrears; (iv) clearance of suspense accounts; (v) aged debtors; (vi) unconfirmed capital subscription to international financial institutions; (vii) policies for fixed assets; (viii) policy for write off of completed projects; (ix) outstanding deposition and bank reconciliation; (x) overdraft on government account; (xi) confirmation of investments in state owned enterprises; (xii) accounting for fixed assets; and (xiii) guidelines for valuation of fixed assets. MoF responses to the audit management letters were promptly within a month.

There were no other audit management letters and responses to them from the other agencies of the central government were obtained. But because the government public accounts represent more than 75 percent of the total revenue and expenditures of the other central agencies.

Based on the analysis and supporting evidence the score for this dimension is C.

30.4 Supreme Audit Institution (SAI) Independence

Dimension 30.4 assesses the independence of the SAI from the executive. Independence is essential for an effective and credible system of financial accountability, and should be laid down in the constitution or comparable legal framework.

The appointment and removal of the Controller and Auditor General is contingent on advice of the Prime Minister. The appointment is made by the Head of State on advice of the Prime Minister, whilst removal requires two thirds of the Legislative Assembly upon advice of the Prime Minister.⁸⁷

The involvement of the Prime Minister in the appointment and removal process of the Controller and Auditor General weakens the perceived independence of the Controller and Auditor General from the Executive in carrying out the responsibilities mandated in the Audit Act. The resources required for conducting its annual operations are still subject to the budget consideration of MoF.

Based on the analysis and supporting evidence the score for this dimension is D.

⁸⁷ Clause 97 of the Constitution

PI-31. Legislative scrutiny of audit reports

PI-31 focuses on legislative scrutiny of the audited financial reports of central government, including institutional units, to the extent that either (a) they are required by law to submit audit reports to the legislature or (b) their parent or controlling unit must answer questions and take action on their behalf. It has four dimensions and uses the M2 (AV) method for aggregating dimension scores:

- Dimension 31.1 Timing of audit report scrutiny
- Dimension 31.2 Hearings on audit findings
- Dimension 31.3 Recommendations on audit by legislature
- Dimension 31.4 Transparency of legislative scrutiny of audit reports

TABLE 3.76 PI-31 Summary of scores and performance

Indicator/Dimension	Score	Brief justification for score
PI-31 Legislative scrutiny of audit reports	C+	
31.1 Timing of audit report scrutiny	C	Scrutiny of audit reports on annual financial reports has been completed by the legislature within twelve months from receipt of the reports.
31.2 Hearings on audit findings	B	In-depth hearings on key findings of audit reports take place occasionally, covering a few audited entities or may take place with ministry of finance officials only.
31.3 Recommendations on audit by legislature	C	The legislature issues recommendations on actions to be implemented by the executive.
31.4 Transparency of legislative scrutiny on audit reports	B	Hearings are conducted in public with a few exceptions in addition to national security or similar sensitive discussions. Committee reports are provided to the full chamber of the legislature and published on an official website or by any other means easily accessible to the public.

The Legislative Assembly's standing orders ⁸⁸ establishes the FEC which is responsible for the examining the audited public accounts, reviewing financial management in all agencies and reporting back to the Legislative Assembly.

In reviewing the public accounts FEC calls all government agencies whose financial affairs were covered in the public accounts to attend its hearing. The findings and recommendations are then submitted to the Legislative Assembly in the form of a report, these however are not available on the website.

⁸⁸ Section 173 of the Standing Orders <http://www.palemene.ws/new/constitution-and-standing-order/>

TABLE 3.77 Timing of FEC analysis of Audits

Financial Year	Audit Finalized Date	Date Submitted to Legislative Assembly	Date FEC reported back to Legislative Assembly.
2014/15	17 Feb 2016	09 June 2016	20 Dec 2016
2015/16	21 April 2017	20 June 2017	24 Jan 2018
2016/17	20 Feb 2018	27 March 2018	2 Oct 2018

FEC hearings are closed to the public, reports are only made public once they have been debated in the Legislative Assembly, where they then may be published on the Legislative Assembly website.

31.1 Timing of audit report scrutiny

Dimension 31.1 assesses the timeliness of the legislature's scrutiny, which is a key factor in the effectiveness of the accountability function.

The FEC's objective is to complete the review of the public accounts within three months from receipt, depending on workload factors in recent years, it:

- reviewed the 2014/15 public accounts on 6 September 2016, three months after submission by the OAG;
- reviewed the 2015/16 public accounts on 28 November 2017, five months after submission by the auditor; and
- reviewed the 2016/17 public accounts on 21 September 2016, eight months after submission by the auditor.

The audit reports of the other central government agencies financial statements for those same years have not been considered by FEC due to constraints on timing and availability.

Based on the analysis and supporting evidence the score for this dimension is C.

31.2 Hearings on audit findings

Dimension 31.2 assesses the extent to which hearings on key findings of the SAI take place.

The relevant government ministries and public bodies attended the FEC hearings during their examination of the public accounts for 2014/15, 2015/16 and 2016/17.

The reviews include all the public accounts and financial statements received from the government and other central government agencies. It gives special attention to those financial statements where significant issues of concern have been raised. These include audits with a qualified, adverse or a disclaimer opinion. It calls relevant ministries for public hearings on the review of their financial statements and public accounts.

Based on the analysis and supporting evidence the score for this dimension is B.

31.3 Recommendations on audit by legislature

Dimension 31.3 assesses the extent to which the legislature issues recommendations and follows up on their implementation.

The FEC has presented the Legislative Assembly with its findings following its review of the public accounts for 2014/15, 2015/16 and 2016/17 which include sets of recommendations for government ministries and public bodies to note and implement. The Legislative Assembly approved the FEC reports and the recommendations contained within them for implementation by government and relevant public bodies.

There did not appear to be a systematic approach taken by the Legislative Assembly and FEC on following up on the state of the recommendations being implemented by government, despite a specified timeframe existing in the Standing Orders and procedures of the Legislative Assembly for government to report back on actions taken on the recommended actions presented in the FEC reports.

Based on the analysis and supporting evidence the score for this dimension is C.

31.4 Transparency of legislative scrutiny of audit reports

Dimension 31.4 assesses the transparency of the scrutiny function in terms of public access.

The FEC public accounts reviews for 2014/15, 2015/16 and 2016/17 were presented to the Legislative Assembly and the legislative proceedings were broadcast live on local radio, but the FEC review process itself is not and the hearings are not open to the public. The policy for conducting hearings at the FEC level has increased the transparency of the scrutiny of the audit reports. The FEC reports and minutes of the Legislative Assembly proceedings on discussing the FEC reports on auditing of the annual financial accounts of the government and public bodies can be accessed through hard copies from the Legislative Assembly and some are posted on the website.

Based on the analysis and supporting evidence the score for this dimension is B.

4. Conclusions of the analysis of PFM systems

This chapter provides an integrated analysis based on the information presented in the preceding chapters and presents an overall conclusion on the performance of PFM systems in Samoa. Since the last assessment in 2014 there has been an overall improvement in PFM performance utilizing the 2011 methodology across the broad range of indicators.

Assessment through the 2016 methodology demonstrates a mixed performance with around 55 percent of the dimensions assessed as being a D or a C, and the remaining 45 percent at the A or B level.

Integrated assessment of PFM performance

Budget credibility

Budget credibility has suffered through what appears to be the practice of budgeting (both in revenue and expenditure) on the assumption development partner resourcing for a project/activity will be received in the initial year of the activity, whereas actual experience is of disbursement occurring beyond the initial year.

Another contributing factor for the higher composition variances in revenue is the VAGST. In two of the three years of assessment there were significant differences between budgeted and actual revenue outcomes. A lower than anticipated performance in 2014/15 of SAT 16.5m and higher than anticipated performance in 2015/16 of SAT 56.5m could be attributable to timing differences and the inflow of revenues.

Budget credibility improves significantly when development partner activity is excluded, leaving only government own source revenue and expenditure.

Fiscal Transparency

Budget documentation is focusing solely on the budget year only and the information presented is not comparable to GFS Level II. The annual public accounts do provide information comparable at this level. Substantial amounts of performance information are contained within the budget document (Statement of Receipts and Expenditure) and initial reporting on the annual outcome. The budget documentation is only published available after passage of the budget by the Legislative Assembly. Several elements which should be contained within budget documentation to improve the readers understanding of the overall fiscal environment are absent.

EBU financial reports exclude reporting on externally funded projects in their financial statements. Total budgeted expenditure and revenue for state-owned enterprises are reported as a footnote to the consolidated public accounts, but are not split between EBU's and public corporations.

Debt management remains a strong area of performance. The three-year debt management strategy is publicly reported. Debt records are kept up to date and complete and there are strong controls and procedures on accessing additional debt.

Management of Assets and Liabilities

A great deal of effort goes into the management of assets and liabilities. Central government received financial reports from its 29 entities within nine months. These reports included information on significant contingent liabilities. This has assisted in informing government and stakeholders on fiscal risks facing

the government. A large proportion of public investment is undertaken through development partners who normally follow detailed planning, review and monitoring processes.

Two recent projects financed solely by government, the Samoan Aviation Investment and the MV Lady Naomi Replacement Project were reviewed independently by MoF after submission from the respective agencies responsible for development and implementation of these projects. This review was then provided along with the original submission to the CDC and Cabinet for approval.

A strong planning culture in Samoa guided by the SDS resulted in the development of a manual to guide project planning and programming, as well as a monitoring and evaluation manual.⁸⁹

The PSIP⁹⁰ aims to harmonize the effort of all contributors and aspires towards a more efficient and effective use of resources. The PSIP provides a three-year overview of ongoing projects and those in the pipeline. The PSIP is updated annually but not published.

MoF is responsible for management of financial assets, and have a good understanding around the quality and quantity of them. Line ministries are responsible for management of non-financial assets. These are mostly comprised of buildings which have been valued at replacement cost less depreciation. The only land owned by government with a prescribed value in the accounts is situated overseas, where diplomatic missions are situated. It is unclear what proportion of investment income is derived from financial or non-financial assets.

Established rules and procedures around asset disposal are transparent and complied with.

Policy Based Approach to Fiscal Strategy and Budgeting.

The government undertakes a policy-based approach to fiscal strategy and budgeting. Institutional collaboration between MoF and CBS who share forecasts underpins the SES required by the PFMA to be published by 31 May. Not all the detailed macroeconomic and fiscal forecasts are published. The Minister's budget address which is required by the PFMA provides further information, however, the nature of such an address can lead to inconsistency in the structure and presentation of information provided over time as political imperatives and priorities change.

The picture of the government's fiscal aggregates is unclear, with only some information made available. The most recent publication of the SFE summarizing the budget allocations and forward estimates of receipts and expenditures by the government for each line ministry and SOEs was for the 2014/2015 budget.

Explicit fiscal targets established by government are reinforced through the PFMA requirement for fiscal responsibility. Information on the fiscal impact of new revenue or expenditure measures is not published, leading to an uncertainty on the contribution (or decline) towards these targets.

The budget process provides line ministries with sufficient time and guidance. Almost three months is provided to line ministries to prepare submissions. Guidance and templates are provided through a budget circular issued by MoF, and ongoing support is provided by MoF. Expenditure ceilings (based on the previous year's forward estimate) are provided to line ministries, but at no stage are they endorsed by Cabinet.

⁸⁹ The Samoan Monitoring and Evaluation Framework (SMERF) is available at <https://www.mof.gov.ws/Services/Economy/SectorPlans/tabid/5811/Default.aspx>

⁹⁰ The most recent PSIP (2015 to 2017/18) is available at <https://www.mof.gov.ws/Services/Economy/PublicSectorInvestmentProgramme/tabid/8633/Default.aspx>

Legislative scrutiny of the budget is systemic and timely. The budget was submitted to the Legislative Assembly at least a month prior to the start of the 2014/15, 2015/16 and 2016/17 financial years. The Legislative assembly delegates the role of scrutinizing and reporting back on the budget to the FEC. The budget has been passed prior to the commencement in all three years assessed.

Predictability and control in budget execution

Predictability and control in budget execution is relatively strong, however, internal audit practices do not reflect a risk management approach.

MfR collects the majority of revenue. Tax payers are provided a considerable amount of information through the website⁹¹. Improvements in appeal mechanisms are underway with the establishment of a tax and customs appeal authority. The approach towards compliance improvement plans is structured, and a systemic approach is adopted in their implementation. The scope of the most recent Ministry Compliance Improvement Plan was expanded to include both tax and customs revenue. Aged arrears dominate the arrears profile, almost 92 percent of which are older than 12 months.

Revenue collections are deposited directly into the Treasury account, with reconciliations conducted daily between MfR and MoF. Cash balances are consolidated monthly, with domestic commercial operations (representing 36 percent) consolidated daily. Annual cash forecasts are prepared, informed through a diverse range of information sources, and updated monthly. Ministries have immediate access to commit the full annual appropriations as warrants are issued for the whole annual appropriation.

PFMA limits changes to the appropriations at output and sub output level to no more than 20 percent of the appropriated amount. The stock of expenditure arrears are low, however information on composition or type is not generated at the end of the year.

BCG payroll controls are robust where personnel, payroll and budget data are well integrated, and personnel records are fully audited fortnightly. Internal controls on the BCG payroll are clear and consistently applied every fortnight during the payroll run.

EBUs make up 26 percent of the central government payroll and employ a manual process and are only subject to monthly checks. Timing of EBU audits vary, in some cases it is done quarterly. EBU go through their own manual procedures and processes, and these do not appear to be applied as consistently, mainly due to their capacity constraints, and there is a reliance on regular audit spot check.

Whilst the BCG sector has a pre-payroll check undertaken by the audit office, integrity checks of EBU are not as systematic. No complete payroll audit has been for central government in the previous three years.

A high level of procurement has been undertaken through a competitive framework (97 percent in 2016/17). Strong governance through legislation and guidelines requires ministries and agencies to seek value for money outcomes. The procurement database is comprehensive maintaining the required information required for a robust framework to be sustained and ongoing.

Information on procurement processes and outcomes is only partially available, bidding opportunities are widely publicized in local media and outcomes of tenders are published on the MoF website. Procurement plans, and complaint statistics are developed but not published. Recruitment of an independent adjudicator has commenced to assist with the complaints mechanism.

Internal controls are strong, with the established segregation of duties reinforced through the FMIS business rules. The FMIS also has the capacity to review the access and actions of users. Expenditure

⁹¹ Samoa Ministry for Revenue website - <https://www.revenue.gov.ws/>

commitment controls are not strong as the availability of cash in recent years has not required MoF to limit commitments to cash availability. A comprehensive set of rules and procedures are in place. Compliance is high due to the significant efforts of OAG in conducting regular pre-audits of all payment batches. This approach does cause delays in the payment process with an average turnaround time of 25-30 days which exceed the 15-day target established by MoF.

Internal audit activities focus on evaluating financial compliance, where there are some risks. IAUs are not maintaining a formal set of records demonstrating a systemic approach to planning and follow through on recommendations and results. There is no comprehensive list of audit recommendations and no evidence of follow up.

Financial data integrity

Financial data integrity is compromised to a small degree by the failure to completely clear out suspense and advance accounts by the end of the year.

Three types of quarterly reports are published, each serving a different purpose. The QSR is subject to a full external audit and is predominantly an accountability document. The BMR is published in a timely manner for the purposes of in year. The GFS report which is used for statistical purposes only requires significant manipulation of data due to the COA not having a GFS component.

Annual financial reports contain the full amount of information required and are directly comparable to the budget. The statements meet IPSAS cash standards and are submitted to the Controller and Auditor General within four months of the end of financial year they relate to.

External Audit

Audit reports have been submitted to the Legislative Assembly within nine months, timeliness has improved through outsourcing of some activities to the private sector. All audits were unqualified, but some common issues require consideration and appropriate action by MoF and line ministries. A peer review in 2015 by the Auditor General Office of Tonga of the OAG functions has not confirmed whether the OAG is correctly applying the ISA.

Almost all the central government agencies had submitted their financial statements to the OAG within six months of the end of the financial year for the past three years.

OAG management letters for 2014/15 to 2016/17 highlighted common issues including: (i) variances between budget and actual on receipts and payments; (ii) outstanding unpresented cheques; (iii) unrecorded receivables on tax arrears; (iv) clearance of suspense accounts; (v) aged debtors; (vi) unconfirmed capital subscription to international financial institutions; (vii) policies for fixed assets; (viii) policy for write off of completed projects; (ix) outstanding deposition and bank reconciliation; (x) overdraft on government account; (xi) confirmation of investments in state owned enterprises; (xii) accounting for fixed assets; and (xiii) guidelines for valuation of fixed assets. MoF responses to the audit management letters were promptly within a month.

OAG's independence is impeded by the fact the appointment and removal of the Controller and Auditor General is contingent on advice of the Prime Minister and the resources required for conducting its annual operations are subject to budget consideration by MoF.

The FEC has an objective of completing the review of the public accounts within three months from receipt. Reviews of the 2014/15 and 2015/16 were completed 15 and 17 months after the end of the

financial year. The audit reports of other central government agencies financial statements for those same years were yet to be considered by FEC.

Relevant government ministries and public bodies attend FEC hearings. Special attention is given to those financial statements where significant issues of concern have been raised. The FEC has presented the Legislative Assembly with its findings in the past, which include sets of recommendations for government ministries and public bodies to note and implement. However, there does not appear to be a systematic approach taken by the Legislative Assembly and FEC to follow up on recommendations being implemented by government.

The FEC public accounts reviews for 2014/15 and 2015/16 were presented to the Legislative Assembly and proceedings were broadcast on local radio. The policy for conducting public hearings at the FEC level has increased the transparency of the scrutiny of the audit reports.

Effectiveness of the internal control framework

The structure of internal control embodies the five components identified in the Committee of Sponsored Organizations of the Treadway Commission (COSO) framework: control environment, risk assessment; control activities, information and communication, and monitoring activities. The Samoan internal control structure has been created through the legal, structural and operating environments.

The control environment has been established through the Constitution and legislation enacted by the Legislative Assembly. The Constitution and the PFMA are the key documents for the financial activities of government. They include a broad range of coverage and assignments of specific responsibilities throughout the government structure. The coverage of the PFMA includes: (i) responsibility for financial management; (ii) fiscal responsibility; (iii) economic, financial and fiscal Policy; (iv) budget and appropriations; (v) public money and the General Revenue Fund; (vi) special purpose funds; and (vii) trust funds.

The PFMA requires the (i) Financial Secretary to coordinate and monitor the internal controls⁹²; and (ii) head of each department to establish a system of internal controls⁹³ which are guided through the Treasury Instructions⁹⁴. This covers the roles, responsibilities, framework, and covers all components of the COSO control framework.

The risk assessment component is not identified explicitly within the law but is included in the Treasury Instructions. Part D 2.2 covers risk assessment in general while specific areas in receiving of public money, accounting forms, electronic payments, and financial derivatives have risk components. Additional mention is made throughout the Treasury Instructions, including but not limited to procurement and stores (inventory). Other requirements addressing risk include monitoring and internal audit activities. and compliance function performed by the staff at the Accountant General and other similar activities within ministries.

The controls activities, as previously assigned, occur throughout government with government-wide assignment to MoF supported by department wide activities as identified in the control environment previously.

⁹² Part II Responsibility for Financial Management, Section 9 - Specific responsibilities of the Financial Secretary of the PFMA

⁹³ Part II Responsibility for Financial Management, Section 13

⁹⁴ Treasury Instructions - Section 3: Accounting and Internal Control includes Part D on Accounting and Internal Control

The information and communication component is established throughout government including within legislation issued by the Legislative Assembly, inter-governmental communications and documentation established by MoF officials and inter-departmental communications issued by within government.

Monitoring activities are to be carried out continually by ministries staff within their requirement to establish procedures to review adequacy and compliance with internal control system. Under Part 3 of the Audit Act of 2013, the Controller and Auditor General may in paragraph 19 require any payment to be submitted for examination and approval before the payment is made. In Samoa, the Controller and Auditor General has elected to review 100 percent of the payments.

Other monitoring activities found in the Treasury Instruction (Part D) includes the role of the internal auditors.

PFM strengths and weaknesses

An effective PFM system is essential to implement public policies and to achieve strategic national objectives by supporting aggregate fiscal discipline, strategic allocation of resources and efficient service delivery. A summary of the impact of the identified PFM weaknesses at these three levels of budgetary outcomes is presented below.

Aggregate Fiscal Discipline

Aggregate fiscal discipline requires the budget to be delivered as planned, with effective systems to ensure financial compliance across the budget implementation cycle. This has been supported through formulation of a fiscal strategy which key fiscal targets which have remained relatively consistent over time. These targets were:

- Budget Balance – target consistently set at no greater than 3.5 percent of GDP;
- Total Current Expenditure – target range consistently set at between 35 to 38 percent of GDP;
- Personnel Costs – Target range varying in from 40 to 45 percent and 40 to 41 percent of GDP;
- Disbursed Public Debt – No greater than 50 percent of GDP, increased to 55 percent of GDP in the latest SDS; and
- Debt Servicing – Introduced in the 2018/19 budget to be in the range of two to three percent of GDP.

Samoa faces the risks arising from tropical cyclones losses due to earthquakes annual losses from tropical cyclones are estimated to represent around one percent of GDP (USD 6.9 m).⁹⁵ The estimated impact of Cyclone Evan in 2012 on the public sector were damages and losses of around SAT 256 m⁹⁶. The deterioration in the fiscal indicators against the targets followed and did not improve rapidly. The government acted to boost revenue in 2017/18, through greater efforts to improve compliance and additional measures such as ceasing tax credits for hotels, increasing non-tax revenue, increasing duty and excise rates and the introduction of a telecommunications levy.

The deviation of outturns from the budget are driven predominantly by lower execution rates on development partner activities.

⁹⁵ Pacific Catastrophic Risk and Financing Initiative (PCRAFI) Samoa Profile <http://pcrafi.spc.int/documents/113>

⁹⁶ World Bank Post Disaster Needs Report <http://documents.worldbank.org/curated/en/450361468335701492/Samoa-Post-disaster-needs-assessment-cyclone-Evan-2012>

Greater scrutiny of fiscal discipline and improved monitoring of the overall fiscal position of the government would be assisted by: (i) improved classification of the budget and providing all stakeholders with greater visibility around the economic classification of the budget at a more aggregated level for the budget and beyond should encourage; (ii) more timely reports on budget execution; and (iii) more visibility on the work by FEC on scrutinizing the initial budget proposal and eventual outcomes.

Timeliness on audit reports of public corporations has improved allow policy makers to be informed on any significant contingent liabilities within these entities. The amendment to the PFMA in 2015 requires the establishment of an MTDS which includes strategic targets to minimize fiscal risk. MoF's annual report is required to report to on implementation of the MTDS in the previous year, the most recent one being 2015/16.

Strategic Allocation of Resources

Strategic allocation of resources involves planning and executing the budget in line with government priorities aimed at achieving policy objectives.

Over the period assessed forecasts of own source revenue forecasts were reliable, however weaknesses were apparent in estimating the inflows and outflows of development partner resources. Improving this aspect of the budget will assist government with a greater understanding of when resources may be required.

Samoa prepares the budget on the basis of three-year rolling estimates which aim to reflect the expected cost of existing government policy. Adjustments to the estimates arise from changing costs to the (i) delivery of outputs; (ii) capital projects; and (iii) statutory payments. The estimates are only increased/decreased when an actual government decision is made, or when an unavoidable change in the cost of delivery can be clearly demonstrated.

Despite the development of forward estimates, concerns remain around their reliability as they are not published. The estimates are subsequently used as a ceiling for the next budget. The non-publication of the forward estimates contributes to a lack of understanding of the country's fiscal position and whether resource allocations are sustainable over the medium term.

The budget process is orderly, with a considerable amount of time provided to Departments to prepare their submissions. Undertaking pre-audit checks with every transaction by the OAG reduces the risk of expenditures not aligning with the budget but leads to longer timeframes on payments.

Efficient Use of Resources for Service Delivery

Efficient use of resources for services delivery requires using budgeted revenues to achieve the best levels of public services within available resources. Services are critical points of contact between citizens and government. While improving public services extends beyond PFM concerns, there are several aspects of PFM that contribute towards effective service delivery, including effective public procurement, investments, and asset management.

Reducing large deviations between budget and outturn on development partners activities will improve service delivery. As a better understanding of when assets and infrastructure developed to deliver services will occur.

There has been a significant effort to structure the budget around an elaborate performance framework linking the budget to the sector plan, and ultimately the SDS. Ministry level outcomes are developed, and

accordingly outputs and projects lie beneath these. A significant amount of performance information is provided on each output, these are mostly established benchmarks, standards targets and are monitored at the end of the year.

Publishing the medium-term estimates by output will provide stakeholders with a greater understanding of whether targets which are sought in programmatic areas of spending are achieving a value for money proposition.

Understanding the full resource envelope available to service delivery units such as schools and health clinics also leads to more informed decisions on resource allocation. Information is not collected by government on revenue collected by service delivery agencies outside of government, for example, donations or fees paid to schools. Improving the internal audit framework approach across government can lead to a more informed process on whether systems are operating to achieve government objectives efficiently and effectively.

Performance changes since a previous assessment

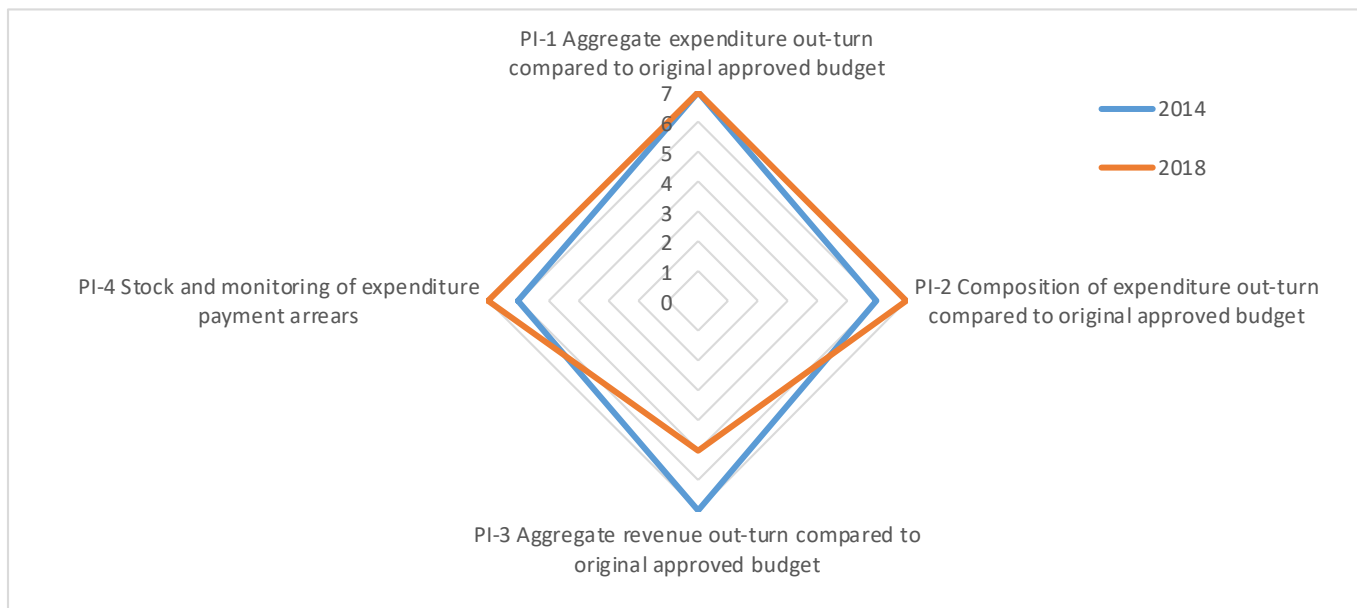
Since the last assessment there has been an overall improvement in PFM performance, evidenced by progress in 13 indicators. Of the six indicators where no change was assessed, two were already performed at high levels (A and B Ratings), small declines occurred in six indicators, half of which were in the area of comprehensiveness and transparency. The following charts by Pillar illustrate the change in performance by indicator. The numerical scale on the axis is interpreted as follows A=7, B+=6, B=5, C+=4, C=3, D+=2 and D=1

Credibility of the Budget

Continued strong performance overall.

Aggregate expenditure out-turn compared to original approved budget remained at “A” and was complemented with improved performance in the composition of expenditure comparison. The stock of arrears has reduced, recognizing the quality of data is robust and credible. progress was partially offset by a small decline in revenue credibility arising from the timing of some VAGST collections at year end.

FIGURE 4.1 – Credibility of the Budget – 2014 to 2018

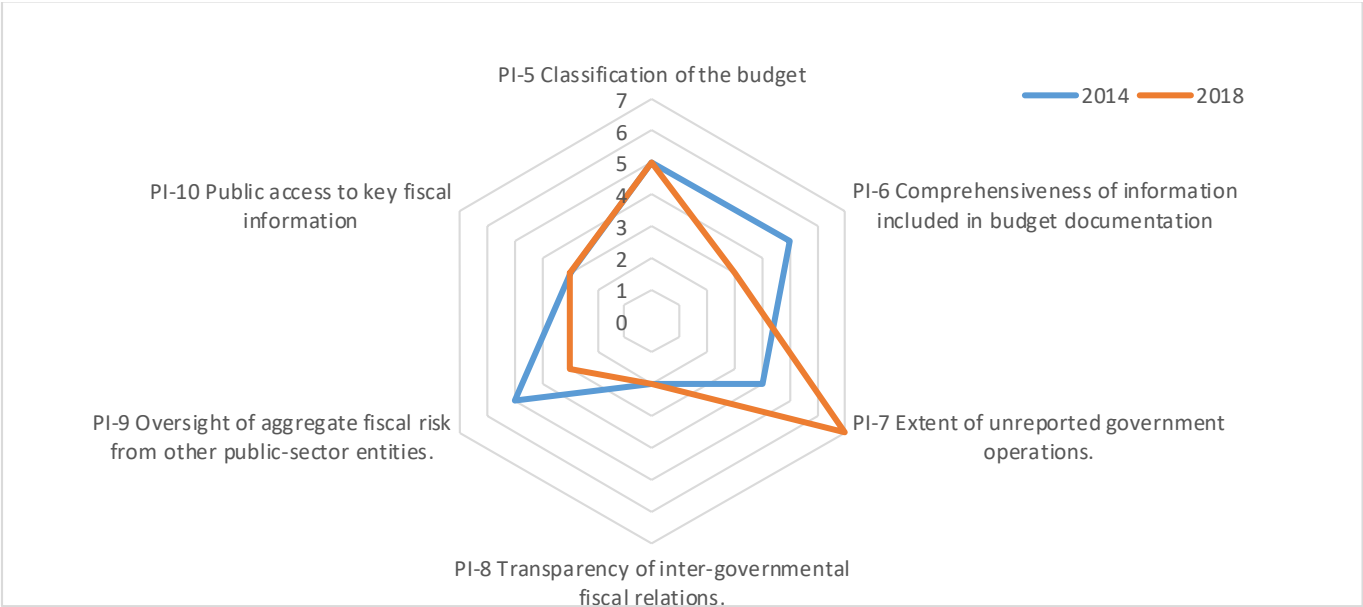


Comprehensiveness and Transparency

The decline in performance is predominantly driven by the cessation of the Statement of Forward Estimates reducing the comprehensiveness of the budget documentation.

Classification of the budget has remained unchanged, but was perhaps rated a bit higher than it should have been in 2014. There are very few instances if any of unreported government operations. More complete information on donor activities is provided in key documents. Key documents are produced however timing issues exist.

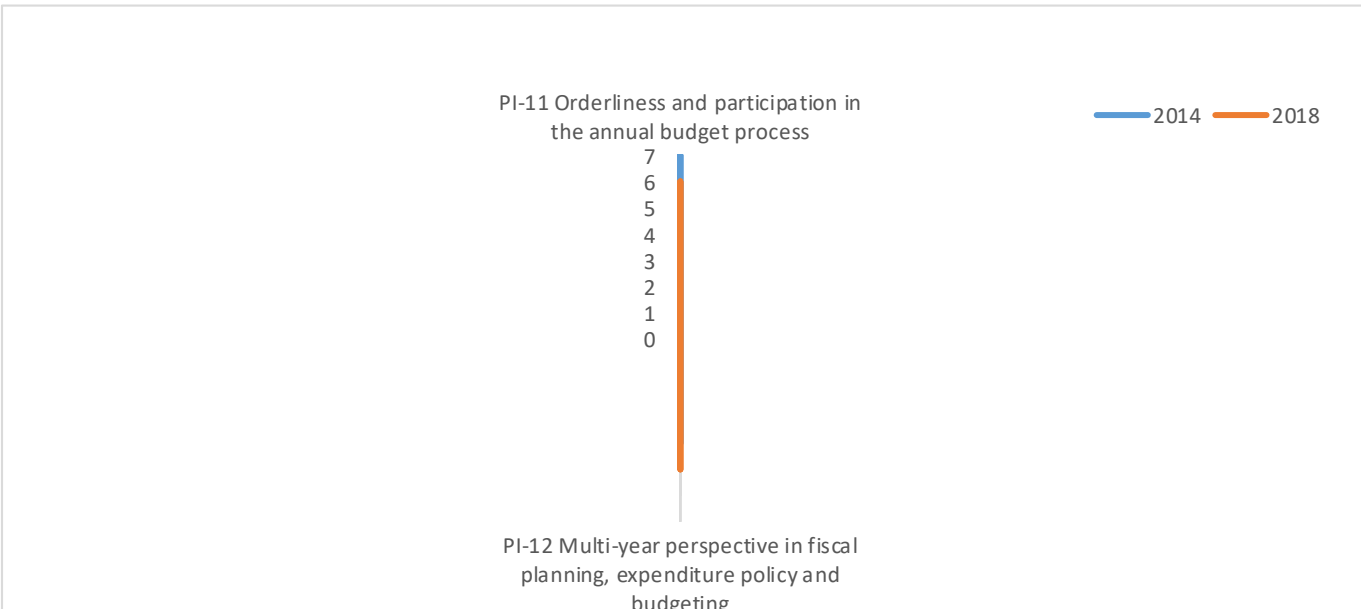
FIGURE 4.2 – Comprehensiveness of the Budget – 2014 to 2018



Policy Based Budgeting

The decline in the orderliness and participation of the annual budget process was offset by a greater perspective in multi-year fiscal planning, expenditure policy and budgeting. Ministries are provided with more time to prepare submissions however expenditure ceilings are not approved by Cabinet prior to the circulation of the budget circular. The budget has been passed prior to the commencement of the budget year. Forecasts of fiscal aggregates are prepared for the forthcoming two years. Linkages between the overall sector strategies costings and the budget figures, and investment decisions to sector plans are not strong. Debt management processes remain robust.

FIGURE 4.3 – Policy Based Budgeting



Predictability and Control in Budget Execution

Predictability and controls have improved overall.

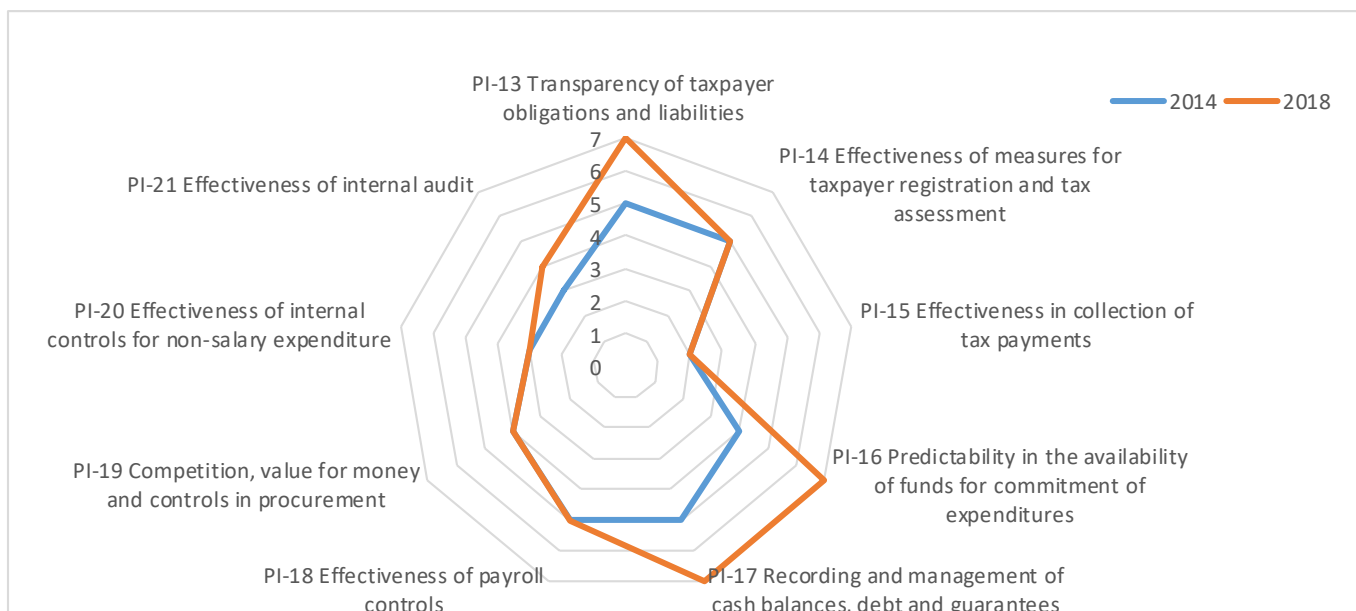
Good improvements in the transparency of taxpayer obligations and liabilities across a range of areas including the existence of a functioning tax appeal mechanism, easier access to information and greater clarity on administrative procedures and legislation.

The predictability in the availability of funds for commitment of expenditures has resulted from improved cash flow forecasts which are updated monthly with low levels of adjustments to budget allocations, and commitment ceilings are known at the start of the year.

Improved recording and management of cash balances, debt and guarantees arise from debt being reconciled monthly as opposed to quarterly. The criteria for taking on debt and overall fiscal targets are more transparent. Payroll controls remain effective, however a whole of government payroll audit has not been conducted in the past three years.

Procurement is competitive, with robust controls in place. However, no independent appeals mechanism exists, and procurement plans are not published. The comprehensiveness, relevance and understanding of other internal control rules/ procedures remain unchanged. A small improvement in the effectiveness of internal audit was noted with comprehensive action to correct specific findings now being taken for most audit findings, but changes in operations are still lacking.

FIGURE 4.4 – Predictability and Control in Budget Execution

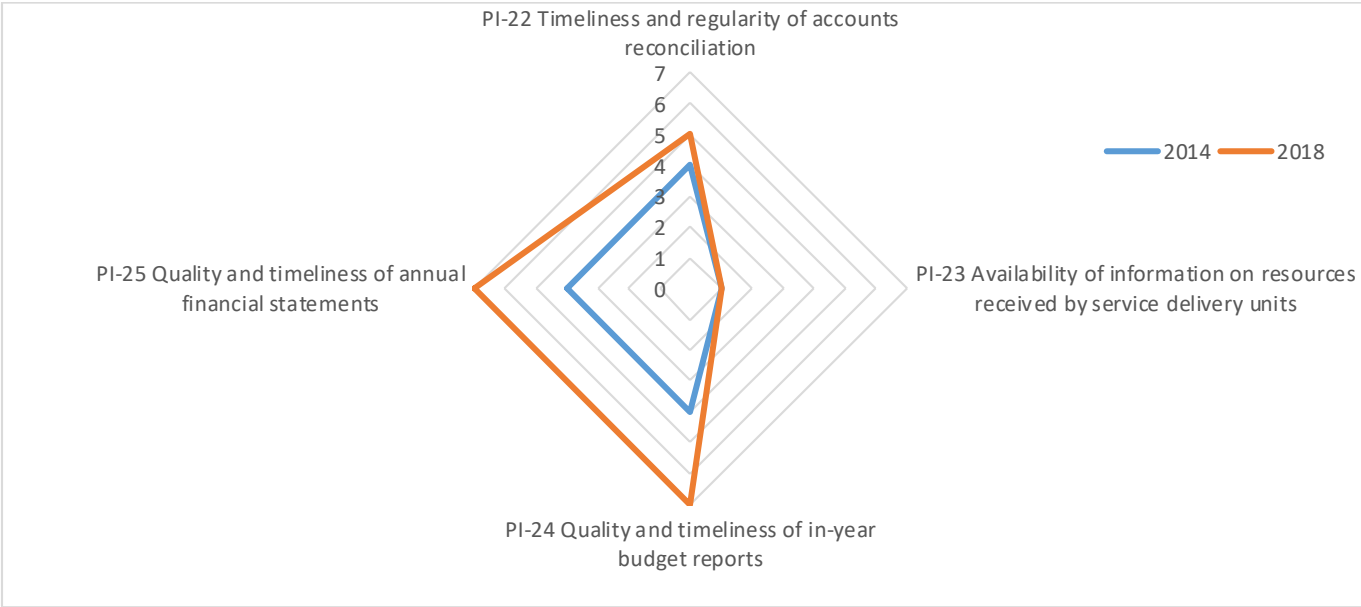


Accounting, Recording and Reporting

There has been a significant improvement in accounting, recording and reporting.

Improved timeliness and regularity of accounts reconciliation has resulted from the progress in the clearance of suspense and advance accounts. Information on resources by service delivery units is not collected. The quality and timeliness of in year budget reports has improved due to greater quality of information. A significant improvement in the quality and timeliness of annual financial has been evidenced through the greater provision of details on loan and development partner funded projects, as well as the reports accordance with IPSAS Cash standards, previously they were only applied as guidelines.

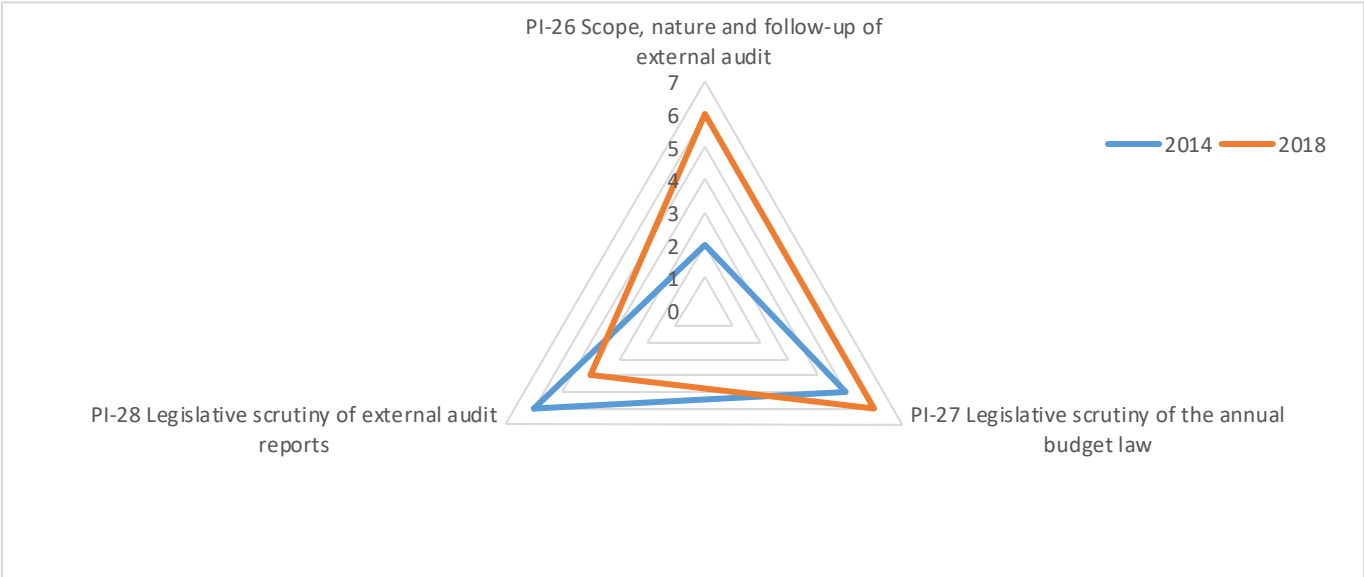
FIGURE 4.5 – Accounting Recording and reporting



External Scrutiny and Audit

Improved external scrutiny and audit has resulted from greater coverage of central government and improvement in timeliness of submission of audit reports to the Legislative Assembly. Follow up on recommendations is more systemic with MoF responding promptly to management letters. A specialized committee (FEC) scrutinizes the budget but timeliness issues exist in examining all the audit reports

FIGURE 4.6- External Scrutiny and Audit



5. Government PFM reform process

Approach to PFM reforms

Over the past decade Samoa has adopted a positive approach in assessing PFM performance, developing reform plans and implementing change. Ongoing assessments of the PFM system has been achieved through three full PEFA's conducted in 2006, 2010 and 2014, a brief overview summary of the 2006 and 2010 is provided in the table below.

TABLE 5.1 Approach to PFM Reforms 2006 and 2010

Year published	Coverage ⁹⁷	Higher Scores	Lower Scores
2006	2003/04 2004/05 2005/06	Budget credibility Budget Comprehensiveness Policy based budgeting	Predictability and control in budget execution Accounting, recording and reporting External scrutiny and audit
2010	2006/07 2007/08 2008/09	Budget credibility Budget comprehensiveness and transparency Policy based budgeting	Development partner practices External scrutiny and audit Accounting, recording and reporting Budget execution predictability and control

The most recent PEFA published in 2014 covered the 2010/11, 2011/12 and 2012/13 financial years and outlined a significant number of noteworthy improvements in:

- expenditure, commitment and arrears reporting;
- taxation awareness programs;
- debt and guarantees processes;
- payroll and other expenditure processing; and
- bank/suspense account reconciliation.

The 2014 PEFA identified areas where further improvements were required, including: (i) significant taxation arrears; (ii) registration and linkages of information on taxpayers across Government systems and also to the financial sector; (iii) a lack of availability of resourcing information for primary service delivery units ; and (iv) an absence of the reconciliation across all phases of revenue operation from assessment, collection, arrears and transfers to the treasury.

The 2014 PER undertaken by the World Bank provided a detailed analysis of seven years of expenditure from 2005/06 to 2011/12. The review noted the rapid fiscal expansion and borrowing over the period had left Samoa with a large stock of debt and an elevated cost base. With heightened fiscal needs arising from the December 2012⁹⁸, concerted efforts were required to bring public finances back onto a

⁹⁷ Note: The Samoan fiscal year is from 1 July to 30 June

⁹⁸ Cyclone Evan hit Samoa in December 2012 and caused immense damage and significant losses. The value of durable physical assets across all economic and social sectors destroyed by Evan is estimated at SAT 235.7 m, equivalent to USD 103.3 m. It has been found that 55 percent of disaster effects fall within public sector ownership, while the remaining 45 percent of effects are within private enterprises and individual ownership.

<http://documents.worldbank.org/curated/en/450361468335701492/Samoa-Post-disaster-needs-assessment-cyclone-Evan-2012>

sustainable footing. The PER noted Samoa had a generally run a well-managed budget in the face of large external shocks such as spikes in commodity prices, and the global financial crisis.

Recent and on-going PFM reform actions

Foundation Reforms of the Late Nineties

Significant PFM and economic reforms were implemented in the late nineties and early 2000s. Important elements included: (i) establishment of the PFM Act and the Public Bodies Act in 2001; (ii) reorientation of budgeting, accounting and reporting on an output framework; and (iii) the establishment of a financial management information system (FMIS).

PFMRP Phase I, 2008 - 2010

In 2008 a two-phase approach was proposed – Phase I (2008 to 2010) would focus on basic strengthening of systems to achieve basic fiscal discipline. The phased design was in line with the “get the basics right” school of thought on PFM reform planning. Sound progress was eventually assessed to be made in Phase I with a few proposed actions remaining to be completed by end 2010 and a number carried forward into Phase II actions where work was still ongoing to either consolidate or further improve performance in key areas.

PFMRP Phase II, 2011 – 2013

Phase II built on Phase I achievements, and the consolidation and strengthening of financial discipline, while at the same time actively pursuing improved resource allocation and efficiency, in part through strengthening performance-based management linked to an MTEF; sector wide plans and investment programs; and through further strengthening revenue administration. Phase II design actions injected from two sources, namely: (i) carried over actions from Phase I; and (ii) inclusion of new actions to address several further weaknesses identified in the 2010 PEFA assessment. Emphasis continued with “getting the basics right”.

PFMRP Phase III Roll Out, 2015 - 2017

Phase III has aimed to build on achievements of the first two phases and lessons learned. The underlying basis for Phase III actions was established from the 2013 PEFA results. Significant focus was laid upon taking a holistic approach towards rolling out consistent standards to all line ministries to improve the efficiency and effectiveness of the public service in managing the collection and expenditure of funds as well as ensuring policy cohesion between planning and budgetary processes.

MoF continues to prepare annual reports outlining the implementation of the PFMRP which are disseminated at annual Finance Sector review meetings held in November/December for in depth discussions with key stakeholders including development partners, civil society and private sector.

The PFMRP phases 1 – 3 were separate documents, with broad strategies under Phase III being integrated in the Finance Sector Plan in 2013/14. Annual progress reports are published on MOF website.⁹⁹

The Joint Action Policy Matrix (JPAM)

⁹⁹ <https://www.mof.gov.ws/AboutUs/PublicFinanceManagementReforms/tabid/6008/Default.aspx>

Improved aid effectiveness and the greater use of country systems, including through increased use of budget support modalities remains a high priority for the Government. Budget support is provided by development partners as either general, performance based or sector/program specific.

The current JPAM triggers general budget support from World Bank, ADB, the Australian Department of Foreign Affairs and Trade (DFAT) and New Zealand Ministry of Foreign Affairs and Trade (MFAT) for 2018/19. The Government continues to encourage development partner support in the utilization of this matrix as the platform for general budget support funding largely linked to PFM and / or governance reforms (with the flexibility of extension to other areas of Government Priorities as stipulated in the SDS 2016/17 – 2019/20).

The EU provides support to the water and sanitation sector; Australia / New Zealand in the education sector performance-based budget support; and program support from multilateral lenders, particularly ADB and World Bank. The government is looking to common approaches to reviewing progress in relation to PFM matters to avoid time consuming overlapping efforts.

Institutional considerations

The SDS 2017/18 to 2019/20 is the national plan which outlines the priorities of the government which are set out in key sectors of activity.¹⁰⁰ The financial sector plan overseen by a committee consisting of representatives from MoF, MfR, SBS, CBS and OAG covers PFM systems (including revenue management and external audit), management of monetary policy; and the operations of commercial banks and other non-bank financial institutions; building a stable external sector position to ensure macroeconomic stability, whilst at the same time building financial institutions and systems which are resilient, efficient and competitive and proactive to stimulate, support and sustain inclusive economic growth for Samoa. The plans are available online at the MoF website.¹⁰¹

The Finance Sector Advisory committee met in August 2018 at the time of the presentation on the initial findings of the PEFA assessment following the field work.

Transparency of the PFM Program

The reform strategy (through the PFRMP) is contained in the Finance Sector Plan 2013/14 to 2017/18 and is available on the MoF website. The MoF provides an annual report on progress to the sectoral steering committee, these reports are not publicly available.

¹⁰⁰ The SDS is made up of four key sectors, economic, social, infrastructure and cross cutting.

¹⁰¹ <https://www.mof.gov.ws/Services/Economy/SectorPlans/tabid/5811/Default.aspx>

Annex 1: Performance indicator summary

Pillar	Indicator/Dimension	Score	Current Assessment
Budget Reliability	PI-1 Aggregate expenditure outturn	B	Aggregate expenditure outturn was between 90% and 110% of the approved aggregate budgeted expenditure in at least two of the last three years.
	PI-2 Expenditure composition outturn	D+	
	(i) Expenditure composition outturn by function	D	The composition of expenditure by administrative type exceeded 15% in two years of the assessment.
	(ii) Expenditure composition outturn by economic type	D	The composition of expenditure by economic type exceeded 15% in all years of the assessment.
	(iii) Expenditure from contingency reserves.	A	Actual expenditure charged to a contingency vote was on average 1.6%.
	PI-3 Revenue outturn	D+	
	(i) Aggregate revenue outturn	D	Actual revenue was outside 92% and 116% in at least two of the three years.
	(ii) Revenue composition outturn	C	Variance in revenue composition was less than 15% in two of the last three financial years.

Pillar	Indicator/Dimension	Score	Current Assessment
Transparency of Public Finances	PI-4 Budget Classification	C	Budget formulation, execution, and reporting are based on administrative and economic classification using GFS standards (at least level 2 of GFS standard—2 digits) or a classification that can produce consistent documentation comparable with those standards.
	PI-5 Budget Documentation	D	The Budget document fulfills the requirements of two basic elements and one additional element.
	PI-6 Central government operations outside financial reports	D+	
	(i) Expenditure outside financial reports	D*	Insufficient information to be able to make an assessment.
	(ii) Revenue outside financial reports	D*	Insufficient information to be able to make an assessment.
	(iii) Financial reports of extra-budgetary units	C	Detailed financial reports of the majority of extrabudgetary units are submitted to government annually within nine months of the end of the fiscal year.
	PI-7 Transfers to subnational governments	NA	
	(i) System for allocating transfers	NA	
	(ii) Timeliness of information on transfers	NA	
	PI-8 Performance information for service delivery	C	
	(i) Performance plans for service delivery	B	Information is published annually on policy or program objectives, key performance indicators, outputs or the outcomes planned for most Ministries
	(ii) Performance achieved for service delivery	C	Information is published annually on the activities performed for the majority of ministries.
	(iii) Resources received by service delivery units	D	No information is available on total resourcing received by one large Ministry (i.e. MoE)

(iv) Performance evaluation for service delivery	C	Evaluations of the efficiency and effectiveness of service delivery have been carried out for some ministries at least once within the last three years.
PI-9 Public access to information	D	Only two basic items were met elements, in accordance with the specified time frames.

Pillar	Indicator/Dimension	Score	Current Assessment
Management of assets and liabilities	PI-10 Fiscal risk reporting	C+	
	(i) Monitoring of public corporations	C	Government received financial reports from most public corporations within nine months of the end of the fiscal year.
	(ii) Monitoring of sub-national government (SNG)	NA	No sub-national government in the current structure of the government of Samoa.
	(iii) Contingent liabilities and other fiscal risks	B	Central Government entities and agencies quantify most significant contingent liabilities in their financial reports.
	PI-11 Public investment management	B	
	(i) Economic analysis of investment proposals	A	Economic analyses were conducted, as established in national guidelines, to assess all major investments projects and these were published and were assessed by an independent entity.
	(ii) Investment project selection	A	Prior to their inclusion in the budget, all major investment projects are prioritized by a central entity on the basis of published standard criteria for project selection.
	(iii) Investment project costing	D	Projections of the total capital cost of major investment projects, together with the capital costs for the forthcoming budget year were not included in the budget documents
	(iv) Investment project monitoring	C	The total cost and physical progress is monitored by the implementing government unit. Information on implementation of major investment projects is prepared annually
	PI-12 Public asset management	C+	
	(i) Financial asset monitoring	C	The government maintains a record of its holdings in major categories of financial assets.
	(ii) Nonfinancial asset monitoring	C	The government maintains a register of its holdings of fixed assets, and collects partial information on their usage and age.

(iii) Transparency of asset disposal	B Procedures and rules for the transfer or disposal of nonfinancial assets are established. Information on transfers and disposals is included in budget documents, financial reports, or other reports.
PI-13 Debt management	A
(i) Recording and reporting of debt and guarantees	A Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least quarterly.
(ii) Approval of debt and guarantees	A Primary legislation grants authorization to borrow, issue new debt, and issue loan guarantees on behalf of the central government to a single responsible debt management entity. Documented policies and procedures provide guidance to borrow, issue new debt and undertake debt-related transactions, issue loan guarantees, and monitor debt management transactions by a single debt management entity. Annual borrowing must be approved by the government or legislature.
(iii) Debt management strategy	B A current medium-term debt management strategy, covering existing and projected government debt, with a horizon of at least three years, is publicly reported. The strategy includes target ranges for indicators such as interest rates, refinancing, and foreign currency risks.

Pillar	Indicator/Dimension	Score	Current Assessment
Policy-based fiscal strategy and budgeting	PI-14 Macroeconomic and fiscal forecasting	D+	
	(i) Macroeconomic forecasts	C	The government prepares forecasts of key macroeconomic indicators for the budget year and the two following fiscal years.
	(ii) Fiscal forecasts	C	The government prepares forecasts of revenue, expenditure and the budget balance for the budget year and the two following fiscal years.
	(iii) Macro-fiscal sensitivity analysis	D	The macro fiscal forecasts prepared by the government did not include a qualitative assessment of the impact of alternative macroeconomic assumptions.
	PI-15 Fiscal strategy	C+	
	(i) Fiscal impact of policy proposals	D	The government did not prepare estimates of the fiscal impact of all proposed changes in revenue and expenditure policy for the budget year.
	(ii) Fiscal strategy adoption	B	The government has adopted, submitted to the legislature, and published a current fiscal strategy that includes quantitative or qualitative fiscal objectives for at least the budget year and the following two fiscal years.
	(iii) Reporting on fiscal outcomes	B	The government has submitted to the legislature along with the annual budget a report that describes progress made against its fiscal strategy and provides an explanation of the reasons for any deviation from the objectives and targets set.
	PI-16 Medium term perspective in expenditure budgeting	D	
	(i) Medium-term expenditure estimates	D	The annual budget did not present estimates of expenditure for the budget year and the two following fiscal years allocated by administrative or economic classification.

	(ii) Medium-term expenditure ceilings	D	Aggregate expenditure ceilings for the budget year and the two following fiscal years were not approved by the government before the first budget circular is issued.
	(iii) Alignment of strategic plans and medium-term budgets	C	Medium-Term strategic plans are prepared for some ministries. Some expenditure policy proposals in the annual budget estimates align with the strategic plans.
	(iv) Consistency of budgets with previous year estimates	D	The budget documents did not provide an explanation of some of the changes to expenditure estimates between the second year of the last medium-term budget and the first year of the current medium-term budget at the aggregate level.
PI-17	Budget preparation process	B	
	(i) Budget calendar	A	A clear annual budget calendar exists, is generally adhered to, and allows budgetary units at least six weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time.
	(ii) Guidance on budget preparation	C	A budget circular or circulars are issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. The budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units.
	(iii) Budget submission to the legislature	C	The executive has submitted the annual budget proposal to the legislature at least one month before the start of the fiscal year in two of the last three years.
PI-18	Legislative scrutiny of budgets	C+	
	(i) Scope of budget scrutiny	C	The legislature's review covers details of expenditure and revenue.

(ii) Legislative procedures for budget scrutiny	B The legislature's procedures to review budget proposals are approved by the legislature in advance of budget hearings and are adhered to. The procedures include internal organizational arrangements such as specialized review committees, technical support, and negotiation procedures.
(iii) Timing of budget approval	A The legislature has approved the annual budget before the start of the year in each of the last three fiscal years.
(iv) Rules for budget adjustments by the executive	A Clear rules exist for in-year budget adjustments by the executive. The rules set strict limits on the extent and nature of amendments and are adhered to in all instances.

Pillar	Indicator/Dimension	Score	Current Assessment
Predictability and control in budget execution	PI-19 Revenue administration	C+	
	(i) Rights and obligations for revenue measures	B	Entities collecting the majority of revenues did not provide payers with access to information on the main revenue obligation areas and on rights including, as a minimum, redress processes and procedures.
	(ii) Revenue risk management	B	Entities collecting the majority of revenues use a structured and systematic approach for assessing and prioritizing compliance risks for some categories of revenue and, as a minimum, for their large revenue payers.
	(iii) Revenue audit and investigation	B	Entities collecting the majority of revenues undertake audits and fraud investigations managed and reported on according to a documented compliance improvement plan, and complete all planned audits and investigations
	(iv) Revenue arrears monitoring	D	The stock of revenue arrears at the end of the last completed fiscal year was below 40 percent of the total revenue collection for the year and the revenue arrears older than 12 months exceeded 75 percent of total revenue arrears.
	PI-20 Accounting for revenues	C+	
	(i) Information on revenue collections	B	A central agency obtains revenue data at least monthly from entities collecting most central government revenue. This information is broken down by revenue type and is consolidated into a report.
	(ii) Transfer of revenue collections	A	Entities collecting most central government revenue transfer the collections directly into accounts controlled by the Treasury, or transfer the collections daily to the Treasury and other designated agencies.

	(iii) Revenue accounts reconciliation	C	Entities collecting most government revenue undertake complete reconciliation of collections, arrears, and transfers to Treasury and other designated agencies at least annually within two months of the end of the end of the year.
PI-21	Predictability of in-year resource allocation	B+	
	(i) Consolidation of cash balances	C	Most cash balances are consolidated on a monthly basis.
	(ii) Cash forecasting and monitoring	A	A cash flow forecast is prepared for the fiscal year and is updated monthly on the basis of actual cash inflows and outflows
	(iii) Information on commitment ceilings	B	Budgetary units are provided reliable information on commitment ceilings at least quarterly in advance.
	(iv) Significance of in-year budget adjustments	A	Significant in-year adjustments to budget allocations take place no more than twice in a year and are done in a transparent and predictable way.
PI-22	Expenditure arrears	D+	
	(i) Stock of expenditure arrears	A	The stock of expenditure arrears is no more than 2% of total expenditure in at least two of the last three completed fiscal years.
	(ii) Expenditure arrears monitoring	D	Data on the stock and composition of expenditure arrears is not generated annually at the end of each fiscal year.
PI-23	Payroll controls	C+	
	(i) Integration of payroll and personnel records	C	Reconciliation of the payroll with personnel records takes place at least every six months. Staff hiring, and promotion is checked against the approved budget prior to authorization.
	(ii) Management of payroll changes	B	Personnel records and payroll are updated at least quarterly and require a few retroactive adjustments.
	(iii) Internal control of payroll	B	Authority and basis for changes to personnel records and the payroll are clear and adequate to ensure high integrity of data.

	(iv) Payroll audit	C	Partial payroll audits or staff surveys have been undertaken within the last three completed fiscal years.
PI-24	Procurement	B	
	(i) Procurement monitoring	A	Databases or records are maintained for contracts including data on what has been procured, value of procurement and who has been awarded contract. The data are accurate and complete for all procurement methods for good, services, and works.
	(ii) Procurement methods	A	The total value of contracts awarded through competitive methods in the last completed fiscal year represents 80% or more of total value of contracts.
	(iii) Public access to procurement information	C	At least three of the key procurement information elements are complete and reliable for government units representing the majority of procurement operations and are made available to the public.
	(iv) Procurement complaints management	D	The procurement complaint system does not meet criterion (1), and one of the other criteria.
PI-25	Internal controls on non-salary expenditure	B	
	(i) Segregation of duties	A	Appropriate segregation of duties is prescribed throughout the expenditure process. Responsibilities are clearly laid down.
	(ii) Effectiveness of expenditure commitment controls	C	Expenditure commitment control procedures exist which provide partial coverage and are partially effective.
	(iii) Compliance with payment rules and procedures	B	Most payments are compliant with regular payment procedures. The majority of exceptions are properly authorized and justified.
PI-26	Internal audit effectiveness	D	
	(i) Coverage of internal audit	D	Internal audit is NOT operational for central government entities representing the majority of budgeted expenditures and for central

		government entities collecting the majority of budgeted government revenue.
(ii) Nature of audits and standards applied	C	Internal audit activities are primarily focused on financial compliance.
(iii) Implementation of internal audits and reporting	D	Performance is less than required for a C score.
(iv) Response to internal audits	D	Performance is less than required for a C score.

Pillar	Indicator/Dimension	Score	Current Assessment
Accounting and Reporting	PI-27 Financial data integrity	C+	
	(i) Bank account reconciliation	B	Bank reconciliation for all active central government bank accounts takes place at least monthly, usually within four weeks from the end of each month.
	(ii) Suspense accounts	D	Reconciliation of suspense accounts does not take place annually, within two months from the end of the year. Suspense accounts are cleared in a timely way, no later than the end of the fiscal year unless duly justified.
	(iii) Advance accounts	C	Reconciliation of advance accounts takes place annually, within two months from the end of the year. Advance accounts may frequently be cleared with delay.
	(iv) Financial data integrity processes	A	Access and changes to records is restricted and recorded, and results in an audit trail. There is an operational body, unit or team in charge of verifying financial data integrity.
	PI-28 In-year budget reports	C+	
	(i) Coverage and comparability of reports	C	Coverage and classification of data allows direct comparison to the original budget for the main administrative headings.
	(ii) Timing of in-year budget reports	B	Budget execution reports are prepared quarterly and issued within four weeks from the end of each quarter.
	(iii) Accuracy of in-year budget reports	C	There may be concerns regarding data accuracy. Data is useful for the analysis of budget execution. Expenditure is captured at least at payment stage.
	PI-29 Annual financial reports	C+	
	(i) Completeness of annual financial reports	A	Financial reports for budgetary central government are prepared annually and are comparable with the approved budget. They contain full information on revenue, expenditure, financial and tangible assets,

		liabilities, guarantees, and long-term obligations, and are supported by a reconciled cash flow statement.
(ii) Submission of reports for external audit	B	Financial reports for budgetary central government are submitted for external audit within 6 months of the end of the fiscal year.
(iii) Accounting standards	C	Accounting standards applied to all financial reports are consistent with the country's legal framework and ensure consistency of reporting over time. The standards used in preparing annual financial reports are disclosed.

Pillar	Indicator/Dimension	Score	Current Assessment
External scrutiny and audit	PI-30 External audit	D+	
	(i) Audit coverage and standards	D	Financial reports of central government entities representing the majority of total expenditures and revenues have not been audited, using ISSAIs or national auditing standards during the last three completed fiscal years. The audits have highlighted any relevant significant issues.
	(ii) Submission of audit reports to the legislature	B	Audit reports were not submitted to the legislature within six months from receipt of the financial reports by the audit office for the last three completed fiscal years.
	(iii) External audit follow-up	C	A formal response was made by the executive or the audited entity on audits for which follow up was expected, during the last three completed fiscal years.
	(iv) Supreme Audit Institution (SAI) independence	D	The SAI does not operate independently from the executive with respect to the procedures for appointment and removal of the Head of the SAI as well as the execution of the SAI's budget. The SAI has unrestricted and timely access to the majority of the requested records, documentation and information.
	PI-31 Legislative scrutiny of audit reports	C+	
	(i) Timing of audit report scrutiny	C	Scrutiny of audit reports on annual financial reports has been completed by the legislature within twelve months from receipt of the reports.
	(ii) Hearings on audit findings	C	In-depth hearings on key findings of audit reports take place occasionally, covering a few audited entities or may take place with ministry of finance officials only.
	(iii) Recommendations on audit by the legislature	C	The legislature issues recommendations on actions to be implemented by the executive.

(iv) Transparency of legislative scrutiny of audit reports

B Hearings are conducted in public with a few exceptions in addition to national security or similar sensitive discussions. Committee reports are provided to the full chamber of the legislature and published on an official website or by any other means easily accessible to the public.

Annex 2: Summary of observations on the internal control framework

Internal control components and elements	Summary of observations
1. Control environment	
The personal and professional integrity and ethical values of management and staff, including a supportive attitude toward internal control constantly throughout the organisation	There exists within the MoF a commitment to integrity and ethics. These can be noted in the Ministry of Finance website mof.gov.ws on “what do we do”, mission, vision, strategic goals and values.
Commitment to competence	The management and staff of the Accounts Unit at Ministry of Finance are actively involved in reforms and improving the processes. There continues to be issues relating to ministries’ compliance with procedures and controls. This is reflected in the need for the OAG to conduct pre-audits of all expenditures. This is reinforced using internal audit as a second line of defence, performing the on-going spot checks vs a commitment to audit.
The “tone at the top” (i.e. management’s philosophy and operating style)	Management at the Ministry of Finance support the control environment and have enabled substantial reforms to occur. The gap remains with the support for the existing structure of pre-audits and spot checks. Management believe that this approach of intense involvement has improved the integrity of the expenditure and payment process significantly.
Organisational structure	The government has been engaged in working to decentralize responsibilities and enable ministries to manage their control framework, as required within the financial instructions.
Human resource policies and practices	Human resources are covered within the Corporate Service pages of the Ministry of Finance website. This includes the strategic and performance indicators.
2. Risk assessment	
Risk identification	Risk assessments are performed annually by each IAU as part of the internal audit plan process. These plans lead to the identification
Risk assessment (significance and likelihood)	
Risk evaluation	

Internal control components and elements	Summary of observations
Risk appetite assessment	of the workplan, including the work associated with spot checks. While these spot checks are performed on activities deemed to be high risk, no instance of an internal control framework revision to address the risk was noted during the assessment. These assessments may or may not be shared with management since many of the annual audit plans did not have management approval or review by an audit committee noted.
Responses to risk (transfer, tolerance, treatment or termination)	
3. Control activities	
Authorization and approval procedure	Within the Treasury instructions, specific rules apply to approval of expenditures by ‘authorizing officers’ who are Ministers, Financial Secretary, Department Head and ‘Other Officers’ that authorized to authorize and approve expenditure. Findings on internal audit reports suggest these may not be applied by the authorizing officers.
Segregation of duties (authorizing, processing, recording, reviewing)	These responsibilities are segregated into roles with specific authority within the FMIS. The system administrator ensures an individual does not have more than one role.
Controls over access to resources and records	Individual ministries and MoF maintain source records and controls. Access to the records in the FMIS is maintained and includes an audit trail.
Verifications	Verifications are performed by MoF and the internal auditors.
Reconciliations	Reconciliations are the responsibility of the Ministry in charge of the account. For most, these are the MoF. Bank accounts are reconciled monthly and most suspense and advance accounts are cleared at year end.
Reviews of operating performance	These areas are included within the ministry budgetary performance measures and strategic plans. Assessments of the activities is conducted periodically internally and supported externally by audits done through IAU and OAG.
Reviews of operations, processes and activities	
Supervision (assigning, reviewing and approving,	Supervisor responsibilities establishes the

Internal control components and elements	Summary of observations
guidance and training)	systems for assignment, reviewing and approving employee performance. Training is provided through multiple venues, including but not limited to in-house, external, and consultant provided programs.
4. Information and communication	Information and communication strategies are managed by individual ministries, Cabinet, and other officials of government. The availability of public information on the internet supports the transparency of many operations.
5. Monitoring	
Ongoing monitoring	Monitoring and evaluations are conducted by several levels of organization including supervisors, budget monitoring, internal audit, external audit, and development partners.
Evaluations	
Management responses	
	Responses to some internal audit reports are provided. No central registry of findings and responses is maintained. MoF responds to the OAG management letter.

Annex 3: Sources of information by indicator

Indicator/dimension	Data Sources
I. Budget reliability	
PI-1. Aggregate expenditure outturn 1.1 Aggregate expenditure outturn	The Budget Address for 2014/15, 2015/16 and 2016/17. https://www.mof.gov.ws/Services/Budget/BudgetAddress/tabid/5734/Default.aspx
PI-2. Expenditure composition outturn 2.1 Expenditure composition outturn by function 2.2 Expenditure composition outturn by economic type 2.3 Expenditure from contingency reserves	Approved Budget Estimates for 2014/15, 2015/16 and 2016/17. https://www.mof.gov.ws/Services/Budget/ApprovedEstimates/tabid/5738/Default.aspx Fiscal Strategy Statement for 2014/15, 2015/16 and 2016/17. https://www.mof.gov.ws/Services/Budget/FiscalStrategyStatement/tabid/5737/Default.aspx Public Accounts for 2014/15, 2015/16 and 2016/17. https://www.mof.gov.ws/Services/Accounts/FinancialReporting/PublicAccounts/tabid/8748/Default.aspx
PI-3. Revenue outturn 3.1 Aggregate revenue outturn 3.2 Revenue composition outturn	PEFA Assessment Templates and Instructions – Field guide Templates (PI-1 and PI-2 Expenditure Calculation and PI-2.2 Expenditure Outturn by Economic Type Calculation) https://pefa.org/pefa-assessment-templates Extra Information provided from MoF to ascertain some splitting of information
II. Transparency of public finances	
PI-4. Budget classification 4.1 Budget classification	Government of Samoa, Parliamentary Paper 2016/17 No.2 Approved Estimates of Receipts and Payments of the Government of Samoa for the Financial Year Ending 30 th June 2017 (https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/ENG%20Budget%20Format%20FY18-19%20%28Final%29.pdf) Government of Samoa, <i>1st Quarter Report 2016-2017</i> https://www.mof.gov.ws/Portals/195/ACCOUNTS/Quarterly%20Statements/1st%20Quarter%20Audited%20Financial%20Accounts.pdf Government of Samoa, <i>2nd Quarter Report 2016-2017</i> https://www.mof.gov.ws/Portals/195/ACCOUNTS/Quarterly%20Statements/2nd%20Quarter%20Audited%20Financial%20Accounts.pdf Government of Samoa, <i>3rd Quarter Report 2016-2017</i> https://www.mof.gov.ws/Portals/195/ACCOUNTS/Quarterly%20Statements/3rd%20Quarter%20Audited%20Financial%20Accounts.pdf Government of Samoa, <i>First Quarter Review (July to September)</i> https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2016-2017/First%20Quarterly%20Report-Completed.pdf Government of Samoa, <i>Second Quarter Review (October to December)</i> https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2016-2017/Mid%20Year%20Report%202016/17%20FINALIZED%20.pdf Government of Samoa, <i>Third Quarter Review (January to March)</i> https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2016-2017/Third%20Quarterly%20Report%20FINAL%202016/17.pdf Government of Samoa, Public Accounts for the Financial Year Ended 30 th of June 2017 https://www.mof.gov.ws/Portals/195/ACCOUNTS/Public%20Accounts/Public%20Account%20FY%202017.pdf
PI-5. Budget documentation	Government of Samoa, Financial Year 2018 Chart of Accounts Government of Samoa, Parliamentary Paper 2018/2019 No 2. Approved Estimates of Receipts and Payments

Indicator/dimension	Data Sources
5.1 Budget documentation	https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/ENG%20Budget%20Format%20FY18-19%20%28Final%29.pdf Government of Samoa, The Fiscal Strategy Statement 2018/2019 Budget https://www.mof.gov.ws/Portals/195/EPPD/ENGLISH%20FISCAL%20STRATEGY%20FINAL.PDF Government of Samoa, 2018/19 Budget Address https://www.mof.gov.ws/Portals/195/Budget/ENGLISH%20BUDGET%20ADDRESS%202018-2019.pdf
PI-6. Central government operations outside financial reports 6.1 Expenditure outside financial reports 6.2 Revenue outside financial reports 6.3 Financial reports of extra-budgetary units	Audited financial statements, cashflow statements for all EBU's
PI-7. Transfers to subnational governments 7.1 System for allocating transfers 7.2 Timeliness of information on transfers	Not Applicable
PI-8. Performance information for service delivery 8.1 Performance plans for service delivery 8.2 Performance achieved for service delivery 8.3 Resources received by service delivery units 8.4 Performance evaluation for service delivery	National Planning documents https://www.mof.gov.ws/Services/Economy/EconomicPlanning/tabid/5618/Default.aspx Government of Samoa, Parliamentary Paper 2018/2019 No 2. Approved Estimates of Receipts and Payments https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/ENG%20Budget%20Format%20FY18-19%20%28Final%29.pdf Government of Samoa, The Fiscal Strategy Statement 2018/2019 Budget https://www.mof.gov.ws/Portals/195/EPPD/ENGLISH%20FISCAL%20STRATEGY%20FINAL.PDF Budget Monitoring Report - 1st Quarter https://www.mof.gov.ws/Services/Budget/MidYearReview/tabid/8665/Default.aspx
PI- 9 Public access to fiscal information 9.1 Public access to fiscal information	2018 Acts of Parliament http://www.palemene.ws/new/parliament-business/acts-regulations/acts-2018/ Budget Monitoring Reports https://www.mof.gov.ws/Services/Budget/MidYearReview/tabid/8665/Default.aspx Quarterly Financial Reports https://www.mof.gov.ws/Services/Accounts/QuarterlyReports/tabid/7071/Default.aspx Ministry of Finance, 1st Quarter Report 2016-2017 https://www.mof.gov.ws/Portals/195/ACCOUNTS/Quarterly%20Statements/1st%20Quarterly%20statement%202017.pdf Ministry of Finance, 2nd Quarter Report 2016-2017 https://www.mof.gov.ws/Portals/195/ACCOUNTS/Quarterly%20Statements/2nd%20Quarter%20Audited%20Financial%20Accounts.pdf Ministry of Finance, 3rd Quarter Report 2016-2017 https://www.mof.gov.ws/Portals/195/ACCOUNTS/Quarterly%20Statements/3rd%20Quarter%20Audited%20Financial%20Accounts.pdf Government of Samoa, Public Accounts for the Financial Year Ended 30 June 2017 https://www.mof.gov.ws/Services/Accounts/FinancialReporting/PublicAccounts/tabid/8748/Default.aspx
III. Management of assets and liabilities	
PI- 10 Fiscal risk reporting	

Indicator/dimension	Data Sources
10.1 Monitoring of public corporations	SoE Performance report Jan to March 2017 YTD https://www.mpe.gov.ws/wp-content/uploads/2017/11/2017Jan-Mar.pdf
10.2 Monitoring of sub-national government (SNG)	SoE Performance report April to June 2017 YTD https://www.mpe.gov.ws/wp-content/uploads/2017/11/2017Apr-Jun.pdf
10.3 Contingent liabilities and other fiscal risks	MoPE Corporate Plan 2017-2020 https://www.mpe.gov.ws/wp-content/uploads/2017/03/MPE_CORPORATE_PLAN_2017-2020_ENGLISH.pdf Scientific Research Organisation of Samoa 2016/17 Annual Report https://www.sros.org.ws/images/2018/SROS%20Annual%20Report%20FY%202016_2017.pdf Samoa Qualifications Authority Corporate Plan 2017-2020 http://www.sqa.gov.ws/wp-content/uploads/2018/02/final-sqa-corporate-plan-2017-2020.pdf Post School Education and Training Strategic Plan 2016-2020 http://www.sqa.gov.ws/wp-content/uploads/2018/02/pset-strategic-plan-2016-2020_final.pdf National Health Service Corporate Plan 2017-2020 http://www.nhs.gov.ws/wp-content/uploads/2018/07/NHScorporatePlanCP2017-2020Final.pdf National Health Service Annual Plan 2015/16 http://www.nhs.gov.ws/wp-content/uploads/2018/07/NHS-AnnualReport20152016.pdf
PI- 11: Public investment management	Samoa Monitoring Evaluation Reporting Framework (SMERF) Manual https://www.mof.gov.ws/Services/Economy/SectorPlans/tabid/5811/Default.aspx
11.1 Economic analysis of investment proposals	Public Sector Investment Program (PSIP) 2015/16 to 2017/18 https://www.mof.gov.ws/Services/Economy/PublicSectorInvestmentProgramme/tabid/8633/Default.aspx
11.2 Investment project selection	Manual on Project Planning and Programming: 2009 Edition https://www.mof.gov.ws/Services/Economy/CabinetDevelopmentCommittee/tabid/5905/Default.aspx
11.3 Investment project costing	ADB Assessment on Samoa Submarine Cable Project: https://www.adb.org/projects/documents/samoa-submarine-cable-project-rrp
11.4 Investment project monitoring	World Bank Assessment on Samoa - Aviation Investment Project (English) http://documents.worldbank.org/curated/en/764901468304502569/Samoa-Aviation-Investment-Project Samoa Government - Economic Analysis for the Faleolo International Airport Upgrade https://www.mof.gov.ws/Portals/195/1ulai/Economic%20analysis_final.pdf World Bank – Enhancing the Climate Resilience of the West Coast Road project http://documents.worldbank.org/curated/en/241461468306860242/pdf/NonAsciiFileName0.pdf ADB - Power Sector Expansion Project https://www.adb.org/projects/documents/power-sector-expansion-project-rrp
PI-12: Public asset management	Public Auction report for government written-off vehicles on 4th May 2018 Approved Government auction process and guidelines Operational manual and procedural guideline for disposal of non-financial assets Public Accounts for 2014/15, 2015/16 and 2016/17. https://www.mof.gov.ws/Services/Accounts/FinancialReporting/PublicAccounts/tabid/8748/Default.aspx
PI-13: Debt management	Government of Samoa, Medium Term Debt Strategy

Indicator/dimension	Data Sources
13.1 Recording and reporting of debt and guarantees	https://www.mof.gov.ws/Portals/195/AID/SAMOA%20MTDS%202016-2020%20FINAL.pdf
13.2 Approval of debt and guarantees	2014/15 Ministry of Finance Annual Report
13.3 Debt management strategy	https://www.mof.gov.ws/Services/CorporateService/MoFAAnnualReports/tabid/8768/Default.aspx 2015/16 Ministry of Finance Annual Report https://www.mof.gov.ws/Portals/195/Corporate/Annual%20Reports/MOF%2015-2016%20AE_ENGLISH%20version.pdf Procedures for contracting new loan and issuing Government guarantees submitted and approved by Cabinet dated 7 August 2014 Quarterly Debt Bulletin dated 31 March 2018 https://www.mof.gov.ws/Portals/195/AID/AID%20Quarterly%20Debt%20Bulletin/QDB%20March%202018.pdf Draft Quarterly Debt Bulletin dated 30 June 2018
IV. Policy-based fiscal strategy and budgeting	
PI-14: Macroeconomic and fiscal forecasting	Government of Samoa, Fiscal Strategy Statement 2014/15 https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2014-2015/Fiscal%20Strategy%20ENG%202014.pdf
14.1 Macroeconomic forecasts	
14.2 Fiscal forecasts	Government of Samoa, Fiscal Strategy Statement 2015/16 https://www.mof.gov.ws/Portals/195/Fiscal%20Strategy%202015/16.pdf
14.3 Macro-fiscal sensitivity analysis	Government of Samoa, Fiscal Strategy Statement 2016/17 https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2016-2017/Fiscal%20Strategy%202016/17_Final.pdf
PI-15 Fiscal strategy	2018/19 Budget Strategy
15.1 Fiscal impact of policy proposals	2014/15 Fiscal Strategy https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2014-2015/Fiscal%20Strategy%20ENG%202014.pdf
15.2 Fiscal strategy adoption	2015/16 Fiscal Strategy https://www.mof.gov.ws/Portals/195/Fiscal%20Strategy%202015/16.pdf
15.3 Reporting on fiscal outcomes	2016/17 Fiscal Strategy https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2016-2017/Fiscal%20Strategy%202016/17_Final.pdf Budget Address 2014/15 https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2014-2015/Budget%20SPEECH%20ENG%202014.pdf Budget Address 2015/16 https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2015-2016/Budget%20Address_English%202015.pdf Budget Address 2016/17 https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2016-2017/Budget%20Address_English_Finalised%20version.pdf 2018/19 Additional fiscal analysis information provided
PI-16 Medium-term perspective in expenditure budgeting	2014/15 Fiscal Strategy https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2014-2015/Fiscal%20Strategy%20ENG%202014.pdf
16.1 Medium-term expenditure estimates	2015/16 Fiscal Strategy https://www.mof.gov.ws/Portals/195/Fiscal%20Strategy%202015/16.pdf
16.2 Medium-term expenditure ceilings	2016/17 Fiscal Strategy https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2016-2017/Fiscal%20Strategy%202016/17_Final.pdf
16.3 Alignment of strategic plans and medium-term budgets	
16.4 Consistency of budgets with previous year's estimates	Budget Address 2014/15

Indicator/dimension	Data Sources
	https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2014-2015/Budget%20SPEECH%20ENG%202014.pdf Budget Address 2015/16 https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2015-2016/Budget%20Address_English%202015.pdf Budget Address 2016/17 https://www.mof.gov.ws/Portals/195/SAMOA%20BUDGET/2016-2017/Budget%20Address_English_Finalised%20version.pdf Budget Screening Overview presented to Cabinet. Submissions from Ministries and Agencies to the 2017/18 Budget process. MoF analysis of submissions and individual assessments to Cabinet Ministry of Finance, Treasury Budget Circular Memorandum 2017 No.13. as provided by the MoF on 30 July 2018
PI-17: Budget preparation process 17.1 Budget calendar 17.2 Guidance on budget preparation 17.3 Budget submission to the legislature	Ministry of Finance, Treasury Budget Circular Memorandum 2017 No.13. as provided by the MoF on 30 July 2018
PI-18: Legislative scrutiny of budgets 18.1 Scope of budget scrutiny 18.2 Legislative procedures for budget scrutiny 18.3 Timing of budget approval 18.4 Rules for budget adjustments by the executive	Parliament of Samoa, Standing Orders of the Parliament of Samoa http://www.palemene.ws/new/wp-content/uploads/Document/STANDING-ORDERS-2016-Eng.pdf First Supplementary Estimates 2017/2018 http://www.palemene.ws/new/wp-content/uploads/FEC-Final-Report-First-Supplementary-2017-2018-edit.pdf
V. Predictability and control in budget execution	
PI-19 Revenue administration 19.1 Rights and obligations for revenue measures 19.2 Revenue risk management 19.3 Revenue audit and investigation 19.4 Revenue arrears monitoring	Ministry of Revenue, Starting a Business Information for new businesses http://www.revenue.gov.ws/images/Starting_A_Business.pdf Ministry of Revenue, Initial Appeal Process, http://www.revenue.gov.ws/images/2015/Business_Forms/New_2018/Website_Photos_2018/GEN009---Initial-Appeal-SOP-.pdf Ministry of Revenue, Organizational Risk Management Framework 2015 to 2016. Ministry for Revenue – Monthly Revenue Analysis for July 2017 to June 2018. Ministry for Revenue – Compliance Improvement Plan 2015/16 Ministry for Revenue – Compliance Improvement Plan 2015-2018 Spreadsheet monitor Ministry for Revenue – CRMC Minutes June 2018 Ministry for Revenue – Business License Renewal Notice for 2018 Ministry for Revenue – Income Tax Return 2017 and Pro Tax 1st installment 2018 Ministry for Revenue – July Due Date Notice 2018 Combine notice Ministry for Revenue – Notice to all Minister of Religion Ministry for Revenue – PAYE Tax Reforms – Notice Ministry for Revenue – Samoa e-Tax Training Presentation Ministry for Revenue – Presentation on Tax Reform, Investment Tax Credit, Export, Capital Gains and PAYE Ministry for Revenue – 2016/17 Annual Report
PI-20 Accounting for Revenues 20.1 Information on revenue collections 20.2 Transfer of revenue collections	Government of Samoa, Ministry of Finance Accounts and Financial Reporting Division Operating Manual Revenue. Finance One system reports on revenue collections.

Indicator/dimension	Data Sources
20.3 Revenue accounts reconciliation	<p>Government of Samoa Ministry for Revenue - Quarterly Revenue Reports 2017/18</p> <p>Government of Samoa Ministry for Revenue - Monthly Revenue Reports 2017/18</p> <p>Government of Samoa Ministry for Finance - Monthly Revenue Reports 2017/18</p> <p>Government of Samoa Ministry for Revenue - Revenue Analysis Reports 2017/18</p> <p>Government of Samoa Ministry for Revenue - Senior Management Team (SMT) – Monthly Balanced Scorecard Report</p> <p>Government of Samoa Ministry for Revenue – System Reports Cashiers Monthly payments summary June, July and August 2018.</p> <p>Government of Samoa Ministry for Revenue – System Reports Daily receipts by receipt number May, June and July 2018</p>
PI-21 Predictability of in-year resource allocation 21.1 Consolidation of cash balances 21.2 Cash forecasting and monitoring 21.3 Information on commitment ceilings 21.4 Significance of in-year budget adjustments	<p>Government of Samoa. <i>Schedule 5#, Public Accounts for the Financial Year Ended 2016-2017</i></p> <p>https://www.mof.gov.ws/Portals/195/ACCOUNTS/Public%20Accounts/Public%20Account%20FY%202017.pdf</p> <p>Process extracted from Cash Management Manual (approved August 2017), discussions with Head of Accounts and Cash forecasting lead.</p> <p>Annual Cash flow plan for 2016/17 reviewed.</p> <p>Update cash flow plan for January 2017 reviewed.</p> <p>Cash management Committee minutes for April 24, 2017 reviewed.</p> <p>Discussions included meetings with Head of Accounts and Cash Monitoring Unit.</p> <p>Viewed on the screen of Finance One.</p> <p>Confirmed during meetings with Accounts, Ministry of Revenue, Ministry of Education.</p>
PI-22 Expenditure arrears 22.1 Stock of expenditure arrears 22.2 Expenditure arrears monitoring	<p>Ministry of Finance. Report on Monitoring of Expenditure Arrears. 2016</p> <p>Government of Samoa. Public Accounts for the Fiscal Year Ended 2014/15. Ministry of Finance. 2016</p> <p>Government of Samoa. Public Accounts for the Fiscal Year Ended 2015/16. Ministry of Finance. 2016</p> <p>Government of Samoa. Public Accounts for the Fiscal Year Ended 2016/17. Ministry of Finance. 2017</p> <p>Ministry of Finance. Quarterly Reports on Monitoring of Expenditure Arrears. 2014/15. Accounts and Reporting Division. 2015</p> <p>Ministry of Finance. Quarterly Reports on Monitoring of Expenditure Arrears. 2015/16. Accounts and Reporting Division. 2016</p> <p>Ministry of Finance. Quarterly Reports on Monitoring of Expenditure Arrears. 2016/17. Accounts and Reporting Division. 2017</p> <p>Ministry of Finance. Quarterly Reports on Monitoring of Expenditure Arrears. 2014/15. Accounts and Reporting Division. Accounts and Financial Reporting Division, 2015</p> <p>Ministry of Finance. Quarterly Reports on Monitoring of Expenditure Arrears. 2015/16. Accounts and Reporting Division. Accounts and Financial Reporting Division, 2016</p> <p>Ministry of Finance. Quarterly Reports on Monitoring of Expenditure Arrears. 2016/17. Accounts and Financial Reporting Division. 2017</p> <p>Ministry of Finance. Quarterly Summaries Reports 2014/15; 2015/16; 2016/17; Accounts and Financial Reporting Division. 2017.</p>

Indicator/dimension	Data Sources
	Ministry of Finance. Operating Manual: Year End and Preparation of Public Accounts. Accounts and Financial Reporting Division. 2011
PI-23 Payroll controls	Part J of the Treasury Instructions: Payroll.
23.1 Integration of payroll and personnel records.	TechnologyOne. Human Resource and Payroll User Assistance. Payroll Processing. 2002
23.2 Management of payroll changes.	Ministry of Finance. Operating Manual: Payroll Systems and Procedures. 2011
23.3 Internal control of payroll.	Extra Budgetary Units' Annual Financial Statements (2014-2018):
23.4 Payroll audit.	<ul style="list-style-type: none"> - Land Transport Authority - National Kidney Foundation - National Health Services - National University of Samoa - Public Trust Office - Samoa Airports Authority - Samoa Fire and Emergency Services - Samoa Qualifications Authority - Samoa Research Organization - Samoa Sports Facility Authority - Samoa Tourism Authority - Samoa Trust Estate Corporation - Samoa Water Authority
	Samoa Audit Office. Pre-Audit of Payments (including payroll) Management Letter. Government of Samoa, 2017. Evidence:
	Payroll Batchform Header, certified by Ministry, PSC and Budget (MoF)
	Samoa Audit Office. Special Examination – Payroll EFT Processing Review. Government of Samoa, Nov 2014. Evidence:
	Samoa Audit Office. Section B: Pre-audit of Payroll. Pre-Audit of Payments Management Letter, April 2017. Government of Samoa.
	Samoa Audit Office. 2010 Payroll Review Follow-up. Government of Samoa, 2014.
	Section Five, Part J
	https://www.mof.gov.ws/Portals/195/ACCOUNTS/Part_J.pdf
PI-24 Procurement	References: Public Finance Management Act of 2002 Part XII, Treasury Instructions Section 6 Part K revised 2016, Guidelines for Procurement and Contracting: Goods, Works and General Services (GWGS) 2016.
24.1 Procurement monitoring.	Minutes and supporting documentation reviewed for all indicators included October 2017, May 2016, and July 2016. The Tenders board details cover all Central Government.
24.2 Procurement methods.	
24.3 Public access to procurement information.	
24.4 Procurement complaints management.	
PI-25 Internal controls on non-salary expenditure	Treasury Instructions 2013: Section 3 – Part C – H.
25.1 Segregation of duties.	Operating Manual – Payment Process. Government of Samoa
25.2 Effectiveness of expenditure commitment controls.	Quarterly Expenditure Monitoring Reports:
25.3 Compliance with payment rules and procedures.	<ul style="list-style-type: none"> • July – Sept 2017 • Oct - Dec 2017 • Jan – Mar 2018 • April – June 2018
	Pre-Audit of Payments Management Letter, April 2017.
PI-26 Internal audit	Public Financial Management Act
26.1 Coverage of internal audit.	Public Service Act of 2004
26.2 Nature of audits and standards applied	Public Bodies Performance and Accountability Act of 2001.
26.3 Implementation of internal audits and reporting.	Discussions with IAU's from MfR, MoF, MoE, Police, MoH and MoTI.
26.4 Response to internal audits.	MfR multiyear plan viewed
	Police and MoH workplans 2017/18 viewed
	MoWTI workplan 2016/17 viewed
	Response to MoWTI, MoF and MfR Audits viewed

Indicator/dimension	Data Sources
VI. Accounting and reporting	
PI-27 Financial data integrity	Government of Samoa. Schedule 5#, Public Accounts for the Financial Year Ended 2016-2017 https://www.mof.gov.ws/Portals/195/ACCOUNTS/Public%20Accounts/Public%20Account%20FY%202017.pdf
27.1 Bank account reconciliation.	Ministry of Finance, Government of Samoa. National Samoa Bank Reconciliation Reports July 16-June 17; Central Bank Samoa. Consolidated Bank Reports July 16-June 17; Ministry of Finance, Government of Samoa. Samoa Reconciliation Report July 16-June 17; Ministry of Finance, Government of Samoa. Samoa Commercial Bank Reconciliation Report July 16-June 17; Ministry of Finance, Government of Samoa. Westpac Bank Reconciliation Report July 16-June 17; Ministry of Finance, Government of Samoa. ANZ Bank Reconciliation Report July 16-June 17.
27.2 Suspense accounts.	Evidence:
27.3 Advance accounts.	<ul style="list-style-type: none"> Sched 4: Public Financial Accounts 2016/17 Part B5: Treasury Instructions. 2013 Part D4: Treasury Instructions. 2013 Part J4: Treasury Instructions. 2013 Sched 4: Public Financial Accounts 2016/17 Part B5: Treasury Instructions. 2013 Part D4: Treasury Instructions. 2013 Part J4: Treasury Instructions. 2013 Sched 5: Public Financial Accounts 2016/17 MoF Bank Reconciliation Statements 2016 – 17 <ul style="list-style-type: none"> Central Bank of Samoa (Consolidated) National Bank of Samoa Samoa Commercial Bank Australia and New Zealand Bank – Samoa, New Zealand, and Australia. Westpac Banking Corp - Samoa and Australia UN Federal Credit Union, US; Crown Agents, UK; Bank of Japan, Japan; Bank of China, China. Part B5: Treasury Instructions. 2013 Part D4: Treasury Instructions. 2013 Part J4: Treasury Instructions. 2013 Audit Office. Management letter for 2016/17 Public Accounts. Internal Audit Reports 2016/17. FinanceOne Systems Review Report.
PI-28 In-year budget reports	
28.1 Coverage and comparability of reports.	<ul style="list-style-type: none"> Quarterly Summaries Report: September Quarter, Financial Year 2017/18 Quarterly Summaries Report: Mid-Year Report, Financial Year 2017/18 Quarterly Summaries Report: March Quarter. Financial Year 2017/18 Budget Monitoring Report. September Quarter. Financial Year 2017/18 Budget Monitoring Report. Mid-Year Report. Financial Year 2017/18 Budget Monitoring Report. March Quarter. Financial Year 2017/18 Government of Samoa. Government Financial Statistics. September 2017 Quarter. Government of Samoa. Government Financial Statistics. December 2017 Quarter. Government of Samoa. Government Financial Statistics. March 2018 Quarter. Government of Samoa. Section 108, Public Financial Management Act 2001. Government of Samoa. Clauses 8, 9 and 10; Treasury Instructions 2013.
28.2 Timing of in-year budget reports.	
28.3 Accuracy of in-year budget reports	
PI-29 Annual financial reports	<ul style="list-style-type: none"> Government of Samoa. Public Finance Management Act 2001.

Indicator/dimension	Data Sources
29.1 Completeness of annual financial reports. 29.2 Submission of the reports for external audit. 29.3 Accounting standards.	<ul style="list-style-type: none"> Government of Samoa. Public Accounts for the Financial Year Ended 30th June 2017. Government of Samoa. Public Accounts for the Financial Year Ended 30th June 2016. Government of Samoa. Public Accounts for the Financial Year Ended 30th June 2015. Government of Samoa. Letter from CEO Finance to Comptroller and Auditor-General for submission of 2016/17 Financial Statements. <p>Evidence:</p> <ul style="list-style-type: none"> Government of Samoa. Public Finance Management Act 2001. Government of Samoa. Public Accounts for the Financial Year Ended 30th June 2017. Government of Samoa. Letter from CEO Finance to Comptroller and Auditor-General for submission of 2016/17 Financial Statements. Samoa Audit Office. Management Letter, April 2017. Government of Samoa. Ministry of Finance. Public Accounts for the Financial Year Ended 2016/17. Government of Samoa.
VII. External scrutiny and audit	
PI-30 External audit	<ul style="list-style-type: none"> SAI, corroborated by the parliamentary public accounts committee and civic interest groups; Information on submission of reports for audit can also be corroborated with the MoF or the Treasury ministries. SAI and internal auditors of major budgetary units, corroborated by Parliamentary Public Accounts committee, government ministers, the MoF, audited entities and civic interest groups SAI Legislation External reports on SAI independence and financial governance
30.1 Audit coverage and standards.	
30.2 Submission of audit reports to the legislature	
30.3 External audit follow up.	
30.4 Supreme Audit Institution independence.	
PI-31 Legislative scrutiny of audit reports	<ul style="list-style-type: none"> SAI, MoF, legislature, and Budget Committee of the parliament, corroborated by civic interest groups; Respective legislative committees, the Budget Committee of the parliament, SAI, and the MoF, corroborated by civic interest groups Legislature corroborated by SAI and civic interest groups.
31.1 Timing of audit report scrutiny	
31.2 Hearings on audit findings.	
31.3 Recommendations on audit by the legislature.	
31.4 Transparency of legislative scrutiny of audit reports.	

Annex 3 People Met

	Names	Organization
1	Maria Melei Tagiilima	Asian Development Bank - Samoa
2	David Lowe	Australian High Commission
3	Pati Mualia	Australian High Commission
4	Seve Benjamin Pereira	Central Bank of Samoa
5	Magale Karras Lui	Central Bank of Samoa
6	Ali imalemanu Alofa Tuuau	Finance and Expenditure Parliamentary Committee
7	Faumuina Tiatia Liuga	Finance and Expenditure Parliamentary Committee
8	Afoa Faleulu Maui	Finance and Expenditure Parliamentary Committee
9	Petrocelli Lokeni	Fire and Emergency Services Authority
10	Seivitasi Foleni	Fire and Emergency Services Authority
11	Leutu Ieremia	Land Transport Authority
12	Tevaga Viane Tagiilima	Land Transport Authority
13	Faafetai Golovale	Ministry for Public Enterprises
14	Moana Fruean	Ministry for Public Enterprises
15	Florence Ulugia	Ministry for Public Enterprises
16	Esther Alaialoa	Ministry for Revenue
17	Gus Kalapu	Ministry for Revenue
18	Ian Filemu	Ministry for Revenue
19	Ieni Sheppard	Ministry for Revenue
20	Jeannie Chadwick	Ministry for Revenue
21	La'i Tautiaga	Ministry for Revenue
22	Matafeo Avalisa Viali	Ministry for Revenue
23	Michael Savea	Ministry for Revenue
24	Namulauulu Apelu Iosa	Ministry for Revenue
25	Afamasaga Dr. Karoline A. Fuatia	Ministry of Education, Sports and Culture
26	Alaifea L. Belford	Ministry of Education, Sports and Culture
27	Jenny Lauano	Ministry of Education, Sports and Culture
28	Leota Valma Galuvao	Ministry of Education, Sports and Culture
29	Perenise Stowers	Ministry of Education, Sports and Culture
30	Tala uati	Ministry of Education, Sports and Culture
31	Ariel Tolo	Ministry of Finance - Accounts Division
32	Cecilia Taefu	Ministry of Finance - Accounts Division
33	Epenesa Tanoi	Ministry of Finance - Accounts Division
34	Gloria Lafi Esera	Ministry of Finance - Accounts Division
35	Iupeli Leaso	Ministry of Finance - Accounts Division
36	Juliana Sua	Ministry of Finance - Accounts Division
37	Naama Sinei	Ministry of Finance - Accounts Division
38	Oliveti Bentin	Ministry of Finance - Accounts Division
39	Peniane Numia	Ministry of Finance - Accounts Division
40	Rosita Matalavea	Ministry of Finance - Accounts Division
41	Taeao Pupualii	Ministry of Finance - Accounts Division
42	Elena Tielu	Ministry of Finance - Aid Coordination and Debt Management Division
43	Letauilomalo Malaga	Ministry of Finance - Aid Coordination and Debt Management Division
44	Lita Lui	Ministry of Finance - Aid Coordination and Debt Management Division
45	Peresitene Kirifi	Ministry of Finance - Aid Coordination and Debt Management Division
46	Toalima Nofoasaefa	Ministry of Finance - Aid Coordination and Debt Management Division
47	Ulatifa Tiitii	Ministry of Finance - Aid Coordination and Debt Management Division

	Names	Organization
48	Abigail Lee Hang	Ministry of Finance - Budget and Fiscal Policy Division
49	Faafetai Iupati	Ministry of Finance - Budget and Fiscal Policy Division
50	Lanisi Tuilaepa	Ministry of Finance - Budget and Fiscal Policy Division
51	Mila Posini	Ministry of Finance - Budget and Fiscal Policy Division
52	Peter Faamasino	Ministry of Finance - Budget and Fiscal Policy Division
53	Punitia Faaiuso	Ministry of Finance - Budget and Fiscal Policy Division
54	Relina Stowers	Ministry of Finance - Budget and Fiscal Policy Division
55	Robert Faaliga	Ministry of Finance - Budget and Fiscal Policy Division
56	RoseHope Ah Leong	Ministry of Finance - Budget and Fiscal Policy Division
57	Siufoga Sekuini	Ministry of Finance - Budget and Fiscal Policy Division
58	Tausiva Pa'ilegutu	Ministry of Finance - Budget and Fiscal Policy Division
59	Usnac Malifa	Ministry of Finance - Budget and Fiscal Policy Division
60	Lavea Tui'ai Lavea	Ministry of Finance - Chief Executive Officer
61	Litara Taulealo	Ministry of Finance - Climate Resilience Investment Coordination Division
62	Leasiosio Oscar Malielegaoi	Ministry of Finance - Deputy CEO
63	Aleta Tafua	Ministry of Finance - Economic Policy and Planning Division
64	Darin Faolotoi	Ministry of Finance - Economic Policy and Planning Division
65	Faavae Mulitalo	Ministry of Finance - Economic Policy and Planning Division
66	Funefai Tupua	Ministry of Finance - Economic Policy and Planning Division
67	Lilomaia Samuel Jeremiah	Ministry of Finance - Economic Policy and Planning Division
68	Saufua Maiava	Ministry of Finance - Economic Policy and Planning Division
69	Siaituvao Talataina	Ministry of Finance - Economic Policy and Planning Division
70	William Pamata	Ministry of Finance - Economic Policy and Planning Division
71	Alapati Afoa	Ministry of Finance - Internal Audit and Investigation Division
72	Kimau Tuato	Ministry of Finance - Internal Audit and Investigation Division
73	Rosalini Moli	Ministry of Finance - Internal Audit and Investigation Division
74	Soteria Noaese	Ministry of Finance - Procurement Division
75	Faasaina Faataga	Ministry of Finance – PFM and Finance Sector Coordination Division
76	Feagai maleata Tafunai	Ministry of Finance - PFM and Finance Sector Coordination Division
77	Tofilau Lae Siliva	Ministry of Finance - PFM and Finance Sector Coordination Division
78	Renon Tautiaga	Ministry of Finance - System Support - Finance 1
79	Anna Schuster	Ministry of Finance - System Support - Finance 1
80	Darryl Anesi	Ministry of Health
81	Gualofa Saaga	Ministry of Health
82	Fetu	Ministry of Police
83	Faamatuainu Faamasani Asi	National University of Samoa
84	Gladys Esoto	National University of Samoa
85	Measina Meredith	New Zealand High Commission
86	Marshall Maua	Samoa Audit Office
87	Roseanne Faau	Samoa Audit Office
88	Alii muamua Malaefono Taaloga	Samoa Bureau of Statistics
89	Baby Tavita	Samoa Bureau of Statistics
90	Fitimaleula Tipi	Samoa Bureau of Statistics
91	Leota A. Salani	Samoa Bureau of Statistics
92	Leota Aliielua Salani	Samoa Bureau of Statistics
93	Uaina Kitona	Samoa Bureau of Statistics
94	Pativaine Tevita	Samoa Tourism Authority
95	Fuimaono F. Lima	Samoa Umbrella for Non-Government Organizations
96	Alvin Margraff	Samoa Water Authority

	Names	Organization
97	Christopher Lei Sam	Scientific Research Organisation of Samoa
98	Dr. Fiamé Leo	Scientific Research Organisation of Samoa

Annex 4: Tracking change in performance based on previous versions of PEFA

This annex provides a summary table of the performance at indicator and dimension level. The table specifies the scores with a brief explanation for the scoring for each indicator and dimension of the current and previous assessment. This annex should present comparisons with previous assessments that used the 2005 or 2011 versions of the framework and should be prepared in compliance with the Guidance on reporting performance changes in PEFA 2016 from previous assessments that applied PEFA 2005 or PEFA 2011 at www.pefa.org.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
1. Credibility of the Budget				
<u>PI-1 Aggregate expenditure out-turn compared to original approved budget</u>	A	A	Actual expenditure did not deviate from budgeted expenditure by an amount equivalent more than 5% of budgeted expenditure. 16/17 (96.1%), 15/16 (99.1%), 14/15 (100.3%)	No change in high level performance.
<u>PI-2 Composition of expenditure out-turn compared to original approved budget</u>	B+	A		
(i) Extent of the variance in expenditure composition during the last three years, excluding contingency items	B	A	Variance in expenditure composition did not exceed 5% in more than one of the last three years. 14/15 (3.2%), 15/16 (4.9%), 16/17 (5.8%)	Improved performance to a high level. In the 2014 assessment the deviation in all three fiscal years exceeded 5%
(ii) The average amount of expenditure actually charged to the contingency vote over the last three years.	A	A	Actual expenditure charged to the contingency vote was on average less than 3% of the original budget. 1.6%.	No change in high level performance. Directly comparable with 2011 framework further details can be found in description on dimension 2.3.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
<u>PI-3 Aggregate revenue out-turn compared to original approved budget</u>	A	B	Actual domestic revenue was between 94% and 112% of budgeted domestic revenue in at least two of the last three years 14/15 (103.0%), 15/16 (110.9%), 16/17 (92.0%)	<i>Decline in Performance</i> In the 2014 assessment total revenue compared to forecasts had been between 85 and 105% in all three years.
PI-4 Stock and monitoring of expenditure payment arrears	B+	A		
(i) Stock of expenditure payment arrears and a recent change in the stock.	B	A	The stock of arrears is low (i.e. is below 2% of total expenditure) 14/15 (0.3%), 15/16 (0.4%), 16/17 (0.4%)	<i>Improved performance to a high level.</i> In the 2014 assessment stock of arrears was 2.8% at end of 2012/13.
(ii) Availability of data for monitoring the stock of expenditure payment arrears.	A	A	Reliable and complete data on the stock of arrears is generated through routine procedures at least at the end of each fiscal year (and includes an age profile).	<i>No change in high level performance.</i>
2. Comprehensiveness and Transparency				
<u>PI-5 Classification of the budget</u>	B	B	The budget formulation and execution are based on administrative and economic classification using GFS standards or a standard that can produce consistent documentation according to those standards.	<i>No change in good level performance.</i>

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
<u>PI-6 Comprehensiveness of information included in budget documentation</u>	B	C	Recent budget documentation fulfils 3-4 of the 9 information benchmarks	<i>Decline in Performance.</i> Reflects cessation of producing the fiscal report which was produced at the time of the 2014.
<u>PI-7 Extent of unreported government operations.</u>	C+	A		
(i) Level of unreported government operations	A	A	The level of unreported extra-budgetary expenditure (other than donor funded projects) is insignificant (below 1% of total expenditure).	<i>No change in high level performance.</i>
(ii) Income/expenditure information on donor-funded projects	C+	A	Complete income/expenditure information for 90% (value) of donor-funded projects is included in fiscal reports, except inputs provided in-kind OR donor funded project expenditure is insignificant (below 1% of total expenditure).	<i>Significant improvement in Performance.</i>
<u>PI-8 Transparency of inter-governmental fiscal relations.</u>	NA	NA		
(i) Transparency and objectivity in the horizontal allocation amongst Sub-National Governments	NA	NA		

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(ii) Timeliness and reliable information to SN Governments on their allocations	NA	NA		
(iii) Extent of consolidation of fiscal data for general government according to sectoral categories	NA	NA		
<u>PI-9 Oversight of aggregate fiscal risk from other public-sector entities.</u>	B	C		
(i) Extent of central government monitoring of autonomous entities and public enterprises	B	C	Most major AGAs/PEs submit fiscal reports to central governments at least annually, but a consolidated overview is missing or significantly incomplete.	
(ii) Extent of central government monitoring of SN government's fiscal position	NA	NA		

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
<u>PI-10 Public access to key fiscal information</u>	C	C	(i) the government makes available to the public 1-2 of the 6 listed types of information, (V) Award of all contracts with value above approx. USD 100,000 equiv. are published at least quarterly through appropriate means.	<i>No improvement in Performance.</i> Issues of timing - budget only available after submitted to the legislature. In-year budget execution reports are available one month of their completion. Year-end financial statements: The statements are made available to the public through appropriate means within six months of completed audit. (iv) External audit reports: All reports on central government consolidated operations are made available to the public through appropriate means within six months of completed audit. (vi) Resources available to primary service units is not known.

3. Policy Based Budgeting

<u>PI-11 Orderliness and participation in the annual budget process</u>	A	B+		
(i) Existence of, and adherence to, a fixed budget calendar	B	A	A clear annual budget calendar exists, is generally adhered to, and allows budgetary units at least six weeks from receipt of the budget circular to meaningfully complete their detailed estimates on time.	<i>Improved Performance to a high level.</i> Ministries are provided more time to prepare their information. Previously they were only provided three weeks from the launch of the budget circular.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(ii) Guidance on the preparation of budget submissions	A	C	A budget circular or circulars are issued to budgetary units, including ceilings for administrative or functional areas. Total budget expenditure is covered for the full fiscal year. The budget estimates are reviewed and approved by Cabinet after they have been completed in every detail by budgetary units.	<i>Decline in Performance.</i> Cabinet does not approve ceilings prior to the circulation of the budget circular.
(iii) Timely budget approval by the legislature	A	A	The legislature has, during the last three years, approved the budget before the start of the fiscal year.	<i>No change in high level performance.</i>
PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting	C+	B		
(i) Multiyear fiscal forecasts and functional allocations	C	B	Forecasts of fiscal aggregates (based on the main categories of economic classification) are prepared for at least two years on a rolling annual basis.	<i>Improved Performance.</i> Rolling forward estimates are used to develop budget ceilings in subsequent budgets.
(ii) Scope and frequency of debt sustainability analysis	A	A	DSA for external and domestic debt is undertaken annually.	<i>No change in high level performance.</i>

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(iii) Existence of costed sector strategies	C	C	Statements of sector strategies exist for several major sectors but are only substantially costed for sectors representing up to 25% of primary expenditure OR costed strategies cover more sectors but are inconsistent with aggregate fiscal forecasts.	No change in performance.
(iv) Linkages between investment budgets and forward expenditure estimates	C	C	Many investment decisions have weak links to sector strategies and their recurrent cost implications are included in forward budget estimates only in a few (but major) cases.	No change in performance.
4. Predictability and Control in Budget Execution				
<u>PI-13 Transparency of taxpayer obligations and liabilities</u>	B	A		
(i) Clarity and comprehensiveness of tax liabilities	B	A	Legislation and procedures for all major taxes are comprehensive and clear, with strictly limited discretionary powers of the government entities involved.	Improved Performance to a high level. Since 2014 some legislation has been cleaned up and there is little discretionary power for the MfR.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(ii) Taxpayer access to information on tax liabilities and administrative procedures	B	A	Taxpayers have easy access to comprehensive, user friendly and up-to-date information tax liabilities and administrative procedures for all major taxes, and the RA supplements this with active taxpayer education campaigns.	Improved Performance to a high level. Since 2014 a significant amount of information on taxpayer rights and obligations has been published on the website, and greater efforts in outreach in other modalities.
(iii) Existence and functioning of a tax appeal mechanism.	C	B	A tax appeals system of transparent administrative procedures is completely set up and functional, but it is either too early to assess its effectiveness or some issues relating to access, efficiency, fairness or effective follow up on its decisions need to be addressed.	Improved Performance to a good level. A Tax Tribunal and a Customs Appeal Authority have been established and currently in the process of recruiting candidates. A judge has already been appointed to chair the Tax Tribunal. MfR is planning on these two committees to start official operations in 2019/20.
PI-14 Effectiveness of measures for taxpayer registration and tax assessment	B	B		
(i) Controls in the taxpayer registration system	C	B	Legislation and procedures for most, but not necessarily all, major taxes are comprehensive and clear, with limited discretionary powers of the government entities involved.	Improved performance to a good level. As TINs are used universally across customs and inland revenue.
(ii) Effectiveness of penalties for non-compliance with	B	B	Taxpayers have easy access to comprehensive, user friendly and up-to-date information on tax liabilities	No change in good level performance

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
registration and declaration obligations			and administrative procedures for some of the major taxes, while for other taxes the information is limited	
(iii) Planning and monitoring of tax audit and fraud investigation programs	B	B	A tax appeals system of transparent administrative procedures is completely set up and functional, but it is either too early to assess its effectiveness or some issues relating to access, efficiency, fairness or effective follow up on its decisions need to be addressed.	No change in good level performance
PI-15 Effectiveness in collection of tax payments	D+	D+		
(i) Collection ratio for gross tax arrears	NR			
(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration	A	A	All tax revenue is paid directly into accounts controlled by the Treasury or transfers to the Treasury are made daily.	No change in high level performance.
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears	D	D	A reconciliation of tax assessments, payments made for assessments, arrears from assessments and transfers to Treasury is not done.	No change in Low Level Performance.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
records, and receipts by the Treasury				
PI-16 Predictability in the availability of funds for commitment of expenditures	C+	A		
(i) Extent to which cash flows are forecasted and monitored	C	A	Budgetary units are provided reliable information on commitment ceilings at least quarterly in advance.	Improved Performance to a high level. The cash flow forecast is prepared annually and updated monthly for actuals and changes to forecast. These are reported to the Cash Management Committee for approval. There was no formal process for monthly updates and approval in the past.
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure	A	A	Significant in-year adjustments to budget allocations take place no more than twice in a year and are done in a transparent and predictable way.	No change in high level performance.
(iii) Frequency and transparency of adjustments to budget allocations above the level of management of MDAs	A	A	Budgetary units are provided reliable information on commitment ceilings at least quarterly in advance.	No change in high level performance.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
<u>PI-17 Recording and management of cash balances, debt and guarantees</u>	B	A		
(i) Quality of debt data recording and reporting.	B	A	Domestic and foreign debt and guaranteed debt records are complete, accurate, updated, and reconciled monthly. Comprehensive management and statistical reports covering debt service, stock, and operations are produced at least quarterly.	Improved Performance In 2014 assessment, debt reconciliation varied by source of lender and meant that full reconciliations only occurred quarterly.
(ii) Extent of consolidation of the government's cash balances.	B	B	A cash flow forecast is prepared for the fiscal year and is updated monthly based on actual cash inflows and outflows.	No change in good level performance
(iii) Systems for contracting loans and issuance of guarantees.	B	A	Central government's contracting of loans and issuance of guarantees are made against transparent criteria and fiscal targets, and always approved by a single responsible government entity.	Improved Performance
<u>PI-18 Effectiveness of payroll controls</u>	B	B		
(i) Degree of integration and reconciliation between	A	A	Personnel database and payroll are directly linked to ensure data	No change in high level performance.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
personnel records and payroll data.			consistency and monthly reconciliation.	
(ii) Timeliness of changes to personnel records and the payroll.	C	C	Controls exist but are not adequate to ensure full integrity of data.	No change in base level performance.
(iii) Internal controls of changes to personnel records and the payroll.	B	C	Controls exist, but are not adequate to ensure full integrity of data.	Decline in PerformanceAA. EBUs compliance with payroll procedures and process are not consistently monitored by the internal audit areas within each EBU due to capacity issues.
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers.	B	C	Partial payroll audits or staff surveys have been undertaken within the last three completed fiscal years.	Decline in Performance. Only partial payroll audits have been undertaken in the last three years and essentially limited to systems, control and procedures only with little or no on-site physical verification.
<u>PI-19 Competition, value for money and controls in procurement</u>	C+	C+		
(i) Transparency, comprehensiveness and competition in the legal and regulatory framework.	B	B	The legal framework meets of the six requirements. The only one absent are no independent review process, and procurement plans are not published	

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(ii) Use of competitive procurement methods.	A	A	When contracts are awarded by methods other than open competition, they are justified in accordance with the legal requirements: SCORE = A: In all cases.	No change in high level performance.
(iii) Public access to complete, reliable and timely procurement information.	C	C	At least two of the key procurement information elements are complete and reliable for government units representing 50% of procurement operations (by value) and made available to the public through appropriate means.	
(iv) Existence of an independent administrative procurement complaints system.	D+	D	The procurement complaints system does not meet criteria (i) and (ii) and one other criterion, OR there is no independent procurement complaints review body.	
PI-20 Effectiveness of internal controls for non-salary expenditure	C	C		
(i) Effectiveness of expenditure commitment controls	C	C	Expenditure commitment control procedures exist which provide partial coverage and are partially effective.	No change in performance at a base level.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(ii) Comprehensiveness, relevance and understanding of other internal control rules/procedures.	C	C	Other internal control rules and procedures consist of a basic set of rules for processing and recording transactions, which are understood by those directly involved in their application. Some rules and procedures may be excessive, while controls may be deficient in areas of minor importance.	<i>No change in performance at a base level.</i>
(iii) Degree of compliance with rules for processing and recording transactions	C	C	Rules are complied with in a significant majority of transactions but use of simplified/emergency procedures in unjustified situations is an important concern.	<i>No change in performance at a base level.</i>
<u>PI-21 Effectiveness of internal audit</u>	C	C+		
(i) Coverage and quality of the internal audit function.	C	C	The function is operational for at least the most important central government entities and undertakes some systems review (at least 20% of staff time) but may not meet recognized professional standards.	<i>No change in performance at a base level.</i> The function is operational for at least the most important central government entities and undertakes some systems review (at least 20% of staff time in many years but for the year tested, 2016/17, no system review was performed. Only spot checks. For revenue the coverage was comprehensive and included systems review

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(ii) Frequency and distribution of reports	C	C	Reports are issued regularly for most government entities but may not be submitted to the ministry of finance and the SAI.	No change in performance at a base level. Reports are now distributed to ministries and Ministry of Finance. Auditor General Office receives 'exception reports'.
(iii) Extent of management response to internal audit function.	C	B	Met and comprehensive action is taken by many (but not all) managers.	Improvement to good level Performance. Comprehensive action to correct specific findings is now taken for most audit findings but changes in operations are still lacking.
5. Accounting, Recording and Reporting				
<u>PI-22 Timeliness and regularity of accounts reconciliation</u>	C+	B		
(i) Regularity of bank reconciliation	B	B	Bank reconciliation for all Treasury managed bank accounts take place at least monthly, usually within 4 weeks from end of month.	No change in good level performance
(ii) Regularity and clearance of suspense accounts and advances	C	B	Reconciliation and clearance of suspense accounts and advances take place at least annually within two months of end of period. Some accounts have uncleared balances brought forward.	Improvement in Performance
<u>PI-23 Availability of information on resources received by service delivery units</u>	D	D	No comprehensive data collection on resources to service delivery units in any major sector has been collected and processed within the last 3 years.	No change in low level performance

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
<u>PI-24 Quality and timeliness of in-year budget reports</u>	C+	A		
(i) Scope of reports in terms of coverage and compatibility with budget estimates.	A	A	Classification of data allows direct comparison to the original budget. Information includes all items of budget estimates. Expenditure is covered at both commitment and payment stages.	<i>No change in high level performance.</i>
(ii) Timeliness of the issue of reports	A	A	Reports are prepared quarterly or more frequently and issued within 4 weeks of end of period.	<i>No change in high level performance.</i>
(iii) Quality of information	C	B	There are some concerns about accuracy, but data issues are generally highlighted in the reports and do not compromise overall consistency/ usefulness.	<i>Improvement in performance to a good level.</i>
<u>PI-25 Quality and timeliness of annual financial statements</u>	C+	A		
(i) Completeness of the financial statements	C	A	Financial reports for budgetary central government are prepared annually and are comparable with the approved budget. They contain full information on revenue, expenditure, financial and tangible assets, liabilities, guarantees, and long-term	<i>Improvement in Performance to a high level.</i> In the 2014 assessment the financial statements only showed the movement in opening and closing balances for loan and donor funded projects. The financial statements now present greater detail.

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
			obligations, and are supported by a reconciled cash flow statement.	
(ii) Timeliness of submissions of the financial statements	A	A	Financial reports for budgetary central government are submitted for external audit within 6 months of the end of the fiscal year.	No change in high level performance.
(iii) Accounting standards used	C	A	IPSAS or corresponding national standards are applied	Improvement in Performance to a high level. In the 2014 assessment IPSAS were only applied as guidelines. The Comptroller and Auditor General opined that the 2016/17 accounts "in all material aspects were in accordance with the International Public-Sector Accounting Standards (IPSAS) under cash basis of accounting"

6. External Scrutiny and Audit

<u>PI-26 Scope, nature and follow-up of external audit</u>	D+	B+
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Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(i) Scope/nature of audit performed (including adherence to auditing standards)	C	B	Central government entities representing at least 75% of total expenditures are audited annually, at least covering revenue and expenditure. A wide range of financial audits are performed and generally adheres to auditing standards, focusing on significant and systemic issues	<i>Improvement in Performance to a good level.</i> Still awaiting outcomes of a peer review confirming the standards are being applied correctly. However greater coverage of the central government is being applied in comparison to the 2014 assessment.
(ii) Timeliness of submission of audit reports to the Legislature	D	B	The consolidated government statement is submitted for external audit within 10 months of the end of the fiscal year.	<i>Improvement in Performance to a good level.</i> In the 2014 assessment there were considerable delays in submitting the annual reports. The past three years have been submitted within nine months.
(iii) Evidence of follow up on audit recommendations	B	A	There is clear evidence of effective and timely follow up.	<i>Improvement in performance to a high level.</i> The Audit office management letters on the outcome of the auditing of the government public accounts for the financial years 2014/15 to 2016/17 were received together with the written responses from MoF. MoF responses to the audit management letters were promptly within a month.
<u>PI-27 Legislative scrutiny of the annual budget law</u>	B	B+		
(i) Scope of the legislature scrutiny	B	C	The legislature's review covers details of expenditure and revenue.	<i>Decline in Performance.</i> No evidence that the legislature covers details on overall expenditure and revenue

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(ii) Extent to which the legislature's procedures are well established and respected.	B	A	The legislature's procedures for budget review are firmly established and respected. They include internal organizational arrangements, such as specialized review committees, and negotiation procedures.	Improvement in Performance to a high level. In the 2014 assessment it was commented that there were no specialized committees to review the budget. There is now the FEC which scrutinizes the annual budget over 14 days and reports back to the Legislative Assembly.
(iii) Adequacy of time for the legislature to provide a response to budget proposals both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined)	B	B	(iii) The legislature has at least one month to review the budget proposals.	No change in good level performance
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature	B	A	Clear rules exist for in-year budget adjustments by the executive. The rules set strict limits on the extent and nature of amendments and are adhered to in all instances.	No Change in Performance, change in Judgement In the 2014 assessment the ability to reallocate 20% within outputs and sub outputs of a Ministry was generous.
<u>PI-28 Legislative scrutiny of external audit reports</u>	B+	C+		

Indicator/Dimension	Score previous assessment	Score current assessment	Description of requirements met in current assessment	Explanation of change (include comparability issues)
(i) Timeliness of examination of audit reports by the legislature	B	D	Examination of audit reports by the legislature does not take place or usually takes more than 12 months to complete.	<p><i>Decline in Performance.</i></p> <p>The policy of FEC is to review the public accounts within three months from receipt depending on the workload it has from time, it:</p> <ul style="list-style-type: none"> • reviewed the 2014/15 public accounts on 6 September 2016, 15 months after the end of the financial year; • reviewed the 2015/16 public accounts on 28 November 2017, 17 months after the end of the financial year; and • planned to review the 2016/17 public accounts in August 2018. <p>The audit reports on the other central government agencies financial statements for the past three years have not been considered by FEC.</p>
(ii) Extent of hearing on key findings undertaken by the legislature	A	A	In-depth hearings on key findings take place consistently with responsible officers from all or most audited entities, which receive a qualified or adverse audit opinion.	<i>No change in high level performance.</i>
(iii) Issuance of recommended actions by the legislature and implementation by the executive	B	C	Actions are recommended but are rarely acted upon by the executive.	<i>Decline in Performance.</i>

Annex 5: Calculation sheet templates for PI-1, PI-2 and PI-3

TABLE 1 - Fiscal years for assessment

Year 1 - 2014/15
 Year 2 - 2015/16
 Year 3 - 2016/17

TABLE 2 - Results Matrix PI- 1, PI-2.1 and PI-2.3

Year	for PI-1 total exp. Outturn	for PI-2.1 composition variance	for PI-2.3 contingency share
2014/15	91.3%	16.8%	1.6%
2015/16	100.9%	6.0%	
2016/17	83.8%	24.4%	

TABLE 3 - Results Matrix PI-2.2

Year	Composition Variance
2014/15	16.5%
2015/16	18.8%
2016/17	23.5%

TABLE 4 - Results Matrix PI-3.1 and PI-3.2

Year	Total Revenue Deviation	Composition Variance
2014/15	85.5%	12.9%
2015/16	107.4%	13.6%
2016/17	90.8%	19.7%

TABLE 5 - Calculation Sheet for PFM Performance Indicators PI-1, PI-2.1 and PI-2.3 2014/15

Administrative or Functional Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Finance	85,504,589	86,638,378	78,113,527.7	8,524,850.3	8,524,850.3	10.9%
Education, Sports and Culture	84,003,539	81,871,845	76,742,229.2	5,129,615.8	5,129,615.8	6.7%
Health	81,877,882	83,956,074	74,800,315.1	9,155,758.9	9,155,758.9	12.2%
Works, Transport and Infrastructure	59,132,802	59,519,805	54,021,331.7	5,498,473.3	5,498,473.3	10.2%
Natural Resources and Environment	28,569,367	28,657,658	26,099,816.0	2,557,842.0	2,557,842.0	9.8%
Police	21,827,496	26,187,642	19,940,715.8	6,246,926.2	6,246,926.2	31.3%
Foreign Affairs and Trade	21,258,876	20,981,885	19,421,247.7	1,560,637.3	1,560,637.3	8.0%
Commerce, Industry and Labour	16,942,143	16,582,550	15,477,655.3	1,104,894.7	1,104,894.7	7.1%
Statutory payments	32,199,924	34,386,661	29,416,545.8	4,970,115.2	4,970,115.2	16.9%
Agriculture and Fisheries	13,840,473	13,568,321	12,644,095.3	924,225.7	924,225.7	7.3%
Revenue	11,421,060	11,579,191	10,433,817.6	1,145,373.4	1,145,373.4	11.0%
Women, Community and Social Development	10,436,808	10,042,752	9,534,644.9	508,107.1	508,107.1	5.3%
Justice and Courts Administration	9,733,950	10,343,181	8,892,542.3	1,450,638.7	1,450,638.7	16.3%
Prime Minister	7,986,312	7,304,539	7,295,971.0	8,568.0	8,568.0	0.1%
Legislative Assembly	6,678,549	6,368,705	6,101,251.7	267,453.3	267,453.3	4.4%
Communication and Information Technology	5,455,281	5,267,613	4,983,723.7	283,889.3	283,889.3	5.7%
Public Service Commission	4,402,020	4,127,435	4,021,507.1	105,927.9	105,927.9	2.6%
Bureau of Statistics	4,106,912	3,935,685	3,751,908.4	183,776.6	183,776.6	4.9%
Office of the Attorney General	4,020,339	3,610,952	3,672,818.8	-61,866.8	61,866.8	1.7%
Development payments	127,095,005	66,391,000	116,108,846.4	-49,717,846.4	49,717,846.4	42.8%
21 (= sum of rest)	11,500,202	10,658,758	10,506,118.5	152,639.5	152,639.5	1.5%
Allocated Expenditure	647,993,529	591,980,630	591,980,630.0	0.0	99,559,426.4	
Interest	14,877,598	16,067,124				
Contingency	14,776,263	10,604,249				
Total Expenditure	677,647,390	618,652,003				
Aggregate outturn (PI-1)						91.3%
Composition (PI-2) variance						16.8%
Contingency share of budget						1.6%

TABLE 6 - Calculation Sheet for PFM Performance Indicators PI-1, PI-2.1 and PI-2.3 2015/16

Administrative or Functional Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Finance	82,417,045	82,150,494	83,744,668.7	-1,594,174.7	1,594,174.7	1.9%
Education, Sports and Culture	79,288,274	83,928,576	80,565,497.5	3,363,078.5	3,363,078.5	4.2%
Health	79,074,367	80,579,254	80,348,144.8	231,109.2	231,109.2	0.3%
Works, Transport and Infrastructure	47,095,695	44,868,727	47,854,341.0	-2,985,614.0	2,985,614.0	6.2%
Natural Resources and Environment	28,403,227	26,115,030	28,860,763.4	-2,745,733.4	2,745,733.4	9.5%
Police	26,923,610	25,879,430	27,357,311.8	-1,477,881.8	1,477,881.8	5.4%
Foreign Affairs and Trade	21,623,483	20,180,485	21,971,807.2	-1,791,322.2	1,791,322.2	8.2%
Commerce, Industry and Labour	16,255,618	15,930,831	16,517,473.3	-586,642.3	586,642.3	3.6%
Statutory payments	13,638,604	13,044,772	13,858,302.9	-813,530.9	813,530.9	5.9%
Agriculture and Fisheries	33,606,073	38,710,772	34,147,420.0	4,563,352.0	4,563,352.0	13.4%
Revenue	11,267,780	10,701,762	11,449,288.2	-747,526.2	747,526.2	6.5%
Women, Community and Social Development	11,225,933	10,766,169	11,406,767.1	-640,598.1	640,598.1	5.6%
Justice and Courts Administration	11,039,948	10,634,382	11,217,786.2	-583,404.2	583,404.2	5.2%
Prime Minister	8,595,684	7,675,707	8,734,148.5	-1,058,441.5	1,058,441.5	12.1%
Legislative Assembly	7,436,176	6,880,600	7,555,962.4	-675,362.4	675,362.4	8.9%
Communication and Information Technology	5,973,502	7,135,726	6,069,726.8	1,065,999.2	1,065,999.2	17.6%
Public Service Commission	4,973,595	4,862,583	5,053,712.7	-191,129.7	191,129.7	3.8%
Bureau of Statistics	4,739,202	4,518,530	4,815,543.9	-297,013.9	297,013.9	6.2%
Office of the Attorney General	4,677,183	4,083,758	4,752,525.9	-668,767.9	668,767.9	14.1%
Development payments	83,369,813	93,567,670	84,712,784.4	8,854,885.6	8,854,885.6	10.5%
21 (= sum of rest)	13,574,760	12,572,149	13,793,430.5	-1,221,281.5	1,221,281.5	8.9%
Allocated Expenditure	595,199,572	604,787,407	604,787,407.0	0.0	36,156,849.1	
Interest	19,450,449	18,153,954				
Contingency	14,346,711	11,492,876				
Total Expenditure	628,996,732	634,434,237				
Aggregate outturn (PI-1)						100.9%
Composition (PI-2) variance						6.0%
Contingency share of budget						1.8%

TABLE 7 - Calculation Sheet for PFM Performance Indicators PI-1, PI-2.1 and PI-2.3 2016/17

Administrative or Functional Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Finance	91,186,761	92,393,807	76,663,279.9	15,730,527.1	15,730,527.1	20.5%
Education, Sports and Culture	86,833,049	88,019,151	73,002,991.5	15,016,159.5	15,016,159.5	20.6%
Health	75,687,360	69,598,786	63,632,496.6	5,966,289.4	5,966,289.4	9.4%
Works, Transport and Infrastructure	46,495,810	38,587,045	39,090,337.9	-503,292.9	503,292.9	1.3%
Natural Resources and Environment	27,640,064	27,061,916	23,237,780.8	3,824,135.2	3,824,135.2	16.5%
Police	24,796,777	23,006,302	20,847,349.3	2,158,952.7	2,158,952.7	10.4%
Foreign Affairs and Trade	21,104,049	19,965,850	17,742,768.8	2,223,081.2	2,223,081.2	12.5%
Commerce, Industry and Labour	39,823,649	44,548,871	33,480,864.1	11,068,006.9	11,068,006.9	33.1%
Statutory payments	16,660,228	15,913,887	14,006,723.2	1,907,163.8	1,907,163.8	13.6%
Agriculture and Fisheries	15,836,099	15,258,104	13,313,854.7	1,944,249.3	1,944,249.3	14.6%
Revenue	11,317,444	9,436,709	9,514,894.1	-78,185.1	78,185.1	0.8%
Women, Community and Social Development	11,213,942	11,052,467	9,427,877.1	1,624,589.9	1,624,589.9	17.2%
Justice and Courts Administration	10,880,967	10,751,955	9,147,935.6	1,604,019.4	1,604,019.4	17.5%
Prime Minister	8,111,096	8,945,223	6,819,227.0	2,125,996.0	2,125,996.0	31.2%
Legislative Assembly	7,697,417	7,358,451	6,471,435.4	887,015.6	887,015.6	13.7%
Communication and Information Technology	6,204,313	6,506,220	5,216,140.8	1,290,079.2	1290079.206	24.7%
Public Service Commission	5,973,323	5,649,980	5,021,941.0	628,039.0	628039.0088	12.5%
Bureau of Statistics	4,634,310	4,547,399	3,896,195.0	651,204.0	651203.975	16.7%
Office of the Attorney General	4,426,679	4,413,960	3,721,633.8	692,326.2	692326.2084	18.6%
Development payments	162,441,928	66,069,891	136,569,506.9	-70,499,615.9	70499615.94	51.6%
21 (= sum of rest)	15,073,404	14,411,895	12,672,635.6	1,739,259.4	1,739,259.4	13.7%
Allocated Expenditure	694,038,669	583,497,869	583,497,869.0	0.0	142,162,187.8	
Interest	19,277,468	16,511,650				
Contingency	14,769,185	9,806,238				
Total Expenditure	728,085,322	609,815,757				
Aggregate outturn (PI-1)						83.8%
Composition (PI-2) variance						24.4%
Contingency share of budget						1.3%

TABLE 8 - Calculation Sheet for Expenditure by Economic Classification Variance PI-2.2 2014/15

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Compensation of employees	151,117,784	140,856,298	138,619,446.9	2,236,850.7	2,236,850.7	1.6%
Use of goods and services	44,606,533	50,718,508	40,917,307.8	9,801,199.9	9,801,199.9	24.0%
Consumption of fixed capital	195,644,498	195,778,645	179,463,537.8	16,315,107.2	16,315,107.2	9.1%
Interest	32,199,924	34,386,661	29,536,799.3	4,849,861.7	4,849,861.7	16.4%
Subsidies	95,298,205	99,175,170	87,416,478.0	11,758,692.0	11,758,692.0	13.5%
Grants	2,031,580	4,674,348	1,863,556.0	2,810,792.2	2,810,792.2	150.8%
Social benefits	127,095,006	66,391,000	116,583,495.4	-50,192,495.4	50,192,495.4	43.1%
Other expenses	14,877,598	16,067,124	13,647,132.4	2,419,991.6	2,419,991.6	17.7%
Total expenditure	662,871,127	608,047,754	608,047,753.7	0.0	100,384,990.7	
Overall Variance						
Composition Variance						16.5%

TABLE 9 - Calculation Sheet for Expenditure by Economic Classification Variance PI-2.2 2015/16

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Compensation of employees	167,667,472	151,635,769	169,929,227.3	-18,293,458.5	18,293,458.5	10.8%
Use of goods and services	46,812,115	83,153,771	47,443,588.1	35,710,182.4	35,710,182.4	75.3%
Consumption of fixed capital	218,051,520	182,262,380	220,992,932.7	-38,730,552.5	38,730,552.5	17.5%
Interest	33,606,073	38,710,772	34,059,403.2	4,651,368.8	4,651,368.8	13.7%
Subsidies	43,358,608	46,875,466	43,943,494.8	2,931,971.5	2,931,971.5	6.7%
Grants	2,333,972	8,581,579	2,365,456.0	6,216,123.3	6,216,123.3	262.8%
Social benefits	83,369,813	93,567,670	84,494,432.7	9,073,237.3	9,073,237.3	10.7%
Other expenses	19,450,449	18,153,954	19,712,826.4	-1,558,872.4	1,558,872.4	7.9%
Total expenditure	614,650,021	622,941,361	622,941,361.1	0.0	117,165,766.9	
Overall Variance						
Composition Variance						18.8%

TABLE 10 - Calculation Sheet for Expenditure by Economic Classification Variance PI-2.2 2016/17

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Compensation of employees	169,435,590	157,886,728	142,521,613.9	15,365,114.1	15,365,114.1	10.8%
Use of goods and services	41,358,501	46,855,643	34,788,914.9	12,066,728.2	12,066,728.2	34.7%
Consumption of fixed capital	175,019	241,831	147,218.1	94,613.3	94,613.3	64.3%
Interest	39,823,649	44,548,871	33,497,866.1	11,051,004.9	11,051,004.9	33.0%
Subsidies	278,208,406	263,155,654	234,016,424.4	29,139,229.5	29,139,229.5	12.5%
Grants	2,595,575	4,739,251	2,183,281.5	2,555,969.4	2,555,969.4	117.1%
Social benefits	162,441,928	66,069,891	136,638,859.0	-70,568,968.5	70,568,968.5	51.6%
Other expenses	19,277,468	16,511,650	16,215,340.9	296,309.1	296,309.1	1.8%
Total expenditure	713,316,137	600,009,519	600,009,518.7	0.0	141,137,937.0	
Overall Variance						
Composition Variance						23.5%

TABLE 11 – Calculation Sheet for Revenue composition outturn 2014/15

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Tax revenues						
Taxation-Duties	166,518,739	157,402,641	142,455,006.3	14,947,634.7	14,947,634.7	10.5%
Taxation-VAGST	194,988,147	178,531,142	166,810,281.8	11,720,860.4	11,720,860.4	7.0%
Taxation-Income Tax	119,407,949	106,566,290	102,152,228.0	4,414,061.7	4,414,061.7	4.3%
Social contributions						
Social security contributions						
Other social contributions						
Grants						
Grants from foreign governments	151,436,520	95,259,703	129,552,328.8	-34,292,625.7	34,292,625.7	26.5%
Grants from international organizations						
Grants from other government units						
Other revenue						
Fees and charges	40,596,622	32,033,293	34,729,977.3	-2,696,684.7	2,696,684.7	7.8%
Income from investments	5,186,767	7,665,164	4,437,224.2	3,227,939.3	3,227,939.3	72.7%
Income from investments-Dividends	700,000	3,705,401	598,842.5	3,106,558.9	3,106,558.9	518.8%
Income from investments-Privatization	500,000	-	427,744.7	-427,744.7	427,744.7	100.0%
Total revenue	679,334,744	581,163,634	581,163,633.6		74,834,110.1	
Overall variance						85.5%
Composition variance						12.9%

TABLE 12 – Calculation Sheet for Revenue composition outturn for 2015/16

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Tax revenues						
Taxation-Duties	183,611,820	184,110,339	197,213,179.8	-13,102,840.4	13,102,840.4	6.6%
Taxation-VAGST	144,415,552	200,973,445	155,113,380.8	45,860,064.2	45,860,064.2	29.6%
Taxation-Income Tax	114,687,374	114,412,716	123,183,037.8	-8,770,322.3	8,770,322.3	7.1%
Social contributions						
Social security contributions						
Other social contributions						
Grants						
Grants from foreign governments	146,562,931	140,334,625	157,419,831.4	-17,085,206.1	17,085,206.1	10.9%
Grants from international organizations						
Grants from other government units						
Other revenue						
Fees and charges	32,760,358	30,974,094	35,187,137.3	-4,213,043.6	4,213,043.6	12.0%
Income from investments	3,186,565	1,003,280	3,422,615.7	-2,419,335.8	2,419,335.8	70.7%
Income from investments-Dividends	5,965,912	5,965,912	6,407,846.8	-441,935.1	441,935.1	6.9%
Income from investments-Privatization	326,150	326,150	350,310.1	-24,160.1	24,160.1	6.9%
Fees and charges	61,156	262,466	65,686.3	196,779.3	196,779.3	299.6%
Total revenue	631,577,818	678,363,026	678,363,025.9	0.0	92,113,686.9	
Overall variance						107.4%
Composition variance						13.6%

TABLE 13 – Calculation Sheet for Revenue composition outturn for 2016/17

Economic Head	Budget	Actual	Adjusted Budget	Deviation	Absolute Deviation	%
Tax revenues						
Taxation-Duties	191,607,931	202,355,627	174,005,075.4	28,350,551.1	28,350,551.1	16.3%
Taxation-VAGST	202,414,118	199,353,661	183,818,507.2	15,535,153.8	15,535,153.8	8.5%
Taxation-Income Tax	114,536,348	117,058,328	104,013,992.3	13,044,335.4	13,044,335.4	12.5%
Social contributions						
Social security contributions						
Other social contributions						
Grants						
Grants from foreign governments	224,693,204	137,500,000	204,050,832.8	-66,550,832.7	66,550,832.7	32.6%
Grants from international organizations						
Grants from other government units						
Other revenue						
Fees and charges	32,127,841	39,134,207	29,176,284.3	9,957,922.8	9,957,922.8	34.1%
Income from investments	3,353,434	1,160,001	3,045,357.2	-1,885,356.1	1,885,356.1	61.9%
Income from investments-Dividends	3,523,986	5,276,998	3,200,240.4	2,076,757.8	2,076,757.8	64.9%
Income from investments-Privatization	582,000	-	528,532.2	-528,532.2	528,532.2	100.0%
Total revenue	772,838,863	701,838,822	701,838,821.8	0.0	137,929,441.8	
Overall variance						90.8%
Composition variance						19.7%