Samoa

Public Financial Management Performance Report

December 2014

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Abbreviations and Acronyms

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

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

Summary Assessment

Introduction

The Government of Samoa (GoS) is currently in the final implementation year for the Public Finance Management Reform Plan Phase II 2011 – 2013. As part of the Monitoring and Evaluation of the PFM Program, annual reviews of the PFM reform process in carried out, inviting Development Partners, Private Sector, Civil Societies and key government stakeholders. Addition to the M&E tool is the inclusion of an independent analysis of PFM progress using the international Public Expenditure and Financial Accountability (PEFA) Framework at least every three years and possibly the OECD/DAC Procurement Assessment specifically for procurement issues.

The last PEFA assessment was carried out in 2010 with similar process such as the self assessment component with the assistance of the EU funded consultant. The results were used as the basis of the current Phase II of the PFM Plan 2011 - 2013.

The Samoa Repeat PEFA assessment 2013 commenced in August 2013 and was carried out by the Government with the technical support by PFTAC. Although recognising the ongoing reforms, the scores reflect the existing situation and therefore act as a basis against which ongoing reforms can be monitored. The use of the plus '+' in this assessment differs from that of an 'upwards arrow' in 2010, to reflect ongoing reforms, which have not yet impacted on the overall score. The findings are based on a review of a wide range of internal and external documentation, one workshop, and meetings with a large number of stakeholders. The overall results of the analysis are set out in table 1 below with more detailed justification and information sources provided in Annex A.

Table 1 Summary of Overall results

PFM Performance Indicator		Scoring Method	PEFA 2010	Dimension Ratings				Overall Rating
				i.	ii.	iii.	iv.	
A. PFM-OUT-TURNS: Credibility of the budget								
PI-1	Aggregate expenditure out-turn compared to original approved budget	M1	**A**	A				**A**
PI-2	Composition of expenditure out-turn compared to original approved budget	M1	**C**	B	A			**B+**
PI-3	Aggregate revenue out-turn compared to original approved budget	M1	**B**	A				**A**
PI-4	Stock and monitoring of expenditure payment arrears	M1	**N/R**	B	A			**B+**
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency								
PI-5	Classification of the budget	M1	**B**	B				**B**
PI-6	Comprehensiveness of information included in budget documentation	M1	**B**	B↑				**B↑**
PI-7	Extent of unreported government operations	M1	**D+**	A	C			**C+**
PI-8	Transparency of inter-governmental fiscal relations	M2	**N/A**	N/A				**N/A**
PI-9	Oversight of aggregate fiscal risk from other public sector entities	M1	**B**	B	N/A			**B**
PI-10	Public access to key fiscal information	M1	**C**	C				**C**
C. BUDGET CYCLE								
C(i) Policy-Based Budgeting								
PI-11	Orderliness and participation in the annual budget process	M2	**B+**	B	A	A		**A**

Table 1 Summary of Overall results

PFM Performance Indicator		Scoring Method	PEFA 2010	Dimension Ratings i.	ii.	iii.	iv.	Overall Rating
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	M2	**D+↑**	C	A	C	C↑	**C+↑**
	C(ii) Predictability and Control in Budget Execution							
PI-13	Transparency of taxpayer obligations and liabilities	M2	**C+**	B	B	C		**B**
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	M2	**C**	C↑	B	B		**B**
PI-15	Effectiveness in collection of tax payments	M1	**D+**	N/R	A	D		**D+**
PI-16	Predictability in the availability of funds for commitment of expenditures	M1	**C+↑**	C	A	A		**C+**
PI-17	Recording and management of cash balances, debt and guarantees	M2	**C+↑**	B	B	B		**B**
PI-18	Effectiveness of payroll controls	M1	**D+↑**	A	C↑	B	B	**C+↑**
PI-19	Competition, value for money and controls in procurement	M2	**C↑**	B	A	C	D	**C+**
PI-20	Effectiveness of internal controls for non-salary expenditure	M1	**D+**	C↑	C↑	C↑		**C+↑**
PI-21	Effectiveness of internal audit	M1	**D+**	C	C+	C		**C+**
	C (iii) Accounting, Recording and Reporting							
PI-22	Timeliness and regularity of accounts reconciliation	M2	**C**	B	C↑			**C+**
PI-23	Availability of information on resources received by service delivery units	M1	**D**	D				**D**
PI-24	Quality and timeliness of in-year budget reports	M1	**C+↑**	A	A	C↑		**C+↑**
PI-25	Quality and timeliness of annual financial statements	M1	**D+↑**	C	A	C↑		**C+↑**
	C(iv) External Scrutiny and Audit							
PI-26	Scope, nature and follow-up of external audit	M1	**D+↑**	C	D	B		**D+**
PI-27	Legislative scrutiny of the annual budget law	M1	**D+**	B	B	B	B	**B**
PI-28	Legislative scrutiny of external audit reports	M1	**D+**	B	A	B		**B+**
	D. DONOR PRACTICES							
D-1	Predictability of Direct Budget Support	M1	**N/A**	D	N/A			**D**
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	M1	**C**	C↑	C			**C↑**
D-3	Proportion of aid that is managed by use of national procedures	M1	**D**	B				**B**

Overall assessment and comparison

Summary / Key Highlights

Overall, there have been significant improvements across a number of PEFA assessment criteria between the 2010 and 2013 assessments. In addition, there are a number of areas of potential "quick wins", where relatively little effort would be required for the Samoan Government in achieving a higher score.

Noteworthy improvements since 2010 have been made in expenditure, commitment and arrears reporting; taxation awareness programs; debt and guarantees processes; payroll and other expenditure processing; and bank/suspense account reconciliation. Many of these improvements have flown from improvements to the Finance One and People One systems used for Finance and HR processing, which have enabled more timely and accurate data processing and reporting.

The 2013 Assessment has also identified a number of ongoing projects in Public Financial Management that, when completed, should enable higher scores in a later PEFA assessment. These include the development of sector plans; procurement process improvements; reforms to customs legislation; and legislative and resourcing improvements to audit activities (both internal and external).

Nonetheless, there are some areas where further effort is required to improve Public Financial Management. Notably, significant taxation arrears issues remain, there are issues with registration and linkages of information on taxpayers across Samoan Government systems and also to the financial sector, and there is a lack of availability of resourcing information for primary service delivery units (eg, individual hospital budgets). There is also an absence of the reconciliation across all phases of revenue operation from assessment, collection, arrears and transfers to the treasury

A comparison of the scores achieved in 2010 and 2013 is provided in Annex B, together with an explanation of the variations. Broadly, the PEFA assessment team has agreed with the methodology used in the 2010 assessment, and this has enabled a reasonably easy comparison of results between assessments for most criteria. There are a few instances where the 2010 assessment methodology has been discussed and issues raised – these instances are raised in discussion of assessments of specific criteria.

Budget Credibility

At an aggregate level, the budget appears to have been a credible indicator of actual expenditure with variances generally around 2%. A spike in expenditure in 2010-11 resulted from unforeseen recovery expenditure following natural disasters in that year. At an administrative level, composition of overall expenditure has shown greater absolute deviation, although the amount actually charged to the contingency vote is quite small (3%).

However, caution is required in interpreting these results, because with lack of information on the level of expenditure payment arrears, actual expenditure may be understated. In contrast, traditionally conservative revenue forecasts have been reasonably accurate, despite the impact of the global financial crisis on the government's revenues. However, revenue arrears have not been actively monitored or collected, and therefore revenues are potentially understated.

Revenue forecasts have also been relatively accurate, although the impact of natural disasters does appear to have had an impact on revenue actuals when compared to projections.

A key concern raised in the 2010 PEFA was the issue of expenditure payment arrears, and the impacts of this on credibility of the budget. This 2013 PEFA assessment has, however, noted significant improvements in this area.

Comprehensiveness and Transparency

The budget is generally quite comprehensive and transparent. The budget is based on administrative and economic classifications, with functional information also provided. Most of the information requirements specified in the PEFA are met, and those not met are largely met or readily available through other sources. The budget covers the bulk (>99%) of the Government's operations. Provision of improved debt stock information and information on donor-funded projects (notably, in the form of a "trading statement" showing gross receipts and payments), would improve transparency further.

Samoa does not have a sub national Government sector; as a result, there are no issues with transparency of inter-governmental financial relations. Reporting and monitoring of State Owned

Enterprises (SOESs) is comprehensive and actions are recommended and taken based on these reports. Delays in the audit of the financial statements of these entities have been a problem although recent initiatives to improve audit timeliness and scope should alleviate this issue in a future PEFA.

Public access to key documentation is generally good, with intended improvements to audit office timeliness for clearance of financial statements as mentioned above to deliver further improvements. The availability of up-to-date financial statements for the SOEs has enabled improved monitoring of potential fiscal risk.

Policy-based Budgeting

The Samoan Government continues to improve its policy-based budgeting. The budget timetable, processes and guidance are generally adhered to, and legislative approval is provided prior to the commencement of the budget year. Medium-term financial forecasts have been in place for a number of years, although general budget consideration focuses primarily on the budget year only and there is no clear link between the forward estimates and ministry ceilings. The development and publication of fully-costed sector strategies, and the linking of these to the budget process in the future, will assist in this area.

Debt Sustainability Analyses (DSAs) are regularly conducted. The DSAs cover both external and domestic debt. .

Predictability and Control in Budget Execution

Significant changes for Inland Revenue have taken place, notably with the passage of new legislation in 2012. Further work is underway to review the Customs Acts as part of the Government of Samoa's Customs Modernisation Project. These changes have led to improvements in taxpayer compliance, notably through increased education and awareness activities, and enforcement procedures. Revenue administration, however, continues to be problematic, both in terms of debt collection, and collection/reconciliation of data across a number of disparate systems.

Cash flows are actively managed, with the MoF closely monitoring the cash balances of the Government against anticipated usage. Annual warrants are issued, enabling line ministries to have confidence in their budget allocations for the whole year. A clear and well-documented process for supplementary estimates, and reallocations not requiring approval of the legislature, is in place.

The Government has a number of bank accounts in both the Central Bank and commercial banks. Cash balances for six treasury-managed accounts are calculated daily and offset. All external, domestic (guarantees) and on-lent debts are recorded on the CS-DRMS and a medium-term debt strategy has been adopted. An issue identified in the 2010 PEFA, where loans and guarantees were not always approved in accordance with detailed criteria, and also where public bodies occasionally made requests for loans and guarantees directly to Cabinet bypassing MoF scrutiny, has now been resolved.

There have been significant improvements to understanding and use of the Finance One system used for financial management. Progress has been made in improving the timeliness of financial statements and bank account reconciliations.

Payroll-related costs account for approximately 40% of total current expenditure. Since the 2010, the two systems used for financial management by the MoF (Finance One) and personnel by the Public Service Commission (People One) have been integrated. A detailed process now occurs for payroll transactions, and no intervention is required in Finance One once a transaction is recorded in People One. A residual issue remains, however, in actually processing some payroll transactions in People One, notably around promotions and transfers. An extremely thorough process involving external audit verification of all payroll transactions takes place.

In terms of procurement practices, open competition is the preferred practice and a thorough legal framework governs procurement matters, including the threshold for approval of procurements, the thresholds for the sourcing of procurement (such as open tender, limited tender, etc), and advertising of procurements awarded. Detailed instructions have been developed. Procurement planning is underway, although these are not yet published. Furthermore, an independent procurements complaints mechanism has not been established.

Expenditure commitment controls are in place and official requisitions/purchase orders cannot be raised unless there is sufficient budget allocation, but there are concerns about ministries' understanding of the commitment control system and the raising of unofficial orders. A 100% pre-audit by the Audit Office of all payments and cheques is completed – concerns that this delays the process were raised in the 2010 PEFA however the 2013 Assessment Team did not see this as a particular issue.

Internal audit improvements are underway, although the majority of audits continue to be transactional in nature, or relate to investigations. In addition, audit reports completed by internal auditors in line ministries are not reported through the MoF. Resourcing is an issue in some ministries. Improvement initiatives underway include development of a new framework which will mandate adequate resourcing of internal audit functions within ministries, establishment of a forum of internal auditors, development of an internal audit manual, and shift focus to systems-based audits.

Accounting, Recording and Reporting

Bank reconciliation processes have improved, with the majority of bank account reconciliations completed within 4 weeks of month end. Suspense accounts still retain significant balances, although this has been a recent focus. Notably, advances are now cleared within 2 weeks, and the balance of suspense accounts has been brought down from SAT 3m to SAT 300k over the last three years.

Reporting and budgeting by service delivery units (such as individual schools and hospitals) remains a concern. At this stage, there is little clear information of resourcing available, although discussions with the Ministry of Education revealed some progress in this area. In-year reporting is timely and with the exception of loan-financed projects covers both actual payments and commitments, and budgets. Data quality is generally good but there are issues with capture of data, through untimely commitment reporting, delays on receiving data from overseas missions, separate recording on separate systems for some donor projects, and the use of a separate system by Customs for recording of Customs revenues.

External Scrutiny and Audit

Resourcing has continued to be an issue for the Audit Office, although recently action has been taken to improve the scope and timing of audit activities. Nonetheless, a significant audit backlog remains (at the time of the drafting of this report, audit signoff on the 2011-12 financial statements remains outstanding, more than 12 months after completion of the year. The work undertaken included the Audit Office's Capacity Supplementation Project which sought to enhance the scope and technical quality of audits. Legislative changes have been recently passed to ensure greater audit independence, and to mandate delivery of financial statements to the audit office.

At this stage, scores for audit outcomes remain low, however it is hoped that these scores will improve in a later PEFA, as resourcing is increased and the backlog is cleared.

Although management response to recommendations is reported to be good, and follow-up requirements set out in audit files, this is not clearly shown in the audit reports themselves.

Legislative scrutiny of the budget is carried out by Parliament's Finance and Expenditure Committee. Legally the legislature is unable to amend (other than reduce) the proposed estimates, and in practice the committee spends only a limited time (two to three weeks) in their review. Nonetheless, detailed scrutiny does occur, although this scrutiny is generally focussed on the budget year only and does not tend to review the out-year budgets in any great detail. Scrutiny of the Controller and Chief Auditor's (CCA) annual report is completed by Parliament's Officers of Parliament Committee albeit delayed, Deliberations on the latest set of available audited public accounts (for the year ending June 2011), which were tabled in June 2013 are due for completion in October 2013. The scope of analysis byt the Officers of Parliament Committee includes high-level summarised information, as well as detailed management letters on each ministry.

Donor practices

A sizeable amount of aid is provided by donors as "direct budget support" as defined in the 2012 PEFA Field Guide. A key issue has been capacity to deliver, with aid receipts driven by milestones rather than to a timing schedule. Capacity issues are therefore an issue – if a project is late, then delivery of aid funds is late as well.

Most donors provide budget information, although this is not necessarily attached to the Samoan Government's specific outputs/sub-outputs.

Impact of PFM Weaknesses on the Three Main Budgetary Outcomes

Table 2 below sets out the impact of the identified PFM weaknesses on the three main budgetary outcomes:

- aggregate fiscal discipline;
- strategic resource allocation; and
- efficient use of resources for service delivery.

Table 2. Impact of PFM Weaknesses on the Three Main Budgetary Outcomes

	Aggregate fiscal discipline	**Strategic allocation of resources**	**Efficient service delivery**
Budget credibility	*In order for the budget to be a tool for policy implementation, it is necessary that it is realistic and implemented as passed.*		
The budget is realistic and is implemented as intended	A lack of credibility increases the likelihood of **overshooting the deficit target or increasing the level of arrears**. This can arise from pressures created by over-optimistic revenue forecasts and under-budgeting of non-discretionary expenditures (e.g. utilities, salaries, entitlement payments). It can also arise from non-compliance in budget execution (e.g. revenue leakages or unbudgeted expenditures). In Samoa's case, the budget is realistic and generally implemented as intended. Aggregate expenditure estimates have been a credible indicator of actual expenditures, with variances generally around 2%. Amounts charged to the contingency reserve are quite small (3%). Revenue estimates have also been relatively accurate. There has also been a considerable improvement in expenditure payment arrears.	A lack of credibility in the budget may lead to **short falls in the funding of priority expenditures**. This may arise from expenditure ceiling cuts resulting from revenues shortfalls, under-estimation of the costs of the policy priorities or the non-compliance in the use of resources. In Samoa's case, the budget is realistic and generally implemented according to plan. Because of high levels of budgetary discipline, within-year ceilings are not instituted and generally speaking, expenditures are funded in line with program requirements.	Adjustments may fall disproportionately on **non-salary recurrent expenditures**, which is likely to have significant impact on the efficiency of resources used at the service delivery level. In Samoa's case, the budget is realistic and generally implemented according to plan. Because of high levels of budgetary discipline, within-year ceilings are not instituted and generally speaking within-year adjustments to programs are rarely made above the level of ministry management. At mid-year estimates, there can be some reallocation of resources but these are done consultatively and reflect emerging needs and policy priorities.
Comprehensiveness and transparency	*Comprehensiveness of budget is necessary to ensure that all activities and operations of governments are taking place within the government fiscal policy framework and are subject to adequate budget management and reporting arrangements. Transparency is an important institution that enables external scrutiny of government policies and programs and their implementation.*		
The budget and fiscal risk oversight are comprehensive and fiscal and budget information is	Activities that are not managed and reported through **adequate budget processes** are unlikely to be subject to the same kind of scrutiny and controls as are operations included in the budget. This increases the	Strategic allocation is strengthened if **all claims can compete with each other** in a transparent manner during budget preparation. Extra-budgetary funds, and earmarking of some	Lack of comprehensiveness is likely to increase **waste of resources and decrease the provision of services.** It limits competition in the review of the efficiency and effectiveness of the different programs and their inputs.

	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
accessible to the public	risk that those activities take place without reference **to the fiscal targets** decided by government and that potential risks linked to those activities are not accounted for, thereby increasing the risk of overshooting the deficit and creating unsustainable liabilities for government. In Samoa's case, the budget is quite comprehensive and transparent. The budget is based on administrative and economic classifications, with functional information also provided. The budget covers more than 99% of the Government's operations. Samoa does not have a sub national Government sector; as a result, there are no issues with transparency of inter-governmental financial relations. Reporting and monitoring of State Owned Enterprises (SOESs) is comprehensive and actions are recommended and taken based on these reports. The availability of up-to-date financial statements for the SOEs has enabled improved monitoring of potential fiscal risk. However, provision of improved debt stock information and information on donor-funded projects (notably, in the form of a "trading statement" showing gross receipts and payments), would improve transparency further. Also there have been delays in delivering audited financial statements to the Parliament over several years. Untimely financial statements limit the scrutiny by external stakeholders including the Parliament, citizens and financial	revenues to certain programs are in particular likely to affect the efficiency of strategic planning against government priorities. Lack of transparency limit the availability of information on the use of resources in line with government publicized priorities. This limits the capacity of **the legislature, civil society and media** to assess the extent to which the government is implementing its policy priorities. In Samoa's case, the budget covers 99% of Government operations, and there is reasonably comprehensive classification, therefore the budget process provides a reasonably effective mechanism for strategic planning against government priorities. However, delays in financial reporting over the past few years means that there has been a lack of timely information on the use of resources in line with government publicized priorities, which limits the capacity of external stakeholders to assess the Government's financial position and rate of execution of the Budget.	It may also facilitate the development of patronage or corrupt practices by limiting the scrutiny of operations, expenditures and procurement processes not integrated in budget management and reporting arrangements. Lack of transparency limits the availability of information on the resources available for the service delivery units. This weakens the capacity of **local communities** to exercise any scrutiny on the resources allocated and used at the service delivery units. In Samoa's case, the Budget has been assessed as being quite comprehensive and transparent, which facilitates the efficiency and effectiveness of the Government's delivery of programs and programs. While the delays in annual financial reporting limits the availability of information regarding the performance of the government in maintaining fiscal discipline and managing fiscal risks, the good availability of information on the execution of individual ministries, projects and programs throughout the year does facilitate the monitoring and evaluation of resources used at service delivery units.

	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
	markets. Having said that, recent initiatives to improve audit timeliness and scope should alleviate this issue in the short-term.		
Policy-based budgeting **The budget is prepared with due regard to government policy**	*A policy-based budgeting process enables the government to plan the use of resources in line with its fiscal policy and national strategy*.		
	A weak planning process may lead to a budget that does not respect the fiscal and macroeconomic framework defined by government. In particular, limited involvement by Cabinet may reduce the weight carried by the fiscal targets in the final budget negotiations. Limited integration of **medium-term implications of fiscal decisions** (spending and revenue decisions, approval of guarantees and entitlements programs, etc) in the annual budget process can lead to unsustainable policies. In Samoa's case, the budget timetable, processes and guidance are generally adhered to, and legislative approval is provided prior to the commencement of the budget year. Cabinet is involved in resource allocation decision-making and fiscal targets are a central part of the budget discussions. Debt Sustainability Analyses are regularly conducted, although these have covered external debt only (which constitutes around 95% of all Samoan Government debt). However, while medium-term financial forecasts have been in place for a number of years, general budget	**The lack of participation by line ministries, limited involvement by Cabinet or a chaotic budget process** is likely to constrain allocation of the global resource envelop in line with government priorities and to increase the likelihood of ad-hoc decisions. **The lack of a medium-term perspective** could undermine allocative decisions, as the timespan of an annual budget is too short to introduce significant changes in expenditure allocations, so that costs of new policy initiative may be systematically under-estimated. In Samoa's case, line ministries fully participate in the budget preparation process. The budget calendar is transparent and well managed. However, the lack of a consistent medium term perspective in the budget discussions and the Budget documentation means that the medium term fiscal implications if annual budget decisions may not always be recognized and taken into account.	A poor budget process does not allow **discussions over efficiency in the use of resources**. In particular, it does not allow an orderly review of existing policies and new policy initiatives. **The lack of multi-year perspective** may contribute to inadequate planning of the recurrent costs of investment decisions and of the funding for multi-year procurement. In Samoa's case, the budget discussions do not have a strong emphasis on evaluation of efficiency and effectiveness of existing Government policies and programs. Also the lack of a consistent medium term perspective in the budget discussions and budget documentation can sometimes contribute to a lack of integration of development and recurrent planning and funding over the medium term.

	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
	consideration focuses primarily on the budget year only and there is no clear link between the forward estimates and ministry ceilings. The development and publication of fully-costed sector strategies, and the linking of these to the budget process in the future, will assist in this area.		
Predictability and control in budget execution **The budget is executed in an orderly and predictable manner and there are arrangements for the exercise of control and stewardship in the use of public funds.**	*Predictable and controlled budget execution is necessary to enable effective management of policy and program implementation.* Lack of orderliness in execution, such as poor synchronization of cash inflows, liquidity and outflows, may **undermine fiscal management** by for example leading to unnecessary interest charges or supplier surcharges. Disorderly execution of the budget makes it difficult to undertake **appropriate in-year adjustment** to the budget totals in accordance with the fiscal framework, as information is likely to be inadequate and implementing decisions more challenging. Weak control arrangements may allow **expenditures (including the wage bill) in excess of budget or revenue leakages**, leading to higher deficit, debt levels or arrears. In Samoa's case, cash flows are actively managed, with the MoF closely monitoring the cash balances of the Government against anticipated usage. Annual warrants are issued, enabling line ministries to have confidence in their budget allocations for the whole	Disorderly execution could lead to **unplanned reallocations** because it may allow resources to be captured by low priority items and reduce availability of resources for priorities. Weak controls arrangements may allow **unauthorized expenditures and fraudulent payments**, and may therefore result in patterns in resources utilization, that are significantly different from initial allocations. In Samoa's case, All payments are processed through the Ministry of Finance and a system of automated commitment controls are in place. Official requisitions and purchase orders cannot be raised unless there is sufficient budget allocation. In addition, there is a 100% pre-audit by the Audit Office of all payments and payroll transactions. There have been significant improvements to understanding and use of the Finance One system	Lack of predictability in resource flows undermines the ability of front-line service delivery units **to plan and use those resources in a timely and efficient manner**. It may also foster an environment in which controls are habitually by-passed. **Non-observance of competitive tendering process practices** for the procurement of goods and services are likely to limit the efficiency of existing programs by increasing the costs of procuring the goods or leading to supply of goods of inadequate quality. Inadequate controls of payrolls, procurement and expenditure processes may create the opportunity for corrupt practices, leakages and patronage. In Samoa's case, open competition is the preferred practice for procurement, and a thorough legal framework governs procurement matters, including the threshold for approval of procurements, the thresholds for the sourcing of procurement (such as open tender, limited tender, etc), and advertising of procurements

	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
	year. A clear and well-documented process for supplementary estimates, and reallocations not requiring approval of the legislature, is in place. The Government has a number of bank accounts in both the Central Bank and commercial banks. Cash balances for six treasury-managed accounts are calculated daily and offset. All external, domestic (guarantees) and on-lent debts are recorded on the CS-DRMS and a medium-term debt strategy has been drafted. An issue identified in the 2010 PEFA, where loans and guarantees were not always approved in accordance with detailed criteria, and also where public bodies occasionally made requests for loans and guarantees directly to Cabinet bypassing MoF scrutiny, has now been resolved. In addition, significant changes for Inland Revenue have taken place, notably with the passage of new legislation in 2012. Further work is underway to review the Customs Acts as part of the Government of Samoa's Customs Modernisation Project. These changes have led to improvements in taxpayer compliance, notably through increased education and awareness activities, and enforcement procedures. Revenue administration, however, continues to be problematic, both in terms of debt collection, and collection/reconciliation of data across a number of disparate systems.	used for financial management. Progress has been made in improving the timeliness of financial statements and bank account reconciliations.	awarded. Detailed instructions have been developed. Procurement planning is underway, although these are not yet published. Furthermore, an independent procurements complaints mechanism has not been established. Expenditure commitment controls are in place and official requisitions/purchase orders cannot be raised unless there is sufficient budget allocation, but there are concerns about ministries' understanding of the commitment control system and the raising of unofficial orders. A 100% pre-audit by the Audit Office of all payments and cheques is completed. Payroll-related costs account for approximately 40% of total current expenditure. Since the 2010, the two systems used for financial management by the MoF (Finance One) and personnel by the Public Service Commission (People One) have been integrated. A detailed process now occurs for payroll transactions, and no intervention is required in Finance One once a transaction is recorded in People One. A residual issue remains, however, in actually processing some payroll transactions in People One, notably around promotions and transfers. An extremely thorough process involving external audit verification of all payroll transactions takes place.

	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
			Internal audit improvements are underway, although the majority of audits continue to be transactional in nature, or relate to investigations. In addition, audit reports completed by internal auditors in line ministries are not reported through the MoF. Resourcing is an issue in some ministries. Improvement initiatives underway include development of a new framework which will mandate adequate resourcing of internal audit functions within ministries, establishment of a forum of internal auditors, development of an internal audit manual, and shift focus to systems-based audits.
Accounting, recording and reporting **Adequate records and information are produced, maintained and disseminated to meet decision-making control, management and reporting purposes**	*Timely, relevant and reliable financial information is required to support all fiscal and budget management and decision-making processes.*		
	The lack of timely and adequate information on revenue forecasting and collection, existing liquidity levels and expenditures flows **constrain the capacity of government to decide and control budget totals**. Information is also necessary regarding debt levels, guarantees, contingent liability and forward costs of investment programs to allow management for long-term fiscal sustainability and affordability of policies. In Samoa's case, in-year reporting is timely and, with the exception of loan-financed projects covers both actual payments and commitments, and budgets. All payments are processed through the Ministry of Finance and data quality is generally good, but there are some issues with capture of data, through untimely commitment reporting, delays on receiving data from	A lack of information on cost of programs and use of resources would **undermine the ability to allocate resources** to government priorities. Regular information on budget execution allows monitoring on the use of resources, but also facilitates identification of bottlenecks and problems which may lead to significant changes in the executed budget. In Samoa's case, within-year reporting is timely and, with the exception of loan-financed projects, covers both actual payments and commitments against budgets. The financial management systems are usually updated continuously, which allows for regular information on budget execution and the use of resources. While the	A lack of information on how resources have been provided and used for service delivery is likely **to undermine the planning and management of services**. Inadequate information and records would reduce the availability of evidence that is required for **effective audit and oversight of the use of funds** and could provide the opportunity for leakages, corrupt procurement practices or use of resources in an unintended manner. In Samoa's case, within-year reporting is timely and covers detailed information on both actual payments and commitments and how resources have been provided and used for service delivery at the level of Ministry output groups. However, the systems lack the capacity to automatically calculate information on cost of

	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
	overseas missions, separate recording on separate systems for some donor projects, and the use of a separate system by Customs for recording of Customs revenues. In addition, bank reconciliation processes have improved, with the majority of bank account reconciliations completed within 4 weeks of month end. Suspense accounts still retain significant balances, although this has been a recent focus. Notably, advances are now cleared within 2 weeks, and the balance of suspense accounts has been brought down from SAT 3m to SAT 300k over the last three years. Regarding information on debt levels, all external, domestic (guarantees) and on-lent debts are recorded on the CS-DRMS system and a medium-term debt strategy has been drafted. An issue identified in the 2010 PEFA, where loans and guarantees were not always approved in accordance with detailed criteria, and also where public bodies occasionally made requests for loans and guarantees directly to Cabinet bypassing MoF scrutiny, has now been resolved.	systems can provide cost information on Ministry output groups, the systems lack the capacity to automatically calculate information on cost of individual goods, services and programs.	individual goods, services and programs.
Effective external scrutiny and audit	*Effective scrutiny by the legislature and through external audit is an enabling factor in the government being held to account for its fiscal and expenditures policies and their implementation.*		
Arrangements for scrutiny of public	**Limited scrutiny** of government macro-fiscal policy and its implementation may reduce the pressure on	**Limited scrutiny** is likely to reduce the pressure on government to allocate and execute the budget	**Limited scrutiny** may reduce the extent to which government is held accountable for efficient and rule-

	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
finances and follow up by executive are operating.	government to consider long-term fiscal sustainability issues and to respect its targets. In Samoa's case, the Government provides details of its macro-fiscal policies and targets in the budget papers which are tabled in Parliament. Legislative scrutiny of the budget is carried out by Parliament's Finance and Expenditure Committee. Legally the legislature is unable to amend (other than reduce) the proposed estimates, and in practice the committee spends only a limited time (two to three weeks) in their review. Nonetheless, detailed scrutiny does occur, although this scrutiny is generally focussed on the budget year only and does not tend to review the out-year budgets in any great detail. Scrutiny of the Controller and Chief Auditor's (CCA) annual report is completed by Parliament's Officers of Parliament Committee (OPC). The scope of analysis by the OPC includes high-level summarised information, as well as detailed management letters on each ministry. However, as noted above, in recent years there have been delays in the tabling of the Government's annual financial statements, which diminish the capacity of the Parliament to scrutinise the government's results in a timely fashion.	in line with its stated policies. In Samoa's case, scrutiny of the budget is carried out by Parliament's Finance and Expenditure Committee. The committee spends only a limited time (two to three weeks) in their review; nonetheless, detailed scrutiny does occur, although this scrutiny is generally focussed on the budget year only and does not tend to review the out-year budgets in any great detail. Scrutiny of the Controller and Chief Auditor's (CCA) annual report is completed by Parliament's Officers of Parliament Committee (OPC). The scope of analysis by the OPC includes high-level summarised information, as well as detailed management letters on each ministry.	based management of resources, without which the value of services is likely to be diminished. In addition, inadequate audit means that the accounting and use of funds is not subject to detailed review and verification. In Samoa's case, the Audit Office conducts a detailed pre- payment scrutiny of 100% of all supplier payments payroll payments, so the use of funds is subject to a detailed and comprehensive review and verification process. However, at the whole of government level, in recent years there have been delays in the tabling of the Government's annual financial statements, which diminish the capacity of the Parliament to scrutinise the government's overall results in a timely fashion. Resourcing has continued to be an issue for the Audit Office, although recently action has been taken to improve the scope and timing of audit activities. Nonetheless, a significant audit backlog remains (at the time of undertaking this PEFA assessment, audit signoff on the 2011-12 financial statements remained outstanding, more than 12 months after completion of the year. The work undertaken included the Audit Office's Capacity Supplementation Project which sought to enhance the scope and technical quality of audits. Legislative changes have been recently passed to ensure greater audit independence, and to mandate delivery of financial statements to the audit office. It is hoped that these scores will improve in the short- to medium-term, as resourcing is increased and the

	Aggregate fiscal discipline	Strategic allocation of resources	Efficient service delivery
			backlog is cleared.

Linkages of PEFA to the Government's budgetary and economic strategy.

A higher PEFA score will reflect improved PFM outcomes for the Government. Strengths and weaknesses in a Government's PFM framework have a direct impact on the overall budgetary outcomes for the Government, in the areas of aggregate fiscal discipline, strategic allocation of resources and efficient service delivery.

In Samoa, the good budget framework, the accuracy of budget estimates, and the high level of discipline around reporting and payments serve the Samoan Government's budget and economic strategy well. Nonetheless, there are some areas of these areas that deserve attention, which if addressed will further improve budgetary and fiscal outcomes.

A key impairment to the Samoan budget, and overall fiscal strategy, are issues around the collection and monitoring of taxation payments. This puts pressure on the national budget, which is already strained due to the combination of a relatively high level of national debt and a desire to increase infrastructure spending to spur national economic growth. Although this will take some effort and time to address, a focus on improved revenue collections will support the Samoan Government's twin strategies to reduce debt and stimulate growth. The strengthening of the multi-year fiscal projections to the budget and to the sector plans will improve the integration of the budget with national priorities and of the recurrent with the development spending.

From a transparency and accountability perspective, continued focus on procurement and auditing will serve to increase confidence of the citizenry in the government as a whole, and may also lead to a higher channelling of donor contributions directly through the budget process. This will in turn assist the government in enabling it to channel donor contributions to meet its own strategic objectives.

Prospects for reform planning and implementation

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

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1 Introduction

Objective

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

The previous assessment was carried out in 2010 by Government officials with the assistance by the external consultant, funded by EU. The process undertaken included a self assessment component going in parallel with the checks and verification by the external consultant, of which provided the formal assessment component. The PEFA 2010 Performance Report was the primary source for the formulation of the Phase II of the PFM Program 2011 - 2013.

Process of preparing the PFM-PR

Methodology

PFTAC has been asked by Pacific Forum Economic Ministers as well as donors in the region to coordinate PEFA Assessments, hence the assistance provided to the Samoa Repeat PEFA Assessment 2013.

Government representatives from the Ministries of Finance, Revenue, Audit Office, and the Samoa Bureau of Statistics (SBS) carried out the self assessment. Overall oversight was provided by the Finance Sector Advisory Committee. The Assessment Team included Mr Oscar Malielegaoi, Mr Ian Filemu, Mr Paul Ualesi, Mr Uaina Kitiona, Mr Michael Kapisi, Ms Cecilia Taefu, Mr Hesed Lauano, Ms Lita Lui, Mr Karl Laulu, Ms Saratoto Luamanu, Ms Galuimaninoa Tasi and Mr Lae Siliva acting as the lead coordinator for the exercise. . Additional support and inputs were also obtained from the technical and management level of Ministries/Agencies consulted. Technical support in providing guidance and quality control in interpreting PEFA rating criteria, evidence documentation, standards for completion of the Performance Report has been provided by PFTAC PFM advisors, Ron Hackett, Stephen Mayes, Savenaca Narube, and Giles Lamb from the Australian Department of Finance & Deregulation. Resident donors were also consulted as part of the assignment process.

The launch workshop took place on 21st August 2013. The half-day workshop was attended by government officials and resident development partners. PFTAC PFM Advisor, Mr Ron Hackett provided an overview of the PEFA framework and how it applies to Samoa's PEFA repeat assessment. Two weeks training was provided to the Assessment Team on the methodology going in parallel with the application of the PEFA process for the self assessment exercise of which rolled over to the third week.

The Self Assessment team were each allocated Performance Indicators according to their field of work for the self assessment exercise. Each team member had discussions with their superiors and supervisors on reviewing the current status, previous fiscal years practices and performance, fiscal reports, laws and regulations, guidelines, administrative and economic reports etc, for each specified Performance Indicator. The draft ratings of the 28 Performance Indicators plus the 3 donor practices indicators by the assessment team were presented to the Finance Sector Advisory Committee (Oversight Committee of the PEFA) on 13th September 2013.

The Formal Assessment occurred during 23 September – 11 October 2013. The formal assessment team comprised Mr Stephen Mayes, Public Financial Management Advisor, PFTAC; Mr Savenaca Narube, consultant, PFTAC; and Mr Giles Lamb, Director – Budget in the Australian Government Department of Finance. During the formal assessment period, the team met with Samoan Government representatives, including those listed above, as well as members of the Samoan Parliament's Finance and Expenditure Committee. Consultations were held with the Government's main development partners. In addition, consultations were held with the Samoan Chamber of Commerce and other civil society groups. The formal assessment either confirmed the scores assigned in the self assessment process, or adjusted them where necessary in light of either new information to hand revealed during the formal assessment process, or where it was mutually agreed that the self assessment score was incorrect. The formal assessment team was supported by Mr Siliva.

Quality Assurance Mechanism

This section describes measures that were undertaken to provide quality assurance throughout the process of the PEFA assessment, conducting the assessment, preparing the report, and reviewing the report.

PEFA Assessment Management Organization

The Oversight Team was provided by the Finance Sector Advisory Committee. The Committee is made up as follows: CEO Ministry of Finance – Mr. Lavea Iulai Lavea (Chair); Governor, Central Bank of Samoa – Ms. Maiava Atalina Enari; CEO Ministry for Revenue – Ms Pitolau Lusia Sefo-Leau; Auditor General – Mr Fuimaono Camillo Afele; Government Statistician – Mr Muagututia Sefuiva Reupena.

The Assessment Coordinator was Mr. Lae Siliva, Assistant CEO, Ministry of Finance Samoa.

The Assessment Team was made up as follows: Mr Oscar Malielegaoi, Mr Ian Filemu, Mr Paul Ualesi, Mr Uaina Kitiona, Mr Michael Kapisi, Ms Cecilia Taefu, Mr Hesed Lauano, Ms Lita Lui, Mr Karl Laulu, Ms Saratoto Luamanu, Ms Galuimaninoa Tasi and Mr Lae Siliva from the Ministry of Finance; Mr. Ron Hackett, Mr. Stephen Mayes and Mr. Savenaca Narube from PFTAC; and Mr. Giles Lamb from the Australian Department of Finance and Deregulation. The Team Leader for the Self-Assessment phase was Mr. Ron Hackett from PFTAC. The Team Leader for the Final Assessment phase was Mr. Stephen Mayes from PFTAC.

Review of Concept Note

The draft concept note was prepared by PFTAC and sent to the following reviewers on June 15, 2013:

- Oscar Malielegaoi, Assistant CEO, Ministry of Finance, Samoa
- David Gentry, FAD, IMF
- Phillip Sinnett, PEFA Secretariat
- Richard Bontjer, Lead PFM Specialist, Pacific Division, AusAid
- Nick Henry, Director, Australian Department of Finance and Deregulation
- Tobias Haque, Economist, World Bank (Suva, Fiji)
- Caroline Currie, Economist, Asian Development Bank (Suva, Fiji)
- Thierry Catteau, Delegation of the European Union for the Pacific (Suva, Fiji)
- Raymond Prasad, Economist, Secretariat of the Forum Economic Ministers (Suva, Fiji)
- Richard Dirks/Helen Leslie, New Zealand Aid, Suva, Fiji

Comments were received from Phillip Sinnett (PEFA Secretariat) and Lae Siliva (Samoa MOF).

The Concept Note was finalized on July 15, 2013.

Review of Assessment Report

The draft PEFA Report was prepared on November 30, 2013. The draft Report was provided to the following reviewers:

- Mr. Lavea Iulai Lavea, Chief Executive Officer, MOF, Samoa
- Mr. Oscar Malielegaoi, Assistant CEO Budget, Samoa Ministry of Finance
- Ms. Eliko Pedastsaar, FAD-IMF
- Mr. Philip Sinnett, PEFA Secretariat
- Mr. Ron Hackett, IMF-PFTAC
- Mr. Richard Bontjer, Australian Dept of Foreign Affairs
- Mr. David Knight, World Bank
- Ms. Maeva Vaai, Asian Development Bank
- Mr. Kim Edwards, World Bank

Comments were received on the draft PEFA Report from: Philip Sinnett, Head of PEFA Secretariat; Holy-Tiana Rame, PEFA Secretariat; Ron Hackett, IMF-PFTAC; David Knight, World Bank; Maeva Vaai, ADB and Mr. Kim Edwards, World Bank.

The Assessment Team reviewed the comments and suggestions received from the reviewers, and related amendments were incorporated into the draft Report. The Draft Report was finalized on 5 December, 2014.

Samoa - Public Financial Management Performance Report
December 2014

The quality assurance process followed in the production of this report satisfies all the requirements of the PEFA Secretariat and hence receives the '**PEFA CHECK'**.

PEFA Secretariat
December 9, 2014

Scope of the assessment

The assessment focused on the PFM systems for Central Government, including any transfers that are made from central government to SOE's and other third parties. The assessment examined financial reporting from the SOE's to the Central Government so as the monitoring and evaluation reporting by the central government.

2 Country background information

Description of country economic situation

Country context

Samoa is located in the South Pacific Ocean, just west[1] of the international dateline and about halfway between New Zealand and Hawaii. The total land area is 2,830 km² within a relatively compact exclusive economic zone (EEZ), in South Pacific terms, of 98,500 sq. km. It consists of the two large islands of Upolu and Savaii and eight small islets. Three (Manono, Nuulopa and Apolima) are located in the Apolima Strait between the two bigger islands, four (Nuulua, Nuutele, Namua and Fanuatapu) are east of Upolu, and one very small uninhabited islet (Nuusafee) is south of Upolu.

The terrain consists of narrow coastal plains with volcanic, rocky, rugged mountains in the interior. Samoa's natural resources support agriculture, fisheries, and tourism development but like many other Pacific countries, Samoa faces constraints imposed by a small domestic market and high shipping costs. The country is also very susceptible to natural disasters, particularly cyclones, as well as earthquakes...

Population at the last census in 2011 was put at 187,820 (96,990 male, 90,830 female), or approximately 67/sq km[2], with some 38.3% below the age of 15. A large diaspora, estimated to be at least equivalent to the present population on the islands, is concentrated in New Zealand, Australia, and the west coast of the United States, but also spread across the Pacific, particularly in American Samoa and Hawaii. Remittances are a key component of the economy and constitute about 26% of GDP. In the twelve months ending June 2013, SAT$418.8 million in remittances were recorded, 6.9 percent higher than the same period of 2011/12. The country has an annual population growth rate of 0.8% but an annual net migration rate of -7.5 per 1,000 of the population, mainly to New Zealand.

Samoa ranked 96th out of 187 countries in the human development index (HDI)[3] for 2012. Between 2000 and 2012 Samoa's HDI rose by 6% or average annual increase of about 0.5% from 0.663 to 0.702, and with a purchasing power parity per capita GDP of US$3,928. With a life expectancy of 72years (2012) and an adult literacy rate of 98.8% (2012), Samoa is reported as successfully moving towards achievement of almost all the Millennium Development Goals (MDGs). GDP in 2012 was estimated at WST 1.56bn. Despite its limited resource base, Samoa has the reputation of one of the most stable economies in the South Pacific. However, some concerns remain about inequality of income distribution, hardship among vulnerable groups, quality of education, lack of formal employment opportunities, the high incidence of 'lifestyle' diseases and emerging social problems.

The economy is dominated by the Services Industry, recording a 53.2% share of GDP in current prices for FY 2012/13. The major industries are Commerce and Transport and Communication which comprise up to 66% of the Services industry total output. Secondary industries follow with a share of 27.7% with the remaining that goes to Primary Industries. Inflation in the 12 months to June 2012 reached 6.2% for the overall Consumer Price. By June 2013, inflation had fallen to -0.2%.

The small size and open nature of the Samoan economy means that overall macroeconomic performance is vulnerable to events in the global economy generally and in Australia, New Zealand and the west coast of the USA in particular. Economic uncertainties in these three countries can potentially affect quite significantly the level of remittances from the diaspora and earnings from tourism. The global financial crisis is reported to have adversely affected the manufacturing sector.

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[1] The GoS moved the location of its international dateline on 29 December 2012, which placed within the same dateline with Fiji and Tonga

[2] Population and Housing Census 2011: Analytical Report.

[3] Human Development Report 2013

The high dependency on imported goods and services, particularly food and fuel products, can rapidly affect inflation and domestic consumption.

Donor assistance has always been a significant source of revenue for the Government, running at around 20% of the total, and this has increased steadily for the 2011/12 and 2012/13 budgets. Multilateral donors include the Asian Development Bank (ADB), the World Bank, the European Union (EU) and various agencies of the UN (FAO, WHO, UNICEF, WTA, UNFPA,). Important bilateral donors include Australia and New Zealand. China has for several years conducted a major programme of public construction works and is closely followed by Japan with its support towards school buildings as well as specific commitments to the Energy Sector, while the US has provided limited support. The country also benefits from many regional initiatives by these same donors, as well as through programmes sponsored by Regional Organisations/Institutes.

External government disbursed and outstanding debt (DOD) as at 30 June 2013 was WST 948.5 million. The nominal amount of Government on-lending disbursed to state owned enterprises (SOEs) as at 30 June 2013 is estimated to be around WST 176.9 million. Domestic debt as at 30 June 2013 totalled WST37.8 million. The amount of government guarantees in place as at 30 June 2013 was WST 161.3 million.

Overall government reform program

The Government's current medium-term Strategy for the Development of Samoa (SDS) - 2012-2016: Boosting Productivity for Sustainable Development is based on the longer term vision of achieving "Improved Quality of Life for All". The achievement of the vision relies on the successful progress of 4 broad Sector Priority Areas: Economic Sector, Social Policies, Infrastructure sector and environment sector. The Priority areas are dub-divided into related 14 Key Outcomes: (i) Macroeconomic Stability; (ii): Re-invigorate Agriculture; ; (iii) Revitalized Exports; ; (iv) Sustainable Tourism (v) Enabling Environment for Business Development; (vi) A Health Samoa; (vii) Improved Focus on Access to Education, Training and Learning Outcome; (viii) Social Cohesion; (ix) Sustainable Access to Safe Drinking Water and Basic Sanitation; (x) Efficient, Safe and Sustainable Transport System and Networks; (xi) Universal Access to Reliable and Affordable ICT Services; (xii) Sustainable Energy Supply; (xiii) Environment Sustainability; and (xiv) Climate and Disaster Resilience.

Rationale for PFM reforms

The government's continuing economic goal in the SDS 2012 - 2016 is to rebuild macro-economic resilience and encourage inclusive economic growth, generate opportunities from global and regional integration as well as build resilience against natural disasters and climate change. The government continues to ensure progressive reduction in fiscal deficit and rebuild reserves as a cushion for future shocks.. Specific targets are set for fiscal and monetary policy, including maintenance of the budget balance within the range of -3.5 to +3.5% of GDP; underlying inflation at between 3.0% to 4.0% per annum, import cover of between four to six months, competitive real effective exchange rate, maintaining total debt outstanding to <50% of GDP, improve PEFA scores from 2010, and achieve real GDP growth averages of 3 – 4% per annum.

Description of budgetary outcomes

Fiscal performance

The overall deficit increased considerably in 2009/10 and 2010/11 (to 9.4% and 9.3% respectively) as a result of the fiscal stimulus implemented in response to the global economic crisis and the tsunami reconstruction spending. These were largely funded by grants and loans on concessional terms mainly from World Bank, ADB, Japan, EU, New Zealand, Australia and China. The winding down of the tsunami linked rehabilitation efforts led to decline in the overall budget deficit to 7.3% and 6.1% in 2011/12 and 2012/13 respectively. Tax Revenue as a percentage of GDP remained around 22% from

2008/09 to 2010/11, before dropping slightly in 2011/12 but has gradually increased in 2012/13. Non Tax Revenue as a percentage of GDP continued to vary each year between 2008/09 and 2012/13, increasing in some years and falling in others.

The 2013/14 budget presented at the end of May 2013 recognized the need to rebuild after Cyclone Evan. The fiscal deficit is expected to be around 4.8% of GDP. Whilst this level is considered unsustainable, it is appropriate given the need to rebuild as well as to provide the financial stimulus to generate economic activity. The policy option is consistent with the monetary indicators. The underlying annual average inflation is 0.2% in March 2013, at the same time official reserves is equivalent to 5.3 months of import.

On the revenue side, the government is not resort to raising any taxes or tariff. Instead the fees and charges for the service provided by a selected number of Ministries and SOEs will be adjusted to reflect the true cost of providing that service. The development partners will continue their support in terms of scaling up resources and opting to provide more grants in response to the rebuilding efforts. This reflects the partner's confidence and respect that Samoa will manage these funds and its economy in a prudent manner.

The 2013/14 budget deficit is expected to be fully funded by highly concessional borrowings.

Going forward, the government intends to gradually claw back to its long term goal of 3.5% of GDP in the medium term.

Allocation of resources

An analysis of the expenditure programmes for current expenditure by ministry is shown in table 2(a). Over the period under review, four main ministries have accounted for the majority of expenditure, Education, Sports and Culture; Finance, Health and Works, Transport and Infrastructure. Allocation and actual expenditure of most other ministries has remained broadly the same.

Table 2(a) Percentage (%) Allocation of Current Expenditure by Expenditure Program

	2010-11		2011-12		2012-13	
Functional head	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**
Agriculture	3	3	3	3	3	3
Attorney General	1	1	1	1	1	1
Audit Office	1	1	1	1	1	1
Bureau of Statistics	1	1	1	1	1	1
Commerce, Industry and Labour	4	4	4	4	4	4
Communication and Information Technology	1	1	1	1	1	1
Education, Sports and Culture	19	17	20	19	18	17
Office of the Electoral Commissioner	1	1	0	0	0	0
Finance	15	15	17	18	15	15
Foreign Affairs and Trade	4	4	4	4	5	5
Health	15	16	15	16	16	17
Justice and Courts Administration	2	2	2	2	2	2
Law Reform	-	-	0	0	0	0
Legislative Assembly	1	1	1	1	1	1
Natural Resources and Environment	6	6	6	5	6	6
Ombudsman	0	0	0	0	0	0
Police and Prisons	5	5	5	5	6	6
Prime Minister	2	2	2	2	2	2
Public Service Commission	1	1	1	1	1	1
Revenue	2	2	2	2	3	2
Women, Community and Social Development	2	2	2	2	2	2
Works, Transport and Infrastructure	16	18	14	13	13	14
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Public Accounts and Estimates

Table 2(b): Percentage Allocation of Current Expenditure by Economic Classification				
	Expense by Type	2010-11	2011-12	2012-13
A2	**Expense**	**100**	**100**	**100**
A21	Compensation of employees	28	30	29
A22	Use of goods and services	25	25	24
A24	Interest	3	3	3
A25	Subsidies	4	5	6
A26	Grants	32	28	32
A27	Social benefits	4	5	4
A28	Other expense	4	4	3

Source: Samoa Bureau of Statistics, GFS 2001 (Dec Qtr 2013)

Description of the legal and institutional arrangement for PFM Reform

The legal framework for PFM

The current legal framework for PFM is set out in table 3 below.

Table 3 Legal framework for PFM	
Area	Description
Public Finance	Section VIII of the Constitution sets the basis for PFM in Samoa by setting out procedures for the receipt of public revenue and the appropriation and payment of public funds. The Public Financial Management Act (2001) as amended sets out the responsibilities for financial management, fiscal responsibility, economic, financial and fiscal policy, the functions of the National Revenue Board, the Government Tenders Board and the general management of public monies including budget and appropriations and borrowing, loans and guarantees. Treasury instructions (2013) and regulations 2013) provide more detailed rules, reflecting current business practices.
Audit	The Constitution stipulates that the Controller & Chief Auditor shall audit all public accounts and funds of all Departments and Offices of the Executive and report at least once annually to the Legislative Assembly. Further guidance is provided in the Audit Act 2013.
Procurement	The PFMA (2001) Part XII "Procurement and Contracts" defines the establishment and operation of the Tender Board. Principles guiding procurement, methods, requirements and procurement processes are outlined in Part K of the Treasury Instructions 2013. Detailed guidance regarding procurement are provided in the two sets of guidelines a) procurement of goods and works; b) for consulting services.
Public Bodies	The Public Bodies (Performance and Accountability) Act (2001) and associated regulations are designed to promote improved performance and accountability in respect of public bodies and set out the principles governing their operation, appointment of directors, and financial reporting requirements.
Revenue	There are five main pieces of legislation that regulate revenue administration in Samoa; the Income Tax Act 2012, Tax Administration Act 2012, the Value Added Goods and Services Act (VAGST) 1993, the Business Licences Regulation 2012 and the Customs Act (1977).
Other	There is no Freedom of Information Act. Money Laundering Prevention Act 2007

	(amendment to the original Act of 2000)

Legislature

Samoa has aWestminster legal system based on the English legal system as adopted by many of the Commonwealth countries. It is also a Parliamentary democracy =where its Parliament is elected through universal suffrage every five years and the Prime Minister and Cabinet manage the day to day affairs of the country.

Government/Executive

Parliamentary democracy with a unicameral legislative assembly consisting of 49 members (all chiefly titleholders) elected by citizens aged 21 years and over. The Prime Minister, appointed by the Head of State, must be a member of the *Fono* and supported by a majority of its members. The Prime Minister selects 12 other parliamentarians to form a Cabinet. The Head of State is constitutionally elected by the Legislative Assembly, the *Fono*, for a five year term.

Judiciary

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 that deals with matters relating to customary land ownership and 'matai' (chief) titles.

Key revisions

Amendments to the PFMA 2001 to reflect the revisions in the approved Treasury Instructions 2013 and current functions/practices of the Ministry of Finance. VAGST legislation 1994 is in the process of being redrafted/amended to introduce new provisions not covered by the current Act and its amendments (i.e. telecommunication supplies, multinational companies transactions) as well as to amend existing provisions in accordance with WTO standards in regards to fair trading between member countries (i.e. custom duty, tariff rates, etc). The Customs Act is also being reviewed, as a component of the Customs Modernisation Project.

The institutional arrangement for pursuing PFM Reforms

The PFMRP operates across the entire public sector which is comprised of some fifty organizational units (8 Constitutional Bodies; 14 Ministries; 8 public beneficial bodies; 3 public mutual bodies; and 17 public trading bodies. The Finance and Expenditure Committee of Parliament is responsible for the examination of estimates, the policy, administration, expenditures; and reports of Ministries and Agencies and reports of the independent Controller and Chief Auditor on annual financial statements.
The Ministry of Finance (MOF) has responsibility for most financial management matters under the Public Financial Management Act (PFMA) of 2001 (as revised) and leads and coordinates the PFMRP under a PFMRP Task Force comprised of Heads (Assistant Chief Executive Officers – ACEOs) from all Divisions in MOF. The Task Force meets approximately monthly. The Finance Sector Advisory Committee (FSAC) provides higher level direction to design and implementation of the PFMRP (it is comprised of the Chief Executives of Finance, Revenue, Statistics, the Central Bank; and the Audit Office). During the course of Phase II a new Division has been established in MOF responsible for coordination of the PFMRP and the Finance Sector Plan. It is led at the ACEO level. An important feature of the institutional arrangements is the significant responsibility and accountability placed on all Divisional Heads of MOF for delivering PFMRP actions which fall under their functional responsibilities. These responsibilities are managed through the PFM Reform Task Force.

Each new phase of the PFMRP is Cabinet endorsed and the Cabinet Development Committee receive regular implementation progress reports. Whereas many early elements of the current phase of PFM reform were focused within the MOF; the Ministry for Revenue; and the Audit Office there has been increasing attention over time to spreading the impact of reforms to all the Ministries and Agencies of Government. Such attempts to broaden the impact of reforms over time is likely to be an increasingly important part of the PFMRP as further phases of the plan are designed and implemented.

The key features of the PFM system

An output based performance budgeting system existed across all budget funded government m ministries and agencies since 2000/2001. All Budget Estimates (for current expenditure) have been prepared on this basis, with appropriations by output, and with each Ministry identifying and publishing performance indicators and targets as part of the Approved Estimates. In 2010/11, the government strengthened and adopted the revised budget performance framework to create closer linkages to agreed sector outcomes and national priorities. There are also continuous reforms to national planning, sector planning and project planning systems. These have been further developed and enhanced and now include the 20012-2016 Strategy for the Development of Samoa (SDS), the Sector Planning Manual (2009), and the Manual on Project Planning (2009). As noted earlier all development expenditure (with the exception of some minor new initiatives) is externally funded. This is beginning to change with increasing flows of aid for development expenditure being channelled through the budget.

Samoa has a centralised payments and payroll system located in the MoF. In 2005, MoF installed a financial management information system (FMIS) known as 'Finance One' based on the Technology One Accounting package. It includes modules for budget, general ledger, funds control, accounts payable, accounts receivable, purchasing and payroll. Access to the system by line ministries is provided by a network. Information on both external and domestic debt, on-lent and guarantees has been consolidated in the CS-DRMS and improvements have been made to the quality of the records and the reporting from the system. Customs is managed using the Asycuda software, while Inland Revenue uses the Revenue Management System (RMS)

3 Assessment of the PFM Systems, Processes and Institutions

Budget Credibility

The indicators in this group assess to what extent the budget is realistic and implemented as intended firstly by comparing the actual revenues and expenditures with original approved ones, and then by analysing the composition of expenditure out-turn. "Hidden" expenditure is also assessed by reviewing the stock and level of monitoring of expenditure arrears. The following paragraphs provide the detailed information to support the 2013 scores, to compare the changes since the 2010 PEFA, and to provide a brief overview of any ongoing reforms designed to address some of the identified weaknesses.

PI-1 Aggregate Expenditure Out-turn Compared to Original Approved Budget

PI-1 Dimension	2010	2013 Assessment
(i) The difference between actual primary expenditure and the originally budgeted primary expenditure.	**A**	**A** In the last three financial years (2010-11, 2011-12 and 2012-13) the deviation between actual expenditure and original budget at an aggregate level has been 1.2%, 4.0% and 4.7% respectively.

Assessment 2013

Dimension (i) The budget is the central mechanism for allocating resources for the provision of public services and investment in infrastructure. The preparation, control and management of the budget is important for the efficient use of the scarce domestic and external resources. The credibility in the formulation of the budget is measured by the deviation of the expenditure from the amounts appropriated by parliament. The ability to fully implement and closely control the budgeted expenditure is an important factor in supporting the government's ability to deliver agreed public services as expressed in the fiscal strategy and budget policy statements.

The P1-I indicator measures the credibility of the budget by the deviations of the actual expenditure from the amount appropriated by Parliament in the last 3 financial years. The deviation for central government expenditure has been calculated based on the information provided in the audited financial statements for 2010-11 and the un-audited statements for 2011-12 and 2012-13. The figure for total actual expenditure includes expenditure programme funding, unforeseen payments and statutory expenditure.

In the period under review, the government received no recurrent budget support. Most 'development' expenditure, however, was donor funded. Consistent with the 2012 PEFA Field Guide, the expenditure used in this indicator is primary expenditure which excludes donor funded projects and interest on public debt. In principle, the Samoan Government cannot alter expenses of this type during the year, although its quantum may change due to exchange rate movements.

The table below for 2010-11 to 2012-13 shows that at the aggregate level, actual primary expenditure deviated from original budgeted primary expenditure by 1.2%, 4.0% and 4.7% respectively.

The following should be noted in the interpretation of these figures:

- The relatively high variance figure for 2012-13 reflects significant additional reconstruction expenditure following from the December 2012 cyclone Evan, which was not in the original budget but provided for in supplementary budgets during the year.
- Actual figures for 2011-12 and 2012-13 are unaudited. Final figures may vary from those published below.
- As noted in PI-20, for the period under review, year-end processing procedures were also problematic leading to potential under recording of actual expenditure incurred in the year.

Table 4 Summary of aggregate primary expenditure deviations						
Expenditure (SAT)	2010-11		2011-12		2012-13	
	Original budget	Actual expenditure	Original budget	Actual expenditure	Original budget	Actual expenditure
Total primary expenditure	508,787,916	514,880,731	517,805,913	497,140,119	510,928,187	486,734,642
Deviation (%)	1.2		4.0		4.7	

A score of A has been assigned to this dimension as in no more than one of the last three years was a variance of >5% recorded.

Comparison - 2010 PEFA

There has been no change in this score since the 2010 PEFA.

PI-2 Composition of Expenditure Out-turn Compared to Original Approved Budget

PI-2 Dimension	2010	2013 Assessment
Method M1	**C**	**B+**
(i) Extent of the variance in expenditure composition during the last three years, excluding contingency items.	**C**	**B** In the last three financial years (2010-11, 2011-12 and 2012-13) the deviation between actual expenditure and original budget at a disaggregated level has been 7.8%, 5.9% and 6.3% respectively. All three years exceeded the 5% requirement.
(ii) The average amount of expenditure actually charged to the contingency vote over the last 3 years.		**A** Average contingency share of actual expenditure stood at 2.4% for FYs 2010-11 – 2012-13.

Assessment 2013

While the deviation of the total expenditure may not be significant there can be sizeable deviations of the composition of the expenditure from those appropriated by Parliament. This second indicator assesses the extent to which there is a reallocation of expenditure between administrative heads (ministries) above overall deviation in aggregate expenditure as defined in PI 1.

As shown in Annex G, in each of the reporting years, variances in some Ministries were greater than10%, although overall budget variances were less than 10%, with under spends and overspends broadly offsetting each other. Average Ministerial variances have dropped from 5.6% in 2010-11 to 0% in 2012-13.

As noted in PI-1 caution is required in the interpretation of this result. In addition, the variance does not show the extent to which there are internal transfers between outputs within a Ministry.

Dimension (i) A score of B has been assigned to this dimension. In order to meet a score of A as per the 2012 PEFA Field Guide, variances of >5% could only be recorded in 1 of the last three years, however this has actually happened in 3 years. No variances of >10% were recorded in the last 3 years.

Dimension (ii) A score of A has been assigned to this dimension, as contingency expenditure has averaged 2.4% of the original budget vote over the last 3 years. As a policy, the government allocates a maximum of 3% of total expenditure to contingency which are applied to unforeseen demand during the year for additional expenses and for disaster management.

Table 5 Deviations and Variations			
Year	Total exp. deviation (PI-1)	Total expenditure. Variance (PI2)	Variance in excess of total deviation
2010-11	1.2%	7.8%	6.6%
2011-12	4.0%	5.9%	1.9%
2012-13	4.7%	6.3%	1.6%

Comparison –2010 PEFA

The 2013 assessment template varies from the 2010 template, as follows:

2010 - Dimensions	2013 – Dimensions
(i) Extent to which variance in primary expenditure composition exceeded overall deviation in primary expenditure (as defined in PI 1) during the last three years.	**(i)** Extent of the variance in expenditure composition during the last three years, excluding contingency items.
	(ii) The average amount of expenditure actually charged to the contingency vote over the last 3 years.

The overall score for this Performance indicator has improved from C to B+ since the 2010 assessment. This reflects a general trend towards improved estimates accuracy – a trend also mentioned in the 2010 assessment.

PI-3 Aggregate Revenue Out-turn Compared to Original Approved Budget

PI-3 Dimension	2010	2013 Assessment
(i) Actual domestic revenue collection compared to domestic revenue estimates in the original, approved budget.	**B**	**A** Total revenue received compared to forecasts has been 104.3%, 98.1% and 96.7% for FYs 2010-11 through to 2012-13.

Assessment 2013

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

The main sources of revenue in Samoa are import duties, income tax and VAGST. Table 6 below provides a breakdown of budgeted and actual revenues received[4].

Table 6 Comparison of Budgeted and Actual Revenues Received

SAT	2010-11			2011-12			2012-13		
	Budget	**Actual**	**%**	**Budget**	**Actual**	**%**	**Budget**	**Actual**	**%**
Duties	145,349,343	146,270,415	100.6	153,956,329	140,298,739	91.1	156,599,956	143,926,918	91.9
Taxation	266,486,087	279,448,285	104.9	282,496,113	250,322,070	88.6	294,984,460	277,300,549	94.0
Capital	61,393,474	66,629,811	108.5	23,231,074	62,705,134	269.9	21,971,054	42,370,930	192.8
Investment	5,627,444	8,748,225	155.5	20,626,847	16,529,191	80.1	6,070,719	3,700,693	61.0
Enterprise and Regulatory	4,400,588	6,269,161	142.5	4,233,740	6,576,645	155.3	4,659,528	3,782,428	81.2
Fines and Fees	17,224,721	14,822,658	86.1	20,196,991	18,742,043	92.8	23,879,625	20,062,207	84.0
Total Receipts	**500,481,657**	**522,188,555**	**104.3**	**504,741,093**	**495,173,821**	**98.1**	**508,165,342**	**491,143,725**	**96.7**

Source: Public Accounts and Estimates

An A score has been assigned to this dimension, as actual domestic revenue has come within the range of 97 – 106% of budgeted revenue in at least two of the last three fiscal years.

Comparison –2010 PEFA

The PEFA scoring for this category has improved from B to A between the 2010 and 2013 assessments. The 2010 PEFA highlighted the (then) recent addition of the Samoa Economic and Revenue Forecasting (SERF) tool. The accuracy of revenue forecasts in the last three years, shows that implementation of this tool has indeed helped improve revenue forecasting.

PI-4 Stock and Monitoring of Expenditure Payment Arrears

PI-4 Dimensions	2010	2013 Assessment
Method M1	**N/R**	**B+**
(i) Stock of expenditure payment arrears (as a percentage of actual total expenditure for the corresponding fiscal year) and any recent change in stock.	**N/R**	**B** Total arrears as at 30 June 2013 represented $12.879m, of which This represents 2.8% of total recurrent expenditure of $469.808m.
(ii) Availability of data for monitoring the stock of expenditure payment arrears.	**D**	**A** MoF monitors arrears on a monthly basis, and issues a report to all line Ministries on their outstanding invoices and average turnaround days.

Assessment 2013

Further information on arrears is contained in Performance Indicator 20 – *Effectiveness of internal controls for non-salary expenditure* later in this assessment.

Dimensions (i) In general, the management of arrears appears adequate. There are no arrears in salaries and debt repayments, however there are concerns with the arrears of SOEs on utilities, as these have traditionally been considered "lowest priority" in terms of payments. This delay then impacts on the SOE's abilities to meet their own obligations. As a response, the MoF has paid the utility arrears directly to the Utility Companies.

The ambiguity in what constitute arrears was clarified in our discussions. The universal definition was applied in this 2013 PEFA where the arrears are the non-payment of invoice after a stipulated period of time. The raising of purchase orders, while an important expenditure control measure, does not impact on the measurement of arrears. Since the last PEFA in 2010, the government has introduced a policy that invoices should be settled within 15 days of their presentation to the MoF with all the supporting documentations.

A score of B has been assigned to this dimension, as total arrears at year end 2012-13 represented 2.8% of total expenditure for the year. These arrears were cleared in full by 30 September 2013.

Dimension (ii) As part of its cash flow management practice, the MoF can delay the payment of invoices. When there are delays in the receipt of funds for development projects the MoF applies an interim measure, and clear these bills from recurrent funds which are replenished when the donor funds are received. This can lead to shortfalls in funds for "normal" recurrent expenditure which can result in a temporary increase in arrears.

A monthly report is prepared by MoF and circulated to the ministries on arrears. The delay in payment of invoices however is mainly because of the late receipt of documents from the ministries and inadequate documentation.

A score of A has been to this Dimension, as a routine procedure for monitoring arrears stock exists, and reporting is carried out monthly.

Comparison – 2010 PEFA

The 2010 PEFA highlighted significant issues with arrears, with some having been reported as exceeding 5 years in age. The 2010 PEFA went as far to "not rate" dimension one of this performance indicator, due to issues with arrears management.

Since the last PEFA there have been a number of significant steps taken in arrears management. In December 2012 the Government approved a new payments policy stipulating that payments are to be processed within 15 days of receipt of a (correctly rendered) invoice – this compares to a generally recognised international standard of 30 days. Prior to this time, there was no formal policy in place.

In addition, the Government has recently directed that SOE accounts are to be settled as a matter of priority.

The Finance One system records each invoice's details, including its date – this enables reporting of arrears to be completed easily.

Comprehensiveness and transparency

The indicators in this group assess to what extent the budget and the fiscal risk oversight are comprehensive, as well as to what extent fiscal and budget information is accessible to the public. The following paragraphs provide the detailed information to support the 2013 scores, to compare the changes since 2010 and to provide a brief overview of any ongoing reforms designed to address some of the identified weaknesses.

PI-5 Classification of the Budget

PI-5 Dimension	2010	2013 Assesment
(i) The classification system used for formulation, execution and reporting of the central government's budget.	**B**	**B** Budget formulation and execution is based on administrative and economic classifications. Function information is produced through a mapping exercise.

Assessment 2013

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

Table 7 Classification System		
Budget Classification		
GENERAL LEDGER:		
X – XXXX – XXX - XXXXXX		
X	*Fund (1-6)*	
XXXX	*Ministry/output/sub-output*	
XXX	*Management unit*	*Now used for all below line items (Third Party Outputs and Transactions on behalf of the State)* *No longer used for Secondary Schools.*
XXXXXX	*Natural Accounts*	
PROJECT LEDGER:		
XXXX – XX – XXX - XXXXXX		
XXXX	*Project Number*	
XX	*Fund Source*	
XXX	*Sub-Activity Code*	
XXXXXX	*Natural Account*	*E.g. Used for tsunami relief classification at detailed level*
Chart of Accounts (natural accounts)		
NATURAL ACCOUNT: XXXXXX		
X	*Type of expenditure*	*e.g. 6 =revenue, 7 = expenditure*
XXX	*Account Group/category*	*e.g. asset maintenance*
XXXX	*Account Sub group/category*	*e.g. infrastructure general maintenance*
XXXXXX	*Detailed level*	*e.g. village access roads*

A score of B is assigned as the budgeted formulation and execution is based on administrative and economic classifications, with functional information being produced through a mapping table. To achieve a score of A, *sub-functional* information is required.

Comparison - 2010 PEFA

The budget classification and chart of accounts has not changed since the previous assessment. In the past, the analysis provided in the Government Finance Statistic Report has been based on the 1986 GFS Manual.

The MoF is looking to improvements in the Finance One system to allow derivation of sub-function information from its Chart of Accounts. Production of detailed sub function information will allow this indicator to improve to “A” in a future assessment.

PI-6 Comprehensiveness of Information Included in Budget Documentation

PI-6 Dimension	2010	2013 Assessment
(i) Share of the listed information (see below) in the budget documentation most recently issued by the central government.	**B**	**B ↑** The recent budget documentation fulfils 6 of the 9 information benchmarks in entirety. For the remaining 3 benchmarks, the information is partially provided, is available in other sources, or is available on request.

Assessment 2013

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

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

In making its rating, the PEFA Assessment team had sighted all the referenced documents above.

Table 8 Comprehensiveness of Budget Documentation		
Elements of budget documentation	**Availability**	**Notes**
1. Macro-economic assumptions, including at least estimates of aggregate growth, inflation and exchange rate.	**Partial**	*Macro-economic assumptions are described in the Fiscal Strategy Statement under Table 3: Macroeconomic Framework. Exchange rate assumptions are not produced.*
2. Fiscal deficit, defined according to GFS or other internationally recognised standard.	**Yes**	*Illustrated in the Budget Address; Budget Measures which provides information on revenue, expenditures and overall budget deficit.*
3. Deficit financing, describing anticipated composition.	**Yes**	*Statement of Government Operations (GFS) shows the anticipated amount of foreign and domestic financing*
4. Debt stock, including details at least for the beginning of the current year.	**Partial**	*The Budget; Summary of Statutory Payments under Debt Servicing illustrates External Debts, Domestic Debts and Miscellaneous with their principal and interest payments. Information on debt stock (eg total principle owing is not produced, however is made available to parliamentarians if requested.*
5. Financial assets, including details at least for the beginning of the current year.	**Yes**	*Illustrated in the Budget Address in Table 5: Transactions in Assets and Liabilities*
6. Prior year's budget outturn, presented in the same format as the budget proposal.	**No**	*In the budget document only the proposed budget and the current year's budget are presented in the same format. Prior year expenditure outturn is not produced, although this is produced in the financial statements.*
7. Current year's budget (either the revised budget or the estimated outturn), presented in the same format as the budget proposal.	**Yes**	*The revised budget is presented in the same format as the budget proposal at a detailed level*
8. Summarised budget data for both revenue and expenditure according to the main heads of the classification used (ref PI-5), including data for the current and previous year.	**Yes**	*This is presented in the Budget Summary of the Approved Estimates of Receipts and Payments*
9. Explanation of budget implications of new policy initiatives, with estimates of the budgetary impact of all major revenue policy changes and/or some major changes to expenditure programs.	**Yes**	*The Budget Address is inclusive of Revenue Measures with implications and Expenditure Priorities for the Budget timeframe*

A score of B has been assigned to this dimension as 6 indicators are met in full. The "↑" is in reflection that, of the remaining three, these are at least partially met (indicators 1 and 4), or the information is available outside of the budget documentation (indicator 6).

Comparison - 2010 PEFA

The 2013 assessment of B↑ represents an improvement from the 2010 score of B. Notably, indicators 5 and 8 have changed from "No" to "Yes". On the other hand, Indicator 1 has changed from "Yes" to "Partial", however it appears that the methodology for applying the PEFA in 2010 was applied incorrectly with regard to the exchange rate.

PI-7 Extent of Unreported Government Operations

PI-7 Dimensions	2010	2013
Method M1	**D+**	**C+**
(i) The level of extra-budgetary expenditure (other than donor funded projects) which is unreported i.e. not included in fiscal reports.	**A**	**A** The level of un-reported expenditures other than donor funded projects remained at less than 1% of total current expenditures.
(ii) Income/expenditure information on donor-funded projects which is included in fiscal reports.	**D**	**C** The Budget documentation provides a comprehensive list of projects, and consists of a full "trading statement" for them in the Public Accounts 2012/13. Debt stock movements (not full income and expenditures) are contained in the public accounts.

Assessment 2013

Dimension (i) This dimension of this performance indicator assesses the extent that expenditure is not included in the fiscal reports. This dimension excludes donor-funded projects. The fiscal report refers to the budget and the financial accounts.

There are a few special purpose funds e.g. district account fund, which are not in the budget but they are reported in the public accounts, and are of limited significance in value terms (approximately SAT 1 million or less than 0.25%). Detailed budgets for the public beneficial bodies (see annex E) are included in the estimates as a memorandum item. Government funding of these bodies is reported under outputs provided by third parties. In the public accounts, only the transferred amount is recorded as there is no consolidation of public bodies' accounts. As indicated in PI-9, these bodies together with public trading and mutual bodies are monitored by the state owned enterprise monitoring division (SOEMD) at the MoF. They produce their own financial statements on an accrual basis and are required to report in accordance with the *Public Bodies (Accountability and Performance) Act 2001*. As per table 9 below, most are relatively up-to-date.

The only exception is SIFA, the TAB and the Office of the Regulator, which are not monitored by the SoEMD or accounted for in the Public Accounts. The value of expenditure excluded as a result though is relatively small at less than 1% of total expenditure.

A score of A has been assigned to this dimension as unreported expenditure is less than 1% of the total current expenditure.

Dimension (ii) The public accounts show most but not all of the information required by this indicator. Information on principal and interest repayments on debts is included but there is no overall information on debt stock levels.

In the budget documents, individual loan funded projects are listed showing estimated utilisation for the year. Foreign project aid (grant) estimated disbursements are shown by individual project per sector. As indicated in PI 24, MoF reports on a quarterly basis on actual loan funded expenditure and monthly on the 'cash' element of grant-funded expenditure. Project Aid Funds, as shown in Schedule 11, are amounts received by the government from aid donors, which are yet to be expended for specific projects, and are recognised as liabilities. Actual expenditure and receipts are also reported.

A score of C has been assigned to this dimension, due to the lack of expenditure and income information on donor funded projects in other fiscal reports (except the PA Report). Addition of full income and expenditure information on donor funded projects in other fiscal reports (Budget document and in-year reports) will enable a higher score in a later PEFA.

Comparison – 2010 PEFA

Scores are broadly in line with the 2010 PEFA. The PEFA criteria for dimension 2 require that in order for a score of A, B or C to be obtained, that "Complete income/expenditure information for all loan-financed programs is to be included in fiscal reports". This category would improve to close to an "A" if this information was provided in all fiscal reports.

PI-8 Transparency of Inter-Governmental Fiscal Relations

PI-8 Dimensions	2010	2013 Assessment
(i) Transparent and rules based systems in the horizontal allocation among SN governments of unconditional and conditional transfers from central government (both budgeted and actual allocations).	**N/A**	**N/A**
(ii) Timeliness of reliable information to SN governments on their allocations from central government for the coming year.	**N/A**	**N/A**
(iii) Extent to which consolidated fiscal data (at least on revenue and expenditure) is collected and reported for general government according to sectoral categories.	**N/A**	**N/A**

Assessment 2013

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.

Dimensions (i), (ii) and (iii) Not applicable.

Comparison – 2010 PEFA

There is no change to the 2010 PEFA.

PI-9 Oversight of Aggregate Fiscal Risk from Other Public Sector Entities

PI-9 Dimensions	2010	2013 Assessment
Method M1	**B**	**B**
(i) Extent of central government monitoring of AGAs and PEs.	**B**	**B** Public bodies are required to submit their audited financial statements to the MoF by 31 October in each year. For this assessment only 2 bodies (SLC + NHS) have not submitted their annual statements. SOE Monitoring Division (SOEMD) prepares a consolidated overview quarterly and annually report to Cabinet. As of June 2013 SOEMD have also posted quarterly performance reports on the MoF website. Some AGAs (SIFA, TAB, and the Office of the Regulator) do not report to the Ministry but instead to the Responsible Minister. In addition the production of the annual overview is produced up to 12 months after year-end and does not include all other bodies. All public bodies submit quarterly reports to the MoF, and a summary is provided to Cabinet.
(ii) Extent of central government monitoring of SN government's fiscal position.	**N/A**	**N/A** 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 however these have no administrative responsibilities in law, and do not have any financial or legal relationship with the central Government.

All SOEs and State enterprises are together (no separate classification).

Assessment 2013

Dimension (i) This indicator assesses the degree of oversight of the aggregate fiscal risks that Autonomous Government Authorities (AGAs) and Public Enterprises (PEs) impose on the central government. The MoF's State owned Enterprise Monitoring Division (SOEMD) is responsible for monitoring the public bodies listed in table 9. The public bodies are categorised into public trading bodies (16), public mutual bodies (3) and public beneficial bodies (8). The Samoan Government's offshore financial centre (SIFA), the TAB, and the Office of the regulator are not included in this list as they lie "outside of the Government". In accordance with the Public Bodies Act and Regulations, all public bodies[5] are required to report quarterly and annually to the Division by end of October. Only half of these bodies comply with this requirement. The main reason for the delays in the submission of the annual report/audited financial statements is the resourcing issues in the office of the Controller and Chief Auditor. To address this issue, outsourcing of audits to private firms is increasing.

The SOEs are also required to submit quarterly reports to the MoF. These reports are reviewed and shareholder minister reports are prepared.

The shareholder reports review performance against KPIs, provide a degree of information about risks, and recommendations where necessary for improvements (eg expenditure controls, operational efficiencies). Summary versions of these reports are also provided to cabinet, published online on the MoF website.

The performance of the PEs is covered in the report to the shareholder Minister and Cabinet, including the identification and consolidation of fiscal risks (this is part of the reporting template to Cabinet). The total risk presented to government by the PEs are assessed as evidenced in the "Report on Public Bodies Performance" December Quarter 2013.. The total asset size of the SOE is estimated at SAT 4billion. The borrowing of SOE and the government guarantees needs to be approved by Parliament

A score of B has been assigned to this dimension. There are two main drivers for this B rather than an A:

1. Three entities (SIFA, TAB and the Office of the Regulator) do not submit their reports to the MoF and that therefore central monitoring of these entities is weaker; and
2. Issues around timeliness for audit clearance of annual financial statements. Recent initiatives have, however, allowed clearance of much the backlog of the National Audit Office, and this institution is now better-resourced, which should help improve timeliness in future years.

Table 9 Overview of reporting by Public Bodies for the consolidated 2010/11 report

Public Bodies	Under PBA 2001	Empowering Act	Submitted Audited Accounts 2010-11	Percentage of total Expenditure
Public Trading Bodies				
Agriculture Store Corporation	2002	ASC Act 1975	Yes	1.4%
Development Bank of Samoa	2002	DBS Act 1974	Yes	3.4%
Electric Power Corporation	2002	EPC Act 1980	Yes	30.1%
Land Transport Authority	2008	LTA Act 2007	Yes	12.5%
Polynesian Ltd.	2002	Companies Act 1955	Yes	3.6%
Public Trust Office	2002	PTO Act 1975	Yes	0.3%
Samoa Airport Authority	2002	AA Act 1984	Yes	3.6%
Samoa Housing Corporation	2002	SHC Act 1990	Yes	0.7%
Samoa Land Corporation	2002	Companies Act 1955	No	No data
Samoa Post Limited	2008	Companies Act 1955	Yes	0.6%
Samoa Ports Authority	2002	SPA Act 1998	Yes	4.6%
Samoa Shipping Corporation	2002	Companies Act 1955	Yes	6.1%
Samoa Shipping Services	2002	Companies Act 1955	Yes	3.5%
Samoa Trust Estates Corporation	2002	WSTEC Act 1997	Yes	0.4%
Samoa Water Authority	2002	SWA Act 2003	Yes	6.4%
Unit Trust of Samoa	2011	UTOS Act 2008		0.2%
Public Mutual Bodies				
Accident Compensation Corporation	2002	ACC Act 1989	Yes	1.5%
Samoa Life Assurance Corporation	2002	SLAC Act 1976	Yes	2.3%
Samoa National Provident Fund	2002	NPF Act 1972	Yes	3.8%
Public Beneficial Bodies				
National Health Services	2008	NHS Act 2006	No	No Data
National Kidney Foundation	2006	NKFS Act 2005	Yes	1.4%
National University of Samoa	2002	NUS Act 2006	Yes	6.1%
Samoa Fire & Emergencies Services	2006	SFESA Act 2007	Yes	0.9%
Samoa Qualification Authority	2006	SQA Act 2006	Yes	0.5%
Scientific Research Organisation of Samoa	2006	RDIS Act 2006	Yes	1.1%
Samoa Sports Facilities Authority	2007	SSFA Act 2007	Yes	1.9%
Samoa Tourism Authority	2002	STA Act 2002	Yes	3%
TOTAL				**100%**

Note: UTOS only created in 2010.
Source: SOEMD.

Dimension (ii) Not applicable as there is no sub-national-government structure in Samoa.

Comparison – 2010 PEFA

The B grade of the 2010 assessment was based mainly on the poor reporting of two Public Bodies and may have been too generous considering no AGAs are required to report to the Ministry under the

PFM Act 2001 or the PB Act 2001. It should be noted that up to the 2010/11 financial year all Public Bodies aside from SLC and NHS are up to date with their audited Annual Reports.

PI-10 Public Access to Key Fiscal Information

PI-10 Dimension	2010	2013 Assessment
(i) Number of the listed elements of public access to information that is fulfilled.	**C**	**C** Only one of the six elements is fully achieved. However, contract awards over SAT 500k are now posted on MoF website and are available to the media. All other in year reports for budget execution are available on line.

Assessment 2013

Dimension (i) This assessment is based on the achievement of the requirements set out in table 10 below.

Table 10 Public Access to Information		
Required documentation	**Availability**	**Comments**
Annual budget documentation: A complete set of documents can be obtained by the public through appropriate means when it is submitted to the legislature	**Partial**	The budget address and the Parliamentary session is broadcast live. The budget is available when it is approved and also the draft estimates is available to the media when it is tabled in Parliament. Budget documentation (complete) is only available after approval of the estimates by legislature (website or small charge for hard copy). The only document actually made directly available to the public at the time of presentation to parliament is the budget address. The budget documentation, in a draft form, is provided to parliamentarians. Public and the media do not have access to the full set of budget documentation until <u>after</u> parliament has approved it (ie late June). Media do get access to the information – there is some limited distribution to parliamentary committees immediately after budget delivery – this then receives media attention. The entire document is read out in the parliamentary speech. It is on the basis that the budget document is only provided to the media/public after the budget has been approved (rather than at the time of submission to the parliament), that the score of "partial" is assigned to this requirement.
In-year budget execution reports: The reports are routinely made available to the public through appropriate means within one month of their execution.	**Yes**	The Samoa Bureau of Statistics prepares a quarterly report (Government Finance Statistics). These are available on the Bureau's website within a month from the end of the end of the quarter. MoF reports are provided to Ministries only.
Year-end financial statements: The statements are made available to the public through appropriate means within six months of completed audit	**No**	2011-12 financial statements remain unaudited. The due date of submission of accounts to the audit office for auditing is 31 October – this is achieved by most ministries although there are some late submissions. Significant timeliness improvements, including clearance of a significant backlog of work, have been made over recent years, however, resourcing issues at the audit office have prevented their being able to complete all audits of all financial statements within 6 months.
External audit reports: All reports on central government consolidated operations are made available to public through appropriate means within 6 months of completed audit	**No**	The annual audit report is made available at a small charge but this is not available within 6 months of audit.

Table 10 Public Access to Information		
Required documentation	**Availability**	**Comments**
Contract awards: Award of all contracts with value above approx USD 100,000 equiv. are published at least quarterly through appropriate means	**Partial**	All contract awards requiring Cabinet approval (ie> SAT 500,000 ~ USD 200,000) published online and in the newspaper.
Resources available to primary service units: Information is publicised through appropriate means at least annually, or available upon request, for primary service units with national coverage in at least two sectors (such as elementary schools or primary health care)	**No**	There is some collection of information on primary service units, however, publication of this information has been recognised as an issue. Refer PI-23 for further information.

A score of C has been assigned to this dimension as only one of these criteria is achieved.

Comparison – 2010 PEFA

Broadly, the score for this criteria is the same as that achieved in the 2010 PEFA. With the finalisation of sector plans, and improved audit timeliness, it is likely that this score will be able to improve at the next PEFA assessment.

BUDGET CYCLE

Policy-based Budgeting

PI-11 Orderliness and Participation in the Annual Budget Process

PI-11 Dimensions	2010	2013 Assessment
Method M2	**B+**	**A**
(i) Existence of and adherence to a fixed budget calendar.	**B**	**B** A clear annual budget calendar exists and is generally adhered to. The timetable allows ministries three weeks from the receipt of budget circular to prepare budget submissions for the main national budget, although a mid-year update carried out in November also provides an opportunity to prepare budgets for the forthcoming year. Most of the ministries submitted their budgets on time (2 budget circulars issued during the budget process).
(ii) Clarity/comprehensiveness of and political involvement in the guidance on the preparation of budget submissions (budget circular or equivalent).	**B**	**A** A comprehensive budget circular is issued for the preparation of the current budget, which reflects budget ceilings approved by Cabinet, prior to distribution to MDAs.
(iii) Timely budget approval by the legislature or similarly mandated body (within the last three years).	**A**	**A** For the assessed period (2011-12, 2012-13 and 2013-14), the Appropriation Act was passed before the financial year started. (28 June 2011; 25 June 2012; 25 June 2013).

Assessment 2013

Dimension (i) In broad terms, there are no general concerns with timeliness and processes in preparation of the national budget. A budget calendar is provided for the whole year clearly setting out each activity and key dates in the budget cycle.

The government fiscal year ends at the end of June. Ministries are given two periods of three weeks each to complete their main estimates – the first of these is around November where the ministries update their current year's budget to incorporate policy changes and cabinet directives and use this to make the first estimate of their budget for the following year. After the issue of a circular indicating recurrent expenditure ceilings, the second and the key budget round is around April which is followed by negotiations. The budget is presented to Cabinet and then to parliament in May.

A score of B has been assigned to this dimension, reflecting that timeframes are generally adhered to. To achieve an "A", the PEFA field guide provides that a six week period be provided for ministries to complete their estimates. In Samoa's case, however, its small size enables a great degree of flexibility and in actual fact, only three weeks are required. This is coupled with the fact that the November update allows for a great deal of pre-work to be done in anticipation of next year's budget.

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

In the period under review development expenditure was funded by donors, and only constrained by the availability of donor funding. Project planning procedures are detailed in the 'Manual on Project Planning and Programming 2009'. Projects are identified, formulated and implemented by sector working groups or line ministries, and should contribute to the achievement of sectoral and SDS objectives. They should be appraised, monitored and evaluated by the MoF's Economic Policy and Planning Division. All projects above SAT100,000 should be approved by the Cabinet Development Committee (CDC) and are included in the Public Sector Investment Programme (PSIP), which outlines ongoing and pipeline development projects for a three-year period. In practice, some projects have not been appraised and/or approved by the CDC.

A score of A has been assigned to this dimension.

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

A score of A has been assigned to this dimension.

Comparison – 2010 PEFA

Overall the performance indicator has moved from B+ to A. Two of the sub-indicators remain unchanged from the last PEFA, but dimension 2 has improved from "B" to "A".

PI-12 Multi-year Perspective in Fiscal Planning, Expenditure Policy and Budgeting

PI-12 Dimensions	2010	2013 Assessment
Method M2	**D+↑**	**C+↑**
(i) Preparation of multi-year fiscal forecasts and functional allocations.	**C**	**C** Multi-year forecasting was introduced back in 2007. Forward estimates are prepared for twp rolling years and classified by ministries/departments. Link between multiyear estimates and setting of budget ceilings is not clear.
(ii) Scope and frequency of debt sustainability analysis.	**C**	**A** DSAs were completed in 2011, 2012 and 2013(joint IMF and WB) . The SERF Model also computes DSAs which is updated twice a year and it also looks at the external debt side only. External debt constitutes almost 95% of debt of Samoan Government debt.
(iii) Existence of sector strategies with multi-year costing of recurrent and investment expenditure.	**D**	**C** 9 sector plans are currently being implemented (Health, Community, Education, Agriculture, Trade and Commerce, Water and Sanitation, Energy, Finance, Law and Justice), 3 under review (Tourism, Education, Public Admin), and 3 in the pipeline (Transport, Communication, Environment). 5 sectors have been substantially costed and represent 54% of total primary expenditure.
(iv) Linkages between investment budgets and forward expenditure estimates.	**C↑**	**C↑** Links between the Public Sector Investment Programme and the forward estimates are weak, but the recurrent cost implications of major investment projects are recognised.

Assessment 2013

Dimension (i) In 2007, Samoa introduced multi-year budget projections which includes firm estimates of the year under review and indicative figures for the two forward years. These multi-year projections are however for the internal use of the MoF. The Budget Address includes a set of forward estimates at an aggregate level in GFS format. Forward estimates by ministry (split by economic and functional classifications) are not yet included in the main estimates, although these are prepared. MoF intends to publish these multi-year projections in future.

Budget ceiling are only provided for the following year. As the forward estimates by ministry are not yet published, there is no link in the budget documents between forward estimates and ministry budget ceilings for the forward years. The lack of formal forward estimates also prevents a transparent linkage of the budget to national plans and strategies.

A score of C has been assigned to this dimension. Nonetheless, the Government of Samoa is currently in the process of developing sector plans, which will help provide the necessary linkages. Were these to include full costs for each sector, with a clear link to appropriations and also to contain functional information, the score under this dimension would increase. The need for closer integration of planning and budgeting would also be served by cross referencing the budget to national strategic plans, and incorporating statements of sector strategies, public sector investment plans and relevant elements of Ministry corporate plans in the budget document.
Dimension (ii) Around 95% of the Samoan Government debt porfolio is external debt on concessional terms. Debt Sustainability Analyses (DSA) on public debt have been carried out in 2011, 2012 and 2013 by the IMF and WB in consultation with the Government of Samoa.

A score of A has been assigned to this dimension.

Dimension (iii) The Government of Samoa is currently preparing sector strategies across its 15 identified sectors. Nine sector plans are currently being implemented (Health, Community, Agriculture, Education, Trade and Commerce, Water and Sanitation, Energy, Finance, Law and Justice), three are under review (Tourism, Education, Public Admin), and three are in the pipeline (Transport, Communication, Environment). Of the eight sector plans being implemented, five are complete and have been costed (Finance, Water and Sanitation, Health, Law and Justice, and Education). The sector costings, however, are not strucutred in line with the program, output and economic type information as set out in the Government's national budget, to provide a clear link between the two documents, and therefore do not represent "full costing" in terms of the 2012 PEFA Field Guide. These sectors constitute 54% of total expenditure for 2012-13.

A score of C has been assigned to this dimension.

Dimension (iv) Once the sector plans have been completed and fully costed, they will help inform the Public Sector Investment Plan (PSIP), with the capital components of the sector plans linking back to the PSIP. This activity is a work in progress at the time of this assessment. However, recurrent costs of major capital investments are recognised by ministries, the Budget Division and the EPPD and therefore are included in the annual budget.

A score of C has been assigned to this dimension, recognising that sector strategies are incomplete and that therefore investment decisions are not linked to them. The "↑" score recognises that that there is, however, a good link between investment decisions and associated recurrent cost implications of these in the budget estimates.

Comparison – 2013 PEFA

Overall, the indicator scores an improvement from 2010, primarily due to progress in developing and costing of sector plans since then.

Predictability and Control in Budget Execution

PI-13 Transparency of Taxpayer Obligations and Liabilities

PI-13 Dimensions	2010	2013 Assessment
Method M2	**C+**	**B**
(i) Clarity and comprehensiveness of tax liabilities.	**B**	**B** Legislation and procedures are reasonably comprehensive and clear for most taxes. Discretionary powers are fairly limited.
(ii) Taxpayer access to information on tax liabilities and administrative procedures.	**C**	**B** Taxpayers now have greater access to tax information. Pamphlets, Fact sheets etc, being issued for awareness and information. Taxpayer educational seminars are held twice a month.
(iii) Existence and functioning of a tax appeals mechanism.	**C**	**C** A set of administrative procedures exist for inland revenue appeals, but not for customs. The tax tribunal is yet to be fully operational, as required under the *Taxation Administration Act 2012.*

Assessment 2013

Dimension (i): The Income Tax Act and Tax Administration Acts have both been repealed and rewritten with comprehensive new acts coming into effect on 1 January 2013. There was significant public consultation held on the initial draft bills prior to their introduction to Parliament. The new Acts, being the *Income Tax Act 2012* and the *Tax Administration Act 2012* (TAA 2012):

- introduce self assessment for Income Tax;
- consolidate information to include all previous amendments;
  include new and update existing provisions of the 1974 Acts and Amendments;
- consolidate procedural provisions previously under the old Income Tax Act and Taxation Administration Act into the TAA 2012. For instance, penalties, collection and recovery of taxes, etc;
- simplify the language so that taxpayers find it easy to understand and interpret;
- rearrange sections of the Act to make it more user friendly for taxpayers; the
  Business License Regulation 2012 has also been passed and came into effect on 1 January 2012.

The VAGST legislation is broadly acceptable, however having been introduced in 1994, some revisions are required due to economic changes since then, notably the rise in mobile telecommunications. It is in the process of being redrafted/amended to introduce new provisions not covered by the current Act and its amendments (i.e. telecommunication supplies, multinational companies transactions) as well as to amend existing provisions in accordance with WTO standards in regards to fair trading between member countries (i.e. custom duty, tariff rates, etc).

The Customs Act is also being reviewed, as a component of the Customs Modernisation Project. At this stage a gap analysis has been completed. It is expected that legislation to rectify issues will take approximately 2 years to formulate, draft and pass through parliament.

A Customer satisfaction survey is conducted every quarter to measure the satisfaction with the services provided and also assess the customers' views towards compliance. It also provides opportunity to make suggestions where customers consider improvement to services can be made.

In terms of Discretionary Powers, there are rules and guidelines the CEO must follow when deciding to issue a ruling or a determination. A CEO's discretionary ruling/determination is subject to judicial review by the Supreme Court, under public administrative law.

The CEO of the Ministry for Revenue and the Minister for Revenue have the Power to defer the collection of taxes/duties payable to an extended period of time (i.e. Arrears Settlement Plan & Deferral scheme for Customs) in order for the total arrears to be paid in full. The CEO can waive only a few penalties imposed but not all. Discretionary powers are therefore fairly limited (eg late payment penalty can be remitted, however the amount of shortfall penalty cannot. The imposition of shortfall penalty can be challenged.)

A score of B has been assigned to this dimension. The proposed improvements to Customs Act will potentially enable improvement to an A in a future PEFA.

Dimension (ii) Since 2010, there has been a substantial increase in the information provided to taxpayers. Taxpayers now have greater access to a range of information on how to settle their tax liabilities and associated administrative procedures.

As part of this process, all forms were redesigned. Pamphlets, Fact Sheets, Guides and public Operational Statements have been produced detailing operational procedures, and determinations of the CEO of the Ministry of Revenue. General information, copies of brochures and fact sheets are displayed on the Ministry of Revenue's website. In addition, regular notices are published and advertisements are shown on television, in newspapers and in a monthly newsletter published and distributed locally.

Approximately 70 Taxpayer educational seminars were held last year with an average of 25 taxpayers attending each seminar. These seminars were held in the Ministry of Revenue offices as well as in the community, and include seminars delivered on Savaii. They targeted new businesses to raise awareness of basic business operations. A similar number of seminars is targeted for the current financial year.

Spot checks are regularly undertaken to monitor business compliance and gather intelligence. They also seek to identify any businesses operating in the hidden economy.

Centralised email addresses have been created for debt and public consultation. Staff access to these email addresses has enabled direct communication between taxpayers/tax agents and tax officers regarding advisory matters, follow up of any correspondence and all other tax matters.

There is a business transformation project currently underway which will introduce electronic services and payments for taxpayers, as well as making significant improvements to the content and navigation on the public Ministry website. Temporary Ministry of Revenue centres in rural areas also being considered as a way forward as a way to further improving services.

A score of B has been assigned to this dimension. The increased awareness campaigns have led to improved compliance in terms of filing and payment.. A score of A would potentially be achieved in a future PEFA once reforms to the customs act and duties are completed, as highlighted in dimension (i) above.

Dimension (iii) A Tax Tribunal was established under the new *Tax Administration Act 2012*, consisting of a Judge of the Supreme Court as the Chair, and other members selected by the Minister for Revenue in accordance with section 92 of the Act. At the time of this PEFA, this tribunal had not commenced formal operations. The Ministry of Revenue is currently awaiting the appointment of a Supreme Court judge to sit as the chair of the tribunal before this Tribunal can commence. The Ministry of Justice however has already agreed to appoint a judge and notification is expected shortly. There are two cases awaiting consideration by this tribunal and the Ministry for Revenue is encouraging taxpayers to use this to dispute a decision made by the CEO.

There is, however, no such tribunal for Customs. Only the decisions made by the CEO of the Ministry for Revenue regarding the valuation of goods can be appealed, in relation to Customs matters. All other Customs decisions are subject to judicial review by the Supreme Court under public administrative law. One of the components of the Customs Modernisation Project, currently in process, is the review of the Custom Acts.

A score of C has been assigned to this dimension, as there is no operational independent appeals mechanism outside of the courts and that no mechanism exists for customs. Nonetheless, it is acknowledged that since the last assessment, work is underway to establish these mechanisms, with the Tax Tribunal shortly to commence operations relating to internal revenues, and the general review of the Customs Acts.

Comparison – 2010 PEFA

There has been a lot of improvement since the last assessment as a result of the current Institutional Strengthening Project (ISP). A change in the organisational structure, rewriting of the Income tax laws, the implementation of new business processes and an upgraded Revenue Management System plus other modifications have been put into place to encourage and improve voluntary compliance and the services the Ministry provides.

Ongoing reforms:
The ISP is now into its second phase and this aims to build on the achievements from Phase 1. Some of the objectives of Phase 2 are as follows:

- Strengthened legislative arrangements, including the review of the VAGST
- Increased capacity to gather information and analyse and target compliance risks
- Selective, effective and cost-efficient use of technology to introduce electronic services that allows taxpayers to self serve.

The Customs Modernisation Project is still in its Planning stage but already there has been a lot of work done, including the scoping of the Customs Act and standardised ‘Standard Operational Procedures’ (SOPs).

PI-14 Effectiveness of Measures for Taxpayer Registration and Tax Assessment

PI-14 Dimensions	2010	2013 Assessment
Method M2	**C**	**B**
(i) Controls in the taxpayer registration system.	**C**	**C↑** Taxpayer registration is only held in the RMS system used for internal revenues; and a separate database is held for Customs (Asycuda). These are not linked however sharing of information is carried out in a daily basis. The Ministry for Revenue is notified of all new Foreign Investment Certificates issued MCIL by way of photocopies of certificates issued daily.
(ii) Effectiveness of penalties for non-compliance with registration and declaration obligations.	**C**	**B** Penalties exist for all areas of non compliance and have been refined in the new *Taxation Administration Act 2012*. Late payment and late lodgement fees and late payment interest are automatically generated and imposed by the system (RMS) whereas tax shortfall penalties and failure to keep records penalty are determined and imposed by tax auditors but subject to the ACEO's approval.
(iii) Planning and monitoring of tax audit and fraud investigation programs.	**C**	**B** Tax audits are conducted throughout the year based on a clear risk identification approach for the three major tax types (direct and indirect taxes). The 100% approach (auditing every item in the financial statement) is still practiced, if a risk is identified that warrants a check of all items in the financial statement of an audit client.

Assessment 2013

Dimension (i) Taxpayers are registered in the RMS. There is no facility for registration in Asycuda as it is basically a database of trade flows. The two systems are not integrated, however, the sharing of information is carried out on a daily basis made possible by the signing of an MOU between the two relevant divisions within the Ministry for Revenue. This allows the direct access of Inland Revenue staff to the Customs Asycuda system for the purpose of acquiring data for Audit & Investigations and for Policy, Forecasting & Business Improvement Division purposes.

A register of all companies (foreign and local) is kept and administered by the Ministry of Commerce, Industry and Labour (MCIL). This registry does not link, however, with the two Revenue systems and allocates its own identification numbers for companies. A website created by MCIL was launched in 2012, however, which enables the revenue authorities to have direct access to the MCIL's register for tax collection purposes. The Ministry for Revenue is notified of all new Foreign Investment Certificates issued by MCIL by way of photocopies of certificates issued daily.

The Community Compliance unit of the Taxpayer Services Division within the Ministry for Revenue conducts spot checks and regular observatory visits on a monthly basis around the central business district of Apia to look out for new business developments/activities that may not have registered for the appropriate business license(s) and tax types. A similar process is conducted in rural areas but only once or twice a year due to their being few business developments in rural areas. The use of third party information and media reports is also used to capture new businesses outside of the tax system.

The Special Audit Unit of the Audit & Investigations Division also deals with Taxpayers in the hidden economy category (i.e. not in the tax system).

A score of C has been assigned to this dimension, as there are no links between the various systems for taxpayer registration. The" ↑" score has been assigned recognising effective processes for identification of taxpayers through the community compliance drives. Community compliance unit was established in September 2011 as part of the Ministry for Revenue's Institutional Strengthening Program Phase I.

Dimension (ii) Penalties for non compliance exist for all areas of non compliance and have been refined in the new *Tax Administration Act 2012*. Late payment and late lodgement fees are automatically generated and imposed by the system (RMS) whereas tax shortfall penalties and failure to keep records penalties are determined and imposed by tax auditors but subject to the ACEO's approval. The new penalty system was designed to add leverage in improving the compliance of taxpayers. The Commissioner can only remit some penalties under his/her discretionary powers but not all.

Proper monitoring and administration of the shortfall penalty scheme is required in order for it to be effective in improving compliance. For example, in some cases, 0% short fall penalties, issued to VAGST Registered persons as a warning for incorrect figures returned, are reissued time and time again rather than issuing a higher shortfall penalty rate to counter this form of tax declaration error. The RMS and Asycuda systems are not capable of generating a report of all penalties collected in a financial year (ie, distinguishing between revenue collected from core debts vs revenue collected from penalties). This process could be completed manually however this would be time-consuming as it would require checking of individual taxpayer accounts.

A tougher stance in the last three years has led to generally improved compliance with taxation legislation. This is combined with improved resourcing in the Ministry for Revenue, and has led also to increased instances of people coming forward voluntarily to discuss tax issues. At this stage, the press has not reported extensively on this issue, and therefore public messaging is handled through press releases and advertisements.

A particular focus of compliance activity has been on the Small-Medium Enterprise (SME) sector, with a target of 80% compliance, being the international standard. Currently 54% of SMEs are reported as filing and paying on time.

A score of B has been assigned to this dimension. This reflects improved work to ensure compliance.

Dimension (iii) Tax audits are conducted throughout the year based on a clear risk identification approach for the three major tax types (GST, PAYE and company taxes). In each year, certain sectors of the economy are targeted for audit, based on a risk assessment (eg restaurants, transport operators). If a risk is identified that warrants a check of all items in the financial statement of an audit client, a 100% check of the financial statements for that audit client takes place.

A newly introduced support system for RMS, Case Management System (CMS), was specially designed for Audit & Investigation Division to select, monitor progress through an interaction process between the case officer and the manager and capture all audit reports and findings of all cases. CMS provides a more comprehensive quality check of what should be included in all audits, from start to the finish. CMS requires reporting within all audit phases starting from case selection reason, risk analysis findings, case planning report, reporting of discrepancies ascertained, and finally issuing a more detailed final audit report with a recommendation to impose shortfall penalties or not.

The audit plans as outlined in the 2013-14 budget provide that:

- Of the 174 "Large Enterprises", 5 will be subject to audit
- Of the 3,324 Small-Medium Enterprises, 50 will be subject to audit
- 5 special audits will be completed.

Further developments are being carried out and introduced into the Audit division by specialised personnel from the New Zealand Tax Office as part of the Institutional Strengthening Program improvements.

A score of B has been assigned to this dimension. Going forward, the Customs Acts reforms will allow strengthening of audit activity across most major tax types.

Comparison – 2010 PEFA

There has been significant improvement in this criteria since the last assessment, following the Institutional Strengthening Project (ISP). However, the Revenue Management System (RMS) requires significant data cleansing in order to produce more accurate information – for example, a number of businesses that have ceased to operate are still listed as active in RMS, and also cleansing of bad debts and penalties information following from new legislation. Going forward, the Customs Modernisation Project, currently in its early stages, is anticipated to deliver further improvements for Samoa's Tax Authority.

PI-15 Effectiveness in Collection of Tax Payments

PI-15 Dimensions	2010	2013 Assessment
Method M1	**D+**	**D+**
(i) Collection ratio for gross tax arrears, being the percentage of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year (average of the last two years).	**N/R**	**N/R** Partial assessment only, as data is only available for one year. 17% of the arrears balance at the start of 12-13 was collected during the 12-13 financial year.
(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration.	**A**	**A** All taxes and duties are banked daily into a commercial bank account controlled by Treasury.
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury.	**D**	**D** A reconciliation of tax assessments, payments made for assessments, arrears from assessments and transfers to Treasury is not done.

2013 Assessment

Dimension (i) Data for debt collection data is available in both RMS and Asycuda systems as both of these systems captures all taxes and duties assessed, paid and the net payable, including penalties incurred due to late filing and/or late payment. This data is available for individual taxpayers and also at an aggregate level per annum. The upgraded RMS system, the RMS database and Asycuda is capable of producing the debt collection data.

There is no policy of the Ministry for Revenue for debts to be recognised as bad. Asycuda also records all duties/taxes due and payable to the Ministry and have very accurate information of Debtors (deferral scheme) and the amount of duty/taxes assessed, paid and owed to the Ministry.

The debt collection ratio is calculated on a monthly basis. A debt report was generated in June 2012 for Inland Revenue, identified a total debt figure of SAT 65m, which represented about 17% of total collections. A further SAT 23m is outstanding relating to Customs. A target of SAT 500k per month was set to be collected by IRS in order to clear off the IRS amount, and as at June 2013 the figure had reduced to SAT 52m. The percentage of this monthly collection is reported in the Senior Management Team score card every month. This information requires a specialist's assistance of the RMS system to extract the data from the RMS database as IRS staff do not have the expertise to extract this data accurately.

The opening debt figure is available only for the 2012-13 FY. The 2011-12 opening debt figure cannot be generated by RMS. Furthermore, RMS cannot identify in a given year, how much of the debt recoveries recorded in a given year relate to debt carried from the previous year, and how much relates to the current financial year. As a result, it is not possible to properly assess this criteria. However, preliminary assessment based on the opening figures from 2012-13 and 2013-14 indicates that 17% of the arrears owing at the start of 12-13 was collected during that year.

A score of N/R has been assigned to this dimension because data was available for one year only, where critical period for this dimension is 2 FYs. In future years, it is intended that the arrears figure will reduce, which will enable both a higher score against this dimension, as well as eliminating leakage of arrears amounts from total taxation receipts.

Dimension (ii) All taxes and duties collected each day by the Ministry for Revenue are banked daily directly into a Treasury-controlled bank account. The IRS and Customs, like all line ministries, do not operate their own bank accounts.

A score of A has been assigned to this dimension. There is no delay in remittance of taxes and duties to the centrally controlled bank accounts.

Dimension (iii) A cashier's report of tax arrears and daily payments is generated daily and posted into the Finance One system of Treasury to update Treasury of the daily collection by the Revenue Authorities (Custom & Inland Revenue Services).

This information is available for reporting daily, monthly and annually. Core debts can be identified separately from penalties imposed in the RMS as well as payments in an aggregate report.

The main issue is the reconciliation of tax assessments to tax payments and arrears, with there being no easy way to reconcile assessments, payments made from these assessments, any arrears issues and other matters. While a full integration/interfacing of the RMS, Asycuda and Finance One would be required to automatically do this, , a manual reconciliation system can be established to reconcile the full cycle of the revenue collection system to minimise leakages.

A score of D has been assigned to this dimension. A complete reconciliation of tax assessments, collections, arrears and transfers does not take place annually.

Comparison – 2010 PEFA

The newly upgraded Revenue Management System is now capable of generating debt reports which was not possible in previous versions. Other than that there haven't been any major changes since the last assessment.

PI-16 Predictability in the Availability of Funds for Commitment of Expenditures

PI-16 Dimensions	2010	2013 Assessment
Method M1	**C+↑**	**C+**
(i) Extent to which cash flows are forecast and monitored.	**C↑**	**C** A formal cash forecasting exercise (revenues and expenses) is conducted at the beginning of each year with ministries providing their input. Quality is good. In-year cash requirements are monitored by MoF and these are informed by actual cash usage compared to original cash forecasts, however, there is no formal monthly or quarterly process.
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure commitment.	**A**	**A** Warrants are released for the whole year for current expenditure programs. Monthly reports are issued to highlight significant movements.
(iii) Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs.	**C**	**A** Supplementary estimates take place twice a year, in a well documented process. The process is transparent.

Assessment 2013

Dimension (i) Cash flow forecasts are consolidated by the MoF from the individual cash flows from ministries following the approval of the estimates (in late June). These cash flows are then updated internally by MoF monthly, with assistance from ministries and SOEs in material cricumstances. This information is actively monitored and used to manage the Samoan Government's cash flow position, with actual performance monitored against forecast. The cashflow section (of the Accounting Services and Financial Reporting Division) also monitors the cash position daily through the internet banking (PI-17).

A score of C has been assigned to this dimension. A "B" would be achieved if the in-year updates of cash flow forecasts were completed by line ministries at least quarterly.

Dimension (ii) Warrants are released for the whole year for operational expenditure. This enables ministries to plan their expenditure for the whole of the year. This is followed up by monthly reports during the year to update commitments against these warrants.

Late parliamentary approval of the second supplementary estimates has been raised as an issue by ministries, as this can lead to insufficient time being available for the funds to be spent.

A score of A has been assigned to this dimension.

Dimension (iii) Supplementary estimates take place twice a year, in a well-documented and understood process. These are presented to parliament and reviewed by Parliament's Finance and Expenditure Commitee. There is a clear limit of virement between ouputs of 20%, while there is no limit on virement within outputs. These limits are complied with. Ministies may disagree with the budget adjustment and may present their case to Cabinet through their line Minister.

A score of A has been assigned to this dimension.

Comparison – 2013 PEFA

This indicator's score has remained the same compared to the 2010 PEFA, even though D (iii) has improved from C to A.

PI-17 Recording and Management of Cash Balances, Debt and Guarantees

PI-17 Dimensions	2010	2013 Assessment
Method M2	**C+↑**	**B**
(i) Quality of debt data recording and reporting.	**C↑**	**B** External and domestic debt records are complete, have recently been validated and are updated quarterly. A detailed debt bulletin is published quarterly after reconciliation between CDRMS (downloaded to spreadsheets) and Finance One data.
(ii) Extent of the consolidation of the government's cash balances.	**B**	**B** Calculation of the cash balances on the key accounts takes place daily. An offsetting mechanism has been established for 6 key treasury managed accounts and for the purposes of this indicator is viewed as a form of consolidation. All development fund accounts (including loan funds) remain outside of this system.
(iii) Systems for contracting loans and issuance of guarantees.	**C↑**	**B** Contracting of loans and issuance of guarantees are approved by Cabinet/Parliament. Procedures for approval are stipulated in the PFM Act 2001. Guarantees issued in the 2012-13 financial year all complied with the procedures. Medium-term debt management strategy also underscores criteria for contracting loans.

Assessment 2013

Dimension (i) External, on-lent and domestic debt (guarantees) is now recorded in the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS). A manual reconciliation of this data (downloaded to spreadsheets) with data in Finance One is conducted quarterly, and provided to the Central Bank, with a quarterly debt bulletin being issued.

Separately, external debt balances are reconciled with lenders with procedures varying between lenders. Some (World Bank and ADB) provide for an online database, and therefore allow for reconciliation at any time, whereas others (notably China) require a manual process of reconciliation involving the exchange of letters to confirm debt amounts twice a year.

A score of B has been assigned to this dimension as updates and reconciliations take place quarterly, rather than monthly.

Dimension (ii) The government has approximately 72 Bank accounts, having grown from 48 at the time of the 2010 assessment.

These include central bank accounts, operating accounts, overseas mission accounts and other overseas accounts. There are three main operating accounts for recurrent funds: (i) the General Revenue Fund; (ii) the Treasury Direct Transfer Account; and (iii) the General Disbursement Account, which are maintained at ANZ. In addition, three other accounts the IR refund account, the IR VAGST refund account and the Sinking fund (which is a term deposit) are also maintained at ANZ. An offsetting[6] mechanism has been established for all these main six ANZ accounts. The other 'local' accounts are held at the Central Bank of Samoa and other commercial banks. These accounts are primarily for development expenditure including loan funds. Monitoring of balances for the main accounts at ANZ is done daily.

The primary reasons for the growth in the number of bank accounts since the 2010 PEFA are the commencement of new donor-funded projects, requiring additional bank accounts at the request of the donor, as well as the establishment of additional Samoan missions overseas, each requiring their own bank accounts.

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

A score of B has been assigned to this dimension as most, but not all, accounts are included in the daily reconciliation and consolidation process.

Dimension (iii) The PFM Act 2001 defines the authority of the Minister of Finance to borrow, to provide guarantees and on-lend. According to the legislation, issuance of loans and guarantees requires approval by Cabinet and parliament. The principles of responsible fiscal management outlined in section 15 of the PFMA include: (i) managing total State debt at prudent levels; (ii) ensuring that within any borrowing program the total overall expenditures of the State in each financial year are no more than its total overall receipts (inclusive of borrowings) in the same financial year; and (iii) managing prudently the fiscal risks facing the State.

The government has adopted a debt management strategy and annual fiscal strategy which state that debt is not to exceed 50% of GDP – currently this sits at 59%; and to contain budget deficits to 3.5% of GDP. There is no available template for the assessing the merits of a new loan. The procedures for the evaluation and approval of new loans and guarantees are in place and generally followed. Before a government guarantee is issued, MoF does a review of the request for Cabinet – with reference to the impact on debt (potential risk to government). Once cabinet approval is obtained, drafting of the legal documents commences with the assistance of the Attorney-General. A fee is charged for government guarantees (3% of loan amount, and 1% of loan balance at end of each year). These fees are returned as consolidated revenue (ie not retained by MoF for its own costs).

Separately, the Samoan Government is currently reviewing its Public Private Partnership (PPP) strategy in conjunction with the World Bank. The scope of the review is to determine what arrangements are currently in place that might be considered a PPP by agreed standards, and to determine an overarching PPP policy framework for the Samoan Government. This project is ongoing at the time of the drafting of this report.

A score of B has been assigned to this dimension as although there is a clear line of sight for approvals and recording of loans and guarantees and an overarching policy framework for their approval to reduce debt and contain deficits, loans have been approved above the stated limit of government.

Comparison – 2010 PEFA

The scoring for this criteria has improved since the 2010 PEFA, primarily due to improved processes around the reconciliation and consolidation of bank accounts, as well as improvements in the processes for the issuance of guarantees. A particular issue that was highlighted in the 2010 PEFA which has been addressed was that of a tendency for some public bodies to go straight to Cabinet for authorisation of loans and guarantees, without first submitting their requests to the MoF for scrutiny against the Samoan Government's policy framework.

PI-18 Effectiveness of Payroll Controls

PI-18 Dimensions	2010	2013 Assessment
Method M1	**D+↑**	**C+↑**
(i) Degree of integration and reconciliation between personnel records and payroll data.	**D↑**	**A** The Finance One (for finances) and People One (for HR) systems are fully integrated. The salary of a position cannot be processed and effective unless the PSC enters and approves it on Finance One, and the MoF approves the budget for it on People One. Reports are available on line; Ministries can access and view the information anytime for reconciliation. Training is conducted twice a year to build the capacity of payroll officers in Ministries in regards to the Payroll Module in People One.
(ii) Timeliness of changes to personnel records and the payroll.	**C**	**C↑** The time taken to implement changes (new staff, transfers and terminations) is approximately 4-6 weeks for the majority of transactions.
(iii) Internal controls of changes to personnel records and the payroll.	**C**	**B** A set of controls are in place, there is an audit trail mean that the integrity of the data can be guaranteed. Changes to personnel records can be viewed on the system.
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers	**C↑**	**B** Pre-auditing of payroll is conducted in a fortnightly basis by external Auditors.

Assessment 2013

Dimension (i) The payroll for the Samoan Government's 6,000 employees uses People One software, which is fully integrated with Finance One used for financial management. All pay information (leave, transfers, new starters etc) is entered into People One, the files are generated and sent to Finance One for payment, with no further intervention required, unless it is determined that an error has been made in the entries into People One.

Position numbers are used to link the two systems, with the Public Service Commission approving all leave, increments, promotions and other payroll transactions. The MoF approves the budget for each position, and generates salary payments. A reconciliation of salary and staffing data is conducted back to line ministries however there is no need for transaction reconciliations from Finance back to the Public Service Commission due to the integration of People One and Finance One.

A score of A has been assigned to this dimension due to the full integration of payroll and finance systems, allowing for high levels of data consistency and regular reconciliation.

Dimension (ii) In general, the timeframe for turnaround of changes to payroll information is short, notably for new starters, however an issue remains with the time taken for processing of promotions and transfers, with these taking between 6-8 weeks to be processed. There is a cut-off period for each fortnightly payroll, which is the Tuesday of the non-payroll week.

A score of C has been assigned to this dimension, reflecting the relatively long turnaround for some payroll transactions. The "↑" recognises that this turnaround time tends not to involve new starters and cessations.

Dimension (iii) A substantial set of controls and security settings are applied to ensure security of payroll records. Employee details are recorded by ministries, however these can only be approved by the Public Service Commission. Budgets for the employees are approved by MoF. An audit trail is developed and reported on. Line ministries reconcile their payroll information for their employees.

Prior to submission to the bank for payment, the entire payroll file is reviewed by external auditors. The external auditors also review payroll exception reports, which compare previous and current pays, and changes applied in the meantime. This external audit interaction with the fortnightly payroll system represents a very strong control that is rare in other jurisdictions.

The entire payroll process was reviewed and accepted by the internal auditors in 2010.

Payment files for employee leave and entitlements are secured with a password, before sending to the bank for payment, however a full secure electronic bank interface is not employed. Bank account details changes for employees are maintained closely, and changes to these are formally tracked and signed off.

A score of B has been assigned to this dimension, recognising very strong internal Government controls over payroll data and payment information. The lack of a secure payment interface, however, prevents the allocation of an A score.

Dimension (iv) The entire payroll for ministries is subject to an external audit each time it is produced, ie, every two weeks (as referred to under Dimension (ii) above). The Audit Office is required under the PFMA 2001 to pre-audit all payments including payroll, of which identifies any weakness (including ghost workers) and system non-compliance in the payroll. The payroll audit is done though the application of CAATs (Computer Assisted Audit Techniques) which is efficient and effective and do not require much human resources compared to a situation where it is done manually. The work and results from the payroll audit is used in the interim and final audits of ministries, quarterly statements and public accounts.

A score of B has been assigned to this dimension. Notwithstanding the very thorough application of audit into the payroll, the fact that this audit is limited to ministries limits the score that can be assigned to this dimension.

Comparison – 2010 PEFA

Significant improvements have been made to payroll processes since the 2010 PEFA, notably the integration of the Finance One and People One systems, to enable greater data integrity and reporting for payroll matters. In addition, greater effort is now placed on ensuring removal of “ghost workers”, and checking of payroll transactions.

PI-19 Transparency, Competition and Complaints Methods in Procurement

PI-19 Dimensions	2010	2013 Assessment
Method M2	**C+**	**C+**
(i) Transparency, comprehensiveness and competition in the legal and regulatory framework.	**D↑**	**B** The current legal framework for Procurement meets four of six requirements in this Dimension. The legal framework covers all procurements, and is recorded and organised in the PFM Act 2001 and the Treasury Instructions Part K. The Treasury Instructions give effect to the Two Procurement Guidelines: (a) for Goods and Works; and (b) for Consulting Services. These documents are all published and are accessible the Ministry of Finance website. Open Competition above a threshold amount is the default method used for procurement according to mandate as well as practice, and all contracts that are procured through less competitive methods are justified according to the Legal Framework. Requirement five is not met as there is no provision under the existing legal framework on Procurement Plans, however the Procurement plan initiative is at its finalisation stage. There is no independent complaint mechanism.
(ii) Use of competitive procurement methods.	**B**	**A** The value of contracts justified in accordance with the legal requirements when methods other than open competition are used is 100%.
(iii) Public access to complete, reliable and timely procurement information.	**C**	**C** All Contract awards above SAT$500,000.00 are posted on the Ministry of Finance Website. Based on the value of Contract awards, 75% of contract awards are posted on the MoF Website. Tender Opportunities are also advertised through media and MoF website; based on the value of contracts awarded, 99% of contracts are advertised through two (2) local Newspapers and are also posted on the MoF Website. Government Procurement Plans are in their finalisation stage. However Procurement Plans and Complaints Resolutions are not published for public information.
(iv) Existence of an independent administrative procurement complaints mechanism.		**D** A procurement complaints process is in place, but lacks ability to refer to a higher authority (other than the courts), is not well understood by the private sector and decisions are not published. As a result of the MAPS Assessment 2013, undertaken by the Ministry of Finance, a Proposed Five Years Capacity Development Plan was established and the formulation of an independent Complaint Mechanism is a key element in this proposed Plan.

Assessment 2013

Dimension (i) The Procurement legal framework is adequately recorded and organized in the PFM Act 2001 and the Treasury Instructions. The Treasury Instructions gives effect to the two Procurement Guidelines (a) for Goods and Works & (b) for Consulting Services. The Act, Treasury Instructions and Guidelines are all published and are easily accessible on the Ministry of Finance Website.

Open Competitive Bidding is clearly defined in the Guidelines as the default method for Procurements above SAT 150,000 and all contracts above this size that are procured through less competitive methods are justified according to the Legal Framework.

The hierarchy of the legal framework for procurement are organised consistently. The PFM Act establishes the Tenders Board which is chaired by the Minister for Finance and consists of four other members. One member is from the private sector but this position was vacant at the time of this assessment. The Tenders Board covers procurement for the entire public sector - it also approves procurement tenders of the SOEs. The Procurement Division of the MoF is the secretariat to the Tenders Board and makes recommendations to it. In almost all cases, the recommendations of the Secretariat are accepted by the Tenders Board. The Tenders Board has at times changed recommendations where the track record of the recommended bidder has not been satisfactory. The procedures for Tenders Board meetings are well understood. In separate discussions with them, the Ministry of Education confirmed that they understand the procurement processes. However, clear procedures for the identification and declaration of conflict of interest have not been established.

The government currently uses local capacity to assess all bids including those that are technically complex such as IT. At times of national emergency, the competitive tender requirements are waived in favour of more timely procedures due to the urgency to procure the services or equipments as soon as possible.

There is however, no provision under the existing legal framework on Procurement Plans and an Independent complaint mechanism.

Table 11 Transparency, Comprehensiveness and Competition in the legal and regulatory framework.

Is the legal and regulatory framework for procurement:

Criteria	Met/not met	Comments
1. organised hierarchically and precedence clearly established?	**Met**	The legal framework is contained in the PFM Act 2001 and the Treasury Instruction. The PFM Act also establishes the Tenders Board. A hierarchical framework for financial thresholds exists (around procurement requirements such as requirement for open tender); as well as approval frameworks levels required. All procurements > SAT 50,000 must be approved by the Tenders Board. All procurements > SAT 150,000 must be sourced through open tender. All procurements > SAT 500,000 must be approved by cabinet. There is provision in the procurement guidelines for express procurements in emergency situations, eg a natural disaster. On occasion, tender requests are made but no tenders received – this is one of the challenges of being a small economy.
2. freely and easily accessible to the public through appropriate means?	**Met**	The PFM Act 2001 and the Treasury Instructions are available on the MoF website.
3. applied to all procurement undertaken using government funds?	**Met**	In Samoa, this requirement is exceeded in that the procurement guidelines apply to SOEs as well as general Government. This exceeds the definitions provided in the 2012 PEFA Field Guide
4. making open competitive procurement the default method of procurement and define clearly the situations in which other methods can be used and how this is justified?	**Met**	The requirement is for procurements >SAT 150,000 to be subject to open tender. 98.5% of all procurements (in SAT terms) are completed through open tender.
5. providing for public access to all of the following procurement information: government procurement plans, bidding opportunities, contract awards, and data on resolution of complaints?	**Not Met**	A recent reform is that all ministries are required to prepare annual procurement plans by 31 July each year (30 September for 2013, the first year of this initiative). However at this stage there is no strict legal requirement for this. At this stage, there is no data on complaints available. Assuming this reform is completed, it is likely that this rating will be met in a subsequent PEFA.

Table 11 Transparency, Comprehensiveness and Competition in the legal and regulatory framework. Is the legal and regulatory framework for procurement:		
Criteria	**Met/not met**	**Comments**
6. providing for an independent administrative procurement review process for handling procurement complaints by participants prior to contract signature?	**Not Met**	At this time, procurement complaints are handled by the Tenders Board, which is not a body independent of the procurement process. A recent Methodology for Assessing Procurement Systems (MAPS), once finalised, will provide the basis for setting up of an independent complaints board in the near future.

A score of B has been assigned to this dimension as four of the above six criteria are met.

Dimension (ii) According to the procurement guidelines, open competitive bidding (public tendering) is the government's preferred method of procurement above a threshold amount. Notwithstanding this preference, the guidelines allow the Tenders Board to determine the procurement method used and the particular requirements of each tender having regard to all relevant factors including, but not limited to the following: (a) the complexity or potential cost of the contract; (b) any specific requirements of donor funded goods or works; (c) the unique or highly specialised nature of the goods or works; and (d) the urgency of the need for the goods or works. The value of contracts justified in accordance with the legal requirements when methods other than open competition are used is 100%.

A score of A has been assigned to this dimension as all procurements are awarded consistent with the relevant guidelines and legislation.

Dimension (iii) This dimension draws from point 5 in dimension (i) above. All Contract awards above SAT$500,000.00 are posted on the Ministry of Finance Website. Based on the value of Contract awards, 75% of contracts are posted on the MoF Website. Tender Opportunities/Notices are also advertised through media and MoF website, based on Value of Contracts 99% of Contracts are advertised through two (2) local Newspapers and are posted on the MoF Website . Government Procurement Plan is in its finalisation stage, however Procurement Plans and Complaints Resolutions are not published for public information.

A score of C has been assigned to this dimension as two of the four requirements set out in point 5 of dimension (i) above are met, as follows:

Table 12 Transparency, Comprehensiveness and Competition in the legal and regulatory framework. Dimension (iii): Public access to complete, reliable and timely procurement information Is the legal and regulatory framework for procurement providing for public access to all of the following procurement information:		
Criteria	**Met/not met**	**Comments**
1. Government procurement plans	**Not Met**	Reforms are underway to develop Government procurement plans, with the first of these to be completed for the 2013-14 financial year by 30 September 2013, and by 31 July each year for later years.
2. Bidding opportunities	**Met**	Tenders are advertised in the newspapers and on the MoF website
3. Contract awards	**Met**	Contracts awarded are advised in the newspapers and on the MoF website
4. Data on resolution of complaints	**Not Met**	No independent complaints board has been established; rather, complaints are currently considered by the Tenders Board. No reporting is available on complaints handled and their resolution.

Dimension (iv) The procurement guidelines set out a mechanism whereby complaints can be heard, however this is not by an independent board. Initial complaints are directed to the initiating ministry and these can then be referred to the Tenders Board. Following completion of the MAPS assessment, it is planned that an independent board will be established. Private sector understanding and the transparency of the process remains quite weak.

A score of D has been assigned to this dimension.

Comparison – 2010 PEFA/Ongoing reforms

The PEFA methodology for this indicator has changed since the 2010 Assessment as follows:

2010 - Dimensions	2013 – Dimensions
(i) Evidence on the use of open competition for award of contracts that exceed the nationally established monetary threshold for small purchases (% of the no. of contract awards that are above the threshold)	**(i)** Transparency, comprehensiveness and competition in the legal and regulatory framework
(ii) Extent of justification for use of less competitive methods	**(ii)** When contracts are awarded by methods other than open competition, they are justified in accordance with the legal requirements.
(iii) Existence and operations of a procurement complaints mechanism	**(iii)** Public access to complete, reliable and timely procurement information.
	(iv) Existence and operations of a procurement complaints mechanism

Since the previous assessment a Procurement and Contract Support Unit (also known as the Tenders Board Secretariat) have been established. The unit comprises of three positions: The ACEO Procurement Division who is also the acting Secretary of the Tenders Board; Principal Procurement Officer; and Senior Procurement Officer.

The MoF, has through its Tenders Board (TB) and with the assistance of a National Consultant and an International Consultant, undertaken a self-assessment of the national Procurement Systems. From the MAPS Assessment, a Five Year Capacity Development Plan was proposed in the MAPS Report June 2013. There are five key elements of the plan, a) improve the legal and regulatory framework b) establish sustainable capacity development and create a procurement cadre, c) strengthen the Procurement Division to become a functioning regulatory body, d) introduce an independent complaints review mechanism and e) consider converting the Tenders Board into a strategic organ of the regulatory body.

A Procurement Plan Template has been finalised and Training of Ministries and Corporations on the use of the Template was conducted in early February 2013. All Ministries and Corporations are expected to submit their Procurement Plans to the Procurement Unit before the end of September 2013.

New Treasury Instructions on Procurement came into effect in November 2013, together with Standard Tender Documents (for Consulting Services, General Services, Goods & Related Services and Works) and Request for Quotations Templates (for Minor Works, Services & Consulting Services). In 2014 the MoF issued a new set of Procurement Guidelines.

PI-20 Effectiveness of Internal Controls for Non-Salary Expenditure

PI-20 Dimensions	2010	2013Assessment
Method M1	**D+**	**C↑**
(i) Effectiveness of expenditure commitment controls.	**C**	**C↑** Good processes and systems exist for recording of commitments, and reporting of arrears. The main impediment to a higher score is a tendency in ministries to procure goods and services but delay presenting invoices for payment, or for suppliers to provide goods and services without a purchase order. This means that systemic controls in place are not as effective as they could be. Expenditure commitment controls effectively quarantine funds, meaning that when the processes/systems are used correctly, the chance of over-committing budgets is low. Finally, all supplier payments are externally audited (around 2-3,000 payments made per month).
(ii) Comprehensiveness, relevance and understanding of other internal control rules/procedures.	**D**	**C↑** Internal controls and procedures are up to date (Treasury Instructions 2013) to reflect recent changes to policy. A new unit has been created in the MoF – System support Division to provide services and training to Line Ministries in regards to different Modules of the Finance System. Principal Accountant Meeting are conducted on a monthly basis to discuss issues arising in daily work.
(iii) Degree of compliance with rules for processing and recording transactions.	**C**	**C↑** Compliance with rules for transactions is reasonable and a Payment Policy has been created to avoid commitments outside the system. Monthly follow-up is conducted to ensure non-compliance is minimised.

Assessment 2013

Dimension (i) Commitment controls are in place and purchase orders cannot be raised unless there is a budget allocation. Commitments entered are then reported on from Finance One, to ministries as to support their internal budget monitoring. Once a commitment is entered, Finance One quarantines these funds from the Ministry's available budget allocation.

However, instances of purchases being raised outside the system remains as an issue, and line ministries do not always record invoices and commitments in a timely manner. Furthermore, some suppliers continue to deliver goods and services without a purchase order, and it is acknowledged that there is a need to educate suppliers not to do this. This situation results in the potential for supplier arrears, as discussed in PI-4. There is also an occasional issue of non-clearance of commitments, e.g. when a purchase order has been cancelled or a requisition is not approved, which can lead to major problems.

External auditing of all supplier payments occurs every day as a payment run is processed, with cheque printing not possible until the audit has been completed. A routine process has been developed – approximately 2-3,000 supplier payments are made every month (100 – 150 every working day).

The availability of cash during the financial year is the concern of the MoF and not the line ministries. Ministries manage their spending according to the yearly warrants which are issued at the beginning of the financial year. The MoF issues monthly updates to ministries on their commitments against the warrants.

A score of C has been assigned to this dimension, as expenditure controls do exist in the system however they are violated through transactions being completed outside of the system. The "↑" recognises the maturity of the systems, the robust controls within it (including the engagement of external auditors to check each payment run) and that a process of education of ministries and suppliers is underway.

Dimension (ii) There are a number of problems relating to the comprehensiveness, relevance and understanding of other internal controls and procedures, including procurement controls. Nonetheless, all material (regulations and instructions) are up-to-date, and a comprehensive training program is in place.

However, there is an ongoing problem of understanding of the rules and procedures, including different roles in the internal control framework. In particular, MoF has advised that approximately 20% of invoice submissions are rejected on first pass which may reflect a lack of understanding of the requirements and procedures. The major issue is the lack of proper documentation. MoF has an internal performance target of payment within 3 days of receiving a correct invoice if the documentation is complete. The MoF has indicated that the system could pay invoices within one day if the documentations are complete. Moving forward, MoF is looking to implement electronic (rather than cheque) payment of suppliers, and has commenced a pilot project with utilities providers. There remains, however, some resistance amongst suppliers to this.

A score of C has been assigned to this dimension. This reflects the relatively high number of incorrectly-coded invoices. The "↑" score recognises otherwise very strong training programs and guidance.

Dimension (iii) As mentioned above, there remains an issue with non-compliance with the rules for processing transactions, notably, the purchasing of goods and services outside of the system in the first instance. In addition, previous assessments raised issues of posting of expenditure to budget lines with an allocation rather than to the true purpose of the purchase.

A score of C has been assigned to this dimension. The "↑" score recognises that MoF can (eventually) report issues of non-compliance once the transactions are recorded in the system (this needs to happen in order that the supplier be paid).

Comparison – 2010 PEFA

There are significant improvements to this indicator since the 2010 PEFA. From a system point-of-view, highly effective controls are now in place. However, the general issue of behaviour remains, with a tendency for some ministries to continue to procure goods and services without first entering their details into the Finance One system.

PI-21 Effectiveness of Internal Audit

PI-21 Dimensions	2010	2013 Assessment
Method M1	**D+**	**C↑**
(i) Coverage and quality of the internal audit function.	**D**	**C** Internal Audit and Investigations Division (IAID) have completed system based audits over the payroll system and bank reconciliation process. The target under the strategic plan is that 40% of all audit hours will be system based audit in FY2013-14. An internal audit manual has been developed and circulated and is based on the International Professional Standards Framework of the International Institute of Internal Auditors. An annual internal audit work plan has been developed for FY2013-14 using a risk-based methodology.
(ii) Frequency and distribution of reports.	**C**	**C↑** Reports are produced and distributed to the auditee (ministry being audited), the CEO of the MoF and the Audit Office.
(iii) Extent of management response to internal audit findings.	**C**	**C** Management is requested to confirm in writing actions taken to address recommendations. A recommendations register is maintained.

Assessment 2013

In general, the internal audit function across the Government of Samoa has been hampered by a lack of available resources, and a focus on transactional (investigations) rather than strategic systems audits. These issues flow through into the assessments against the three dimensions of this criteria.

Dimension (i) In addition to the MoF, seven line ministries and 10 SOEs also have internal auditors who are responsible for the internal audit functions within their entity. Internal audit is centralised in MoF for treasury and small ministries and SOEs. Powers of the internal auditor (finance) are delegated from the CEO, although it was reported that some bodies have questioned their authority/powers. Currently, internal auditing tends to be focussed on reacting to directives from CEOs, with no clear mandate or strategy in place. The new framework being established will require CEOs to formally declare that within their organisations, internal audit functions that are properly resourced have been established.

The internal audit functions within the Samoan Government are undergoing reform as part of overall PFM reforms, with the strategic plan focussing on improving effectiveness of internal audit. Under the reform program, auditing will be risk based and the focus will shift from transactional (investigative) audit to systemic audit. The strategic plan intends to lift the systemic audits to 40% of the time allocation of professional staff. The plan also identified 5 additional professional staff that the IAID would need to deliver the new strategies. A forum has been established of all internal audit functions (for the centralised and decentralised internal audit areas) to discuss matters of common importance. An audit manual has also been prepared.

In general, internal audit work involves spot checks and reporting on irregularities. Audit reviews of systems are periodically done. The IAID undertook a review of the payroll system in 2011. Historically, the function of IAID has focussed on investigations and transactional-based auditing, rather than systems auditing. This has led to extreme cases where IAID are called in to investigate relatively trivial matters such as minor traffic accidents. These investigations tend to consume significant time and resources, and divert attention away from more strategic audit matters.

A score of C has been assigned to this dimension, as the amount of time generally allocated to systems audits is <50% of the total. Moving forward, a greater focus on strategic aspects, and also a move to a risk-based framework for completing investigations, should enable an increase to 60% by 2014-15. This will potentially enable the assessment against this dimension to improve to B or even A.

Dimension (ii) Internal Audit reports of the line ministries are issued upon completion of each audit to the CEO of the relevant ministry but not always to the Audit Office and the MoF. The MoF's internal auditor reports are sent to the CEO and then to the Ministry being audited. Under the reforms, an audit committee to be chaired by the CEO Finance has been established but has yet to meet. There is no formal calendar for the distribution of audit reports, although an annual work plan has been recently developed. Resourcing for internal auditing throughout the central government represents a major challenge. For instance, only one staff member carries out internal auditing in the entire Ministry of Education.

A score of C has been assigned to this dimension as a result. The "↑" recognises ongoing improvements to internal audit processes under the PFM reforms.

Dimension (iii) MoF's internal auditor expects ministries/audited bodies to respond to the recommendations of each audit, and there is some evidence that some action is taken.

Recent improvements in this area have been established, notably a recommendations register. Follow-up occurs to ministries every 14 days after a recommendation has been made.

A score of C has been assigned to this dimension, as there is no obvious way of knowing how management has responded to audit findings. Nonetheless, there is some anectodal evidence that recommendations are indeed being acted upon – notably, the audits of the payroll function and bank reconciliation processes led to some improvements being made. The IAID intend to establish a recommendation register to help track the implementation of audit recommendations

Comparison – 2010 PEFA

The scores in 2013 have improved since 2010, however resourcing issues remain as the main impediment to scores of A and B against this criteria.

Accounting, Recording and Reporting

PI-22 Timeliness and Regularity of Accounts Reconciliation

PI-22 Dimensions	2010	2013 Assessment
Method M2	**C**	**C+**
(i) Regularity of bank reconciliations.	**C**	**B** Bank reconciliations for all 70 treasury managed accounts are now being done for August 2013. They are being done monthly within 4 weeks of month end.
(ii) Regularity of reconciliation and clearance of suspense accounts and advances.	**C**	**C↑** Advances are deducted from the payroll. Suspense accounts are being reviewed. Fortnightly Monitoring is conducted to ensure suspense account is cleared. Balances are carried forward balances from the last 3 years.

Assessment 2013

Dimension (i) Bank reconciliations for all main transactional accounts are completed within 4 weeks of the end of each month. Those held at the Central Bank of Samoa relating to overseas debt are also completed in this time, although this reconciliation is completed separately. Not included in this process are bank accounts for donors and overseas missions - reconciliation of these accounts takes a little longer than 4 weeks. All reconciliation is completed at the transactional level. There are occasional errors in bank reconciliations, often appearing due to transcription errors (eg $450.**08**) rather than $450.**80**).

A score of B has been assigned to this dimension, reflecting that although bank reconciliations are completed monthly, not all bank accounts are included.

Dimension (ii) There are three suspense accounts maintained by the MoF to match its three operational accounts. As a policy, suspense accounts are cleared within one year of entry. Suspense accounts are being reviewed, but significant balances (around SAT 300k) remain as credits to suspense accounts are yet to be reconciled, with some entries being more than two years old. These backlogs have been progressively cleared with the balance reduced to SAT 300k from over SAT 3m three years ago.

New entries to suspense accounts are carefully managed. Notably, payroll advances continue to be paid from suspense accounts, but they are cleared from the suspense account within 2 weeks from the payroll accounts.

A score of C has been assigned to this dimension, as there remain some longstanding amounts within suspense accounts. The "↑" score recognises ongoing improvements in suspense account management in recent years.

Comparison – 2010 PEFA

Significant improvements in the timeliness of bank reconciliations, and management of suspense accounts, have been made since the previous assessment, which have built on improvements made between the 2006 and 2010 PEFAs.

PI-23 Availability of Information on Resources Received by Service Delivery Units

PI-23 Dimension	2010	2013 Assessment
(i) Collection and processing of information to demonstrate the resources that were actually received (in cash and kind) by the most common front-line service delivery units (focus on primary schools and primary health clinics) in relation to the overall resources made available to the sector(s), irrespective of which level of government is responsible for the operation and funding of those units.	**D**	**D** No evidence was found of any routine reporting or special survey which shows the resources (cash and in-kind) received by any major sector at service delivery level.

Assessment 2013

Dimension (i) The main budget and reporting for the Government of Samoa is completed on an output basis and therefore does not identify 'cost centres' such as schools or health centres/district hospitals (with the exception of three secondary schools). In completing this assessment, the PEFA team met with senior representatives from the Ministry of Education, Sports and Culture, and the Ministry of Health. Individual assessments are provided below, with the combined score reflected in the above table.

An overall score of D has been assigned to this dimension, based on the combined assessment of the Education and Health sectors. Further information on these is below.

Ministry of Education, Sports and Culture (MESC)

Samoa has a total of 168 schools, comprising 142 Government schools and the remainder as "mission" schools. There are 24 secondary schools and one university. The schools are located around the country. Education is free and compulsory between the ages of 5 and 14.

Individual schools are funded from three main sources: Government funding (from the MESC) which provides teachers, stationery, textbooks, etc; community fundraising, which provides maintenance and equipment (for example, sporting fields); and the School Fees Grants scheme, which meets school fees for lower income families. Some schools also receive direct or in-kind support from the international donor community or private organisations.

Since 2010, the MESC has collected information from all primary schools in the form of an annual plan, which details for each school its funding from all sources excepting community fundraising. It is intended to expand the collection of this information from secondary schools in the near future. Information on school funding is also available from the School Fees Grants Scheme. This reporting is contained under the Medium Term Expenditure Framework (MTEF). In addition, an annual report is also prepared by each school. These reports are focused largely on non-financial information, however they do contain a one-page summary of financial information.

In the future, the intention is to consolidate all funding and expenditure being received by schools, however there are concerns that this may remove autonomy from school principals, notably their ability to see funding from all sources at any time. In addition, there is a concern that school principals have been recruited for reasons other than as financial managers, and as a result there may be less expertise. Nonetheless, it is considered reasonable to expect that principals are able to financially manage their schools, and account for all moneys received and spent in their operation.

Ministry of Health (MOH)

The Samoan Government divides the responsibility for health policy and delivery broadly between two entities: The MOH has primary responsibility for policy and regulatory oversight; and the National Health Service has primary responsibility for health delivery. This separation formally occurred in 2006. As a result, the hospital network is maintained by the NHS. The MOG is responsible, however, for donor-funded projects to the Health sector, and health promotion/disease prevention campaigns (such as anti-tobacco advertising).

The NHS budget is recorded as a below-the-line item in the Ministry of Health budget (page 94 of the *Approved Estimates of Receipts and Payments for the Government of Samoa* refers), and separately as an entity on its own (page 258). The NHS budget does not identify all primary health locations and their budgets.

Across Samoa, there are 7 district hospitals, with a total budget appearing against the NHS in the budget documentation. Overall NHS budgets, though, have not been influenced by the MOH; only in the preparations for the 2013-14 budget did the MOH for the first time attend the NHS budget discussions since the 2006 separation of responsibilities. This represents a first step in integrating the budget for the NHS into overall Health sector planning, and a strategic linking of funding to performance indicators.

Overall assessment

A score of D has been overall assigned to this dimension; although it is noted that progress is underway to improve overall health and education sector budgeting and reporting, including greater visibility of primary unit resourcing.

Comparison – 2010 PEFA

The score for this dimension is unchanged since the 2010 PEFA.

PI-24 Quality and Timeliness of In-Year Budget Reports

PI-24 Dimensions	2010	2013 Assessment
Method M1	**C+↑**	**C+↑**
(i) Scope of reports in terms of coverage and compatibility with budget estimates.	**A**	**A** A range of regular (monthly, quarterly, six-monthly) in-year reports are produced showing actuals and commitments at the same level of detail as in the budget.
(ii) Timeliness of the issue of reports.	**A**	**A** Reports on current expenditure are produced monthly on the last day of the month, and project reports are produced quarterly within a month of quarter-end.
(iii) Quality of information.	**C↑**	**C↑** Multiple reporting systems exist and only Finance One, which produces the official monthly reports on current expenditure, has the appropriate checks and balances. It is recognised that data quality particularly of commitments is an issue. A payment policy is now in place to monitor these commitments.

2013 Assessment

Dimension (i) Aside from the budget document(s) and the annual financial statements, in-year financial reports are produced monthly (for internal ministry reporting); quarterly (which are audited as part of a rolling audit strategy design to raise potential audit issues earlier in the process); and half-yearly. Only the budget and annual financial statements documents are made available to the public.

In the publicly available reports, the information for current and donor-funded expenditure is provided at the levels of Appropriation => Ministry => Output => Budget Category (salaries, operating, capital etc).. In addition, commitment information, alongside actual expenditure, is contained in actuals reports.

The in-year reports (which are not released publicly) are primarily used for internal budget monitoring by ministries and the MoF. There are several in-year reports currently produced by MoF:

- The monthly report, which is available in the Finance One system immediately after the end of the month and is the main report that monitors the budget during the year. These reports cover budget, actual, commitment, variance and % utilisation. No analysis or commentary is provided in this report.
- As required under the PFM Act, an audited quarterly report is produced but covers only a consolidated status of the budget. This report is circulated to the ministries and copied to the Minister.
- A separate quarterly report is also produced by the Policy and Planning Division of the MoF. This covers the budget status in the GFS format. This report is posted on the MoF website.
- A 6 monthly review of the budget is undertaken. The review covers all aspects of the budget and involves consultations with the line ministries. The report is presented to Cabinet for information.

A review is currently underway on the usefulness and aims of these in-year reports, with the potential for some rationalisation, consolidation and public release (if perhaps only a one-two page press release).

A score of A has been assigned to this dimension, as the classification of data in publicly available reports allows for direct comparison to original budget, and expenditure information is covered at both commitment and payment stages. Nonetheless, possible areas for consideration in the future are:

- Providing in year reports to parliament and the public, at the same level as that provided in the budget.
- Integrating the report with the donor funded projects
- Devolving the relevant reports to ministries

Dimension (ii) This dimension assesses the timeliness of the in-year reports. Reports on current expenditure can be downloaded at any time by ministries from Finance One, however, MoF also produces formal reports monthly which are also available to ministries in Finance One. Project reports are produced quarterly by the Aid Coordination Division and shared with the Samoa Bureau of Statistics, donors and the implementing ministry. The reports are produced within one month of quarter-end.

The monthly reports are generated automatically by Finance One at the end of the month. Essentially, at 6.00pm on the final business day of the month, Finance One is shut down for the month and reporting is available from that point on. Any transactions posted to the system after close down are applied to the new reporting month.

The audited quarterly budget report is available two weeks after the end of the month. The published GFS budget report is available by the end of the following month. There is a longer time lag in the six-monthly report as it requires consultations with the line ministries.

Annual reporting follows a similar process for monthly reporting, with a 13^{th} period opened after June 30 until the end of July, to allow for cleanup of year-end issues.

A score of A has been assigned to this dimension as the production of end-of-period reports is as good as instantaneous.

Dimension (iii) In general, reporting standards are acceptable, however there are some known recurring data issues that compromise quality, notably:

1. Incorrect on untimely recording of commitments by ministries leads to some unreliable commitments data being returned in reports;
2. Delays in receiving financial information from overseas missions;
3. Some donor projects are maintained on separate systems and therefore the data is not able to be captured in Finance One; and
4. There are some additional reporting systems used by ministries, notably the Asycuda system used in customs for recording revenues. Data entered into Asycuda needs to be re-entered into Finance One and there is the consequential risk of delays and errors. Nonetheless, the improvements to bank reconciliation processes does mitigate risks in this area.

A score of C has been assigned to this dimension, as there are some known data issues which are not highlighted in the report. The "↑" score recognises the ongoing enforcement of the Government Payment Policy that was approved by the Cabinet Development Committee in July 2012, of which monitors the flow of government payments (including donor funded projects) through the Finance One System (up to the pre-audit process). This also assists with the monitoring of government payment arrears.

Comparison – 2010 PEFA

Broadly, this criteria has achieved the same scores as those from the 2010 PEFA.

External Scrutiny and Audit

PI-25 Quality and Timeliness of Annual Financial Statements

PI-25 Dimensions	2010	2013 Assessment
Method M1	**D+↑**	**C+↑**
(i) Completeness of the financial statements.	**D↑**	**C** Information on loan-funded and grant-funded (cash) project expenditure were provided in the financial statements for 2012-13.
(ii) Timeliness of submission of the financial statements.	**B**	**A** For the last completed financial year (2011-12), the public accounts were received by audit within 4 months of the end of the year.
(iii) Accounting standards used.	**C**	**C↑** The accounts have been prepared in accordance with the reporting requirements of the PFMA with some disclosure of accounting standards. The International Public Sector Accounting Standards (IPSAS) have been used as a guide since 2010.

2013 Assessment

Dimension (i) The requirements for financial reporting are set out in the PFM Act 2001. In the period under review, the public accounts have fulfilled these requirements with the exception of the statement of cash flows. A consolidated statement expenditure and receipts statement is produced, as well as a partial balance sheet, showing financial assets, non-financial assets and liabilities, which includes all ministries and constitutional bodies. Autonomous public beneficial bodies[7] are not consolidated (and consolidation is not required for this indicator). Information is provided on financial assets (cash balances and investments), some financial liabilities (debt stock) and contingent liabilities (guarantees). Information on payment arrears is not shown (or known as indicated by PI-4). Discretionary (current), statutory and unforeseen expenditure are described in detail in the schedules.

However, full information on loan-funded and donor-funded project expenditure is not provided, with only a movement being shown with the opening and closing balances for the period. This information is currently provided to the Accounts Division in MoF by the Aid Coordination and Debt Management Division in the MoF and it would be relatively easy to incorporate these in the next Financial Accounts. Information on donor funding is presented as a liability of unexpended funds.

A score of C has been assigned to this dimension. Presentation of donor funded project "trading statements" showing full expenditure and receipts of donor funded project in all fiscal reports will enable moving to an A score in a future PEFA.

Dimension (ii) The PFM Act 2001 requires that the Public Accounts have to be submitted for auditing within four months after the financial year-end. In 2011-12 and 2010-11, the statements were submitted by their due date of 31 October.

A score of A has been assigned to this dimension. The submission within 4 months is two months earlier than the PEFA requirements of submission in 6 months to achieve an A for this dimension.

Dimension (iii) The Government prepares the Public Accounts as specified with the requirements set out in the PFM Act 2001, and in accordance with generally accepted accounting principles using the modified cash basis of accounting. There is some disclosure of accounting standards; the Government

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

has not adopted any formal accounting standards for its reports, although legislation is currently being drafted to amend the PFM Act 2001 to formally adopt the cash basis of IPSAS.

The institutional scope of the public accounts is to line ministries only, with the relationships to other public bodies being reflected only as flows of dividends from and cash payments to these bodies.

At this stage, International Public Sector Accounting Standards (IPSAS) are applied only as guidelines and are not applied in full.

A score of C has been assigned to this dimension, as the statements are presented in a consistent format over time and there is some disclosure of accounting standards. The "↑" score recognises the current public accounts quarterly (FY2013/14) reporting being trialled for full cash IPSAS, with the intention to adopted fully for the Public Accounts 2014 – this would enable an improvement in this score to a B or an A in the future PEFA.

Comparison – 2010 PEFA

There have been notable improvements in the timeliness of financial statements submission to the audit office since the last assessment (dimension (ii)). On the other dimensions, the scores are largely unchanged, however it is noted that significant reforms are in progress, notably the planned adoption (subject to government agreement and the passage of legislation), which will enable improvements in the scores against these dimensions in a later PEFA.

External Scrutiny and Audit

PI-26 Scope, Nature and Follow-up of External Audit

PI-26 Dimensions	2010	2013 Assessment
Method M1	**D+↑**	**D+**
(i) Scope/nature of audit performed (including adherence to audit standards).	**D↑**	**C** In the period under review, where the focus has been on financial audits, the latest available audit report shows more than 50% of central government entities were covered. Adherence to auditing standards including independence has improved since the 2011 Institutional Strengthening Project (ISP).
(ii) Timeliness of submission of audit reports to legislature.	**C**	**D** The last set of audit reports and opinions on financial statements were issued more than 12 months after year-end and/or receipt by the audit office.
(iii) Evidence of follow up on audit recommendations.	**B**	**B** A formal response is made to the management letter and follow-up is done by the Audit Office as indicated by the audit files, but given the delays in audits, this may not be done in a timely manner. There is no systematic follow-up structure in place between external audits.

2013 Assessment

Dimension (i) The legislation that covers external auditing functions of government is the currently the *Audit Office Ordinance 1961*, although this will change in the near future due to new legislation and associated constitutional changes. The new Audit Act was recently passed by Parliament and its effectiveness will require an amendment of the relevant provision of the Constitution. This new legislation and associated constitutional changes will:

- amend the contract terms for the Chief Auditor to provide for terms of 12 years;
- impose mandatory deadlines for SOE and general government submissions of annual financial statements to the audit office (for SOEs – 31 August, for the general government, 31 October – these deadlines will enable final audit opinions on financial statements to be provided by 31 December);
- provide a mandate for performance and systems audits;
- make provision for the imposition of penalties and fines for non-compliance with the requirements of the Act; and
- separate the Audit Office from the Public Service Commission, effectively making the Audit Office accountable directly to parliament, rather than the executive.

Audit activities are also covered under the PFM Act 2001.

Auditing work is generally carried out by the audit office directly, although some financial statements audit work is outsourced to private sector auditors, with the ultimate responsibility for this outsourced work remaining with the Chief Auditor. The Audit Office has formally adopted International Standards on Auditing, and expresses its opinions in the terms of these standards. Going forward, the Audit Office intends to revise and re-tender for its outsourced work, with the intention to broaden the pool of firms carrying out outsourced work on financial audits, and also to enable the Audit Office to focus its own direct activities on systems and performance auditing, and “one-off” tasks (such as those flowing from donor requests).

The scope of audits covers all line ministries and SOEs, however for the period under review (2011-12), 77% of Public Bodies audits have been completed and 60% of line ministry audits have been completed.

A key challenge for the audit office in recent years has been resourcing, and as a result there has been a considerable backlog of financial statements that are yet to be audited, including the 2011-12 financial statements, for which final auditing work remains outstanding. Recently, however, there has been recognition of these resourcing issues, and the number of direct auditors has now been increased from 20 to more than 40. The Institutional Strengthening Project (ISP) completed in 2011 focussed on capacity and restructuring within the audit office, and included a systems audit of the Finance One system – this audit was used as a benchmark for IT security and policies for the system. Attention is turning towards a greater focus on IT and performance audits, and it is anticipated that more and more financial statements audits will be outsourced to the private sector. Four Technical Assistants have been engaged to work on the audit program and planning.

With these increased resources, there has been a reduction in the backlog, and the Audit Office is now finalising the 2011-12 financial statements. Furthermore, completion of the audit for the 2012-13 financial statements is now targeted for 31 December 2013, ie six months after year-end.

The increased resourcing will also allow for an increased focus on performance audits, with four staff now dedicated to this function, and five performance audits, and two special audits being completed in 2012-13.

A score of C has been assigned to this dimension due to the lack of coverage of all the entities of government. It is anticipated that with the passage of the new law and increased resourcing, the audit coverage will increase. With the formal adoption of accounting standards, a higher score may be achieved in a future PEFA.

Dimension (ii) At the time of this PEFA, The 2011-12 financial statements had yet to be submitted to parliament (the target date is December 2013 – the same deadline as for the 2012-13 financial statements). As mentioned above, this delay is primarily due to resourcing constraints in the audit office, although there have also been delays in receipt of some sets of statements from some ministries, and a focus on other priorities (such as payroll and payment audits). The 2010-11 audited financial statements were submitted in May 2013, 22 months after the close of the financial year.

A score of D has been assigned to this dimension, noting that if the intended turnaround times for the 2012-13 statements are met, this dimension would achieve a score of A. It is also noted that the score of C assigned to this criteria at the last PEFA did not accurately reflect on the timeliness of report submission to the legislature. This assessment was based on the 2007-08 statements which were >12 months late.

Dimension (iii) Ministries are required to provide a written response to the management letter, and generally this occurs within two weeks. Follow up by the Audit Office forms part of the subsequent audit (as set out in the audit files). Delays in audits mean that timely follow-up may not be achieved. There is also an absence of a systematic procedure for periodic follow up of the implementation of the recommendations between audits. No table on the outstanding query status is provided in the audit report.

The audit reports are scrutinised by a select committee of parliament (Indicator PI-28). The CEOs are called upon by the select committee to explain audit findings. The select committee's report is tabled in Parliament and CEOs of line ministries are required to report on implementation plans for actions contained within these reports to parliament.

A score of B has been assigned to this dimension, as the formal responses are provided in a timely manner, but there is little hard evidence of a systematic follow up and implementation of recommendations.

Comparison – 2010 PEFA

The overall score for this criteria is unchanged since the 2010 PEFA, however, the increased focus in recent years on resourcing, as well as the 2011 ISP, should enable significant improvements in this criteria in a future PEFA.

PI-27 Legislative Scrutiny of the Annual Budget Law

PI-27 Dimensions	2010	2013 Assessment
Method M1	**D+**	**B**
(i) Scope of the legislature's scrutiny.	**C**	**B** The Finance and Expenditure Committee scrutinises closely all the details of the budget documentation, however, more focused on the estimates of the coming year.
(ii) Extent to which the legislature's procedures are well-established and respected.	**B**	**B** Simple procedures exist for the legislature's review and are respected.
(iii) Adequacy of time for the legislature to provide a response to budget proposals both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined).	**D**	**B** Consultations are done during the FY with the public, parliamentarians for the coming FY. 14 days for the Finance and Expenditure Committee review plus the 7-10 days for debate.
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature.	**B**	**B** Clear rules exist for in-year budget amendments by the executive, but allow extensive re-allocation.

2013 Assessment

Dimension (i) Once presented to parliament, the legislature refers the budget document to its Finance and Expenditure Committee for detailed scrutiny. The committee consists of 4 Government and 3 Opposition members of parliament, with the chair being a Government member. The process begins with presentations to this committee by CEOs of the Public Service Commission and the Ministry of Finance, which aim to set the scene for the scrutiny and to discuss policies and strategies.

Detailed scrutiny occurs over approximately two weeks, with the first of these being a series of meetings with ministries and those SOEs receiving budget appropriations, and the second being site visits. The scrutiny process finishes with the chair of the committee presenting an official report to parliament. The scrutiny of the budget is comprehensive and covers everything in the budget including revenue.

A meeting with members of the Finance and Expenditure Committee confirmed this process although the members did express concern that the time allocated was quite short and this limited discussion to the budget year only – in particular, there was a lack of detailed discussion on the high level of sovereign debt. While the committee discusses policies and strategies, it generally takes it for granted that the MoF and the line ministries have aligned the budget to the sector strategies and the Samoa Development Strategy. While the committee also expressed its preference to discuss a multi-year medium term; the time allocated is a constraint to their ability to do this. The meeting also discussed the advantages of performance indicators in the budget, and how these could assist the scrutiny process.

The entire legislative scrutiny process for the budget lasts approximately four weeks, with the budget being presented to parliament on the last business day in May, and passed in the last week of June.

A score of B has been assigned to this dimension. Budget deliberations are primarily focussed on the upcoming budget year but tend not to review in any detail the medium term priorities.

Dimension (ii) The scope of the activities of the Finance and Expenditure Committee has remained constant for some time. Parliamentary rules and procedures govern its activities, its membership, and rules for giving evidence. Notably, the committee may only recommend a reduction to budgets.

A score of B has been assigned to this dimension as the rules and procedures are well respected. There are no separate specialised review committees, and therefore this one committee is responsible for the entire budget.

Dimension (iii) As mentioned under dimension (i), a period of 4 weeks is assigned.

A score of B has been assigned to this dimension. The 2012 PEFA Field Guide provides that:

- If the period assigned for review by the legislature is one month; then
- Either a B or a C may be scored for this criteria;
- If the other criteria in this dimension are all scored at B or above, then a B is scored for this dimension. Otherwise a C is scored.
- As the other criteria are scored as B, then a B is assigned to this dimension.

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

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

A score of B has been assigned to this dimension. Although clear rules exist for in-year budget amendments by the executive, and these are strictly adhered to, the allowance of 20% reallocations is quite generous.

Comparison – 2010 PEFA

This criteria has improved its scoring since the 2010 PEFA, primarily due to improved processes for the in-year budget amendments by the executive.

PI-28 Legislative Scrutiny of External Audit Reports

PI-28 Dimensions	2010	2013 Assessment
Method M1	**D+**	**B+**
(i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years).	**D**	**B** A turnaround time of six months occurred for the 2010-11 Financial Statements.
(ii) Extent of hearings on key findings undertaken by legislature.	**D**	**A** Detailed hearings take place on audit recommendations. The summary audit report is accompanied by detailed management letters provided to the members of the Officers of Parliament Committee.
(iii) Issuance of recommended actions by the legislature and implementation by the executive.	**C**	**B** Recommendations are issued, but evidence of systematic implementation is not available.

2013 Assessment

Dimension (i) The Officers of Parliament Committee scrutinises the audit reports that are submitted to parliament by the Controller and Chief Auditor. This committee is made up of 4 government members and 3 opposition members, and is chaired by a government member. This dimension strictly relates to the legislature's own processes for turning around audit reports submitted to it, and not with the timeliness of the submission of these reports (Performance Indicator 26 (ii) refers). Notwithstanding the significant delays in delivering the 2010-11 audited financial statements to the legislature, the Officers of Parliament Committee submitted their report to Parliament for debate on the 16th December 2013, a turn around of six months from receipt of audit report in June 2013.

A score of B has been assigned to this dimension as the turnaround time is within 3-6 months. It is stressed that the lateness of delivery of the audited financial statements to the legislature (22 months after year end) impacts the quality of any audit analysis.

Dimension (ii) The detailed management letters provided to the Officers of Parliament Committee by the Controller and Chief Auditor for all audited entities form the basis of scrutiny by the Committee. All adverse findings are investigated through hearings conducted by the Committee, with the focus of attention being on the more serious findings. Ministries and SOEs are represented at the hearings by their CEO, with the Controller and Chief Auditor also present.

A score of A has been assigned to this dimension, as all adverse or qualified matters are handled by the Officers of Parliament Committee and that their hearings take place with the CEOs of the relevant line ministry or SOE.

Dimension (iii) The Officers of Parliament Committee issues recommendations to parliament. Under the authority given to the committee by the Speaker of the Parliament, affected ministries and SOEs are required to respond to these recommendations within 90 days from the day that the report is passed by Parliament.. There is a formal register of actions taken by entities on recommendations of the committee. The Officers of Parliament Committee do have their quarterly follow up on these recommendations and report it to Parliament.

A score of B has been assigned to this dimension. There is a clear directive for responses and action on recommendations by the Officers of Parliament Committee. Creation of a formal response process and register of responses would enable a higher score in a subsequent PEFA assessment.

Comparison – 2010 PEFA

In preparing the 2013 assessment, the PEFA assessment team met with the relevant members of Parliament. The members advised on their own process, and advised that their analysis went beyond the initial information provided to them from the ministries; in particular, they advised that while they are initially only provided with summary audit information, they are now also provided with detailed management letters that enable a more thorough examination of audit reports provided to them.

Nonetheless, it is noted that the delays in finalisation of audit reports (refer Performance Indicator 26) hamper the value of Parliament's scrutiny of them, as the reports are somewhat out of date by the time they are finalised.

Donor practices

D-1 Predictability of Direct Budget Support

D-1 Dimensions	2010	2013 Assessment
Method M1	N/A	D
(i) Annual deviation of actual budget support from the forecast provided by the donor agencies at least six weeks prior to the government submitting its budget proposals to the legislature (or equivalent approving body).	**N/A**	**D** Please refer PEFA 2013 Donor Indicator D1 Table below.
(ii) In-year timeliness of donor disbursements (compliance with aggregate quarterly estimates).	**N/A**	**N/A**

2013 Assessment

Dimension (i) An analysis of the types of aid received by the Government of Samoa indicates that sizeable proportion of this aid is in the form of "direct budget support", as defined in the 2012 PEFA Field Guide, which defines such aid as consisting of "*all aid provided to the government treasury in support of the government's budget at large (general budget support) or for specific sectors. When received by the government's treasury, the funds will be used in accordance with the procedures applying to all other general revenue*".

Table 13 Budget Support				
Development Partners	Budgeted amount	Actual amount disbursed	Variance	Variance (%)
2010-11				
EU	11,458,000	11,887,015	(429,015)	(3.7%)
AUSAID	51,078,956	51,481,226	(402,270)	(0.8%)
NZAP	28,700,700	23,016,083	5,684,617	19.8%
ADB	33,054,000	50,063,430	(17,009,430)	(51.5%)
WB	50,916,000	46,229,674	4,686,326	9.2%
OPEC	2,567,408	459,858	2,107,550	82.1%
CHINA	63,665,162	66,217,477	(2,552,315)	(4.0%)
UN	6,439,051	4,741,082	1,697,969	26.4%
Total – 2010-11	**247,879,277**	**254,095,845**	**(6,216,568)**	**(2.3%)**
2011-12				
EU	45,565,744	42,843,822	2,721,922	6.0%
AUSAID	47,200,000	52,201,628	(5,001,628)	(10.6%)
NZAP	17,524,957	16,478,407	1,046,550	6.0%
ADB	16,150,600	28,446,485	(12,295,885)	(76.1%)
WB	22,840,628	4,969,055	17,871,573	78.2%
OPEC	2,304,000	0	2,304,000	100.0%
CHINA	58,143,960	56,705,759	1,438,201	2.5%
JAPAN	17,000,000	26,797,494	(9,797,494)	(57.6%)
UN	8,128,362	3,177,241	4,951,121	60.9%
Total – 2011-12	**234,858,251**	**231,619,891**	**3,238,360**	**1.4%**

Table 13 Budget Support				
Development Partners	Budgeted amount	Actual amount disbursed	Variance	Variance (%)
2012-13				
EU	32,720,000	21,937,656	10,782,344	33.0%
AUSAID	49,035,933	39,427,687	9,608,246	19.6%
NZAP	26,966,079	15,767,067	11,199,012	41.5%
ADB	23,000,000	19,761,379	3,238,621	14.1%
WB	41,260,597	20,417,300	20,843,297	50.5%
OPEC	2,070,000	1,211,568	858,432	41.5%
CHINA	51,185,414	47,936,436	3,248,978	6.3%
JAPAN	31,209,206	20,173,245	11,035,961	35.4%
UK	601,910	601,910	0	0.0%
UN	10,784,867	2,568,821	8,216,046	76.2%
Total – 2012-13	**268,834,006**	**189,803,070**	**79,030,936**	**29.4%**

In meetings with officials, it was accepted that there is generally an issue in completing projects to timeframes, with capacity constraints and difficulties with procurement processes hampering delivery. Management and ownership of projects have been identified as issues that delay project implementation. Although the figures in the table above would suggest a good ability to deliver projects on time, these figures are masked by the recent natural disasters which have impacted on Samoa – from an aid perspective, these disasters have led to large inflows of money in disaster relief, effectively increasing amounts disbursed towards original budget amounts.

A score of D has been assigned to this dimension, as in one of the years, a variance of >15% was recorded (2012-13, where the variance was 29.4%). It should be noted that a strict interpretation of the 2012 PEFA field guide could lead to a score of C, however the masking effects of the recent natural disasters should be taken into account.

Dimension (ii) This dimension cannot be rated, as project budgets from donors are set for the entire year and not split by quarter. Delivery of donor funds is contingent on project milestones. Donors generally disburse funds on a timely basis once the performance indicators have been achieved.

Comparison – 2010 PEFA

The 2010 PEFA did not rate this performance indicator as at the time the definition of “direct budget support” was not applied in the Samoan context.

D-2 Financial Information Provided by Donors for Budgeting and Reporting on Project and Program Aid

D-2 Dimensions	2010	2013 Assessment
Method M1	C	C↑
(i) Completeness and timeliness of budget estimates by donors for project support.	**C**	**C↑** The major donors (50%) provide information on budget estimates for disbursement of project aid, but in the period under review this did not link with the Samoan Government's specific outputs/sub-outputs. Nonetheless, the budget team within the Ministry of Finance does assign classifications of donor funds to these.
(ii) Frequency and coverage of reporting by donors on actual donor flows for project support.	**C**	**C** For grant-funded projects, donors report on these to the Government of Samoa on a payment-delivery basis, although the EU also supplies this information on a quarterly basis. For loan-funded disbursements (which represents about 50% of donor funding), advice is received from all major donors (ADB, World Bank, China) on a monthly basis.

2013 Assessment

Dimension (i) Of the 9 donor partners, 5 provide their budget estimates for project support for input to the Samoan Government budget process. This is completed on a template provided by the Ministry of Finance. The information collected in this template is then "mapped" into the Samoan Government's specific outputs/sub-outputs. The remaining donor partners provide their budget estimates on a "per-proposal basis" as proposals are developed. The Aid Coordination and Management Division (ACDM) within the MoF sends a circular to donors, requesting budget information, every year. The timeliness of the projection submission is generally observed by donors but with a lot of reminders and follow up by ACMD required.

A score of C has been assigned to this dimension. Whilst at least half the donors to provide budget estimates to support the Samoan Government's budget process, the Ministry of Finance does not request this information consistent with the Samoan Government's budget classifications, and therefore this detailed information is not provided. As a result, the Ministry of Finance is required to map this information itself. Amending the template for provision of this information, seeking a detailed allocation of the donor-funded expenditure by output/sub-output would enable a higher score in a future PEFA assessment. A "↑" has been assigned recognising that the Ministry of Finance assigns the donor projects to the Samoan Government's specific outputs/sub-outputs.

Dimension (ii) Donor funded projects are reported against funding agreements agreed with donor partners for each project. As a result, there is no regular reporting cycle (eg monthly/quarterly) of payments made for these projects; rather reporting is completed on delivery of project milestones and subsequent payments. When a payment is made by a donor, the Ministry of Finance is advised by the donor that a payment is to be made, and this payment advice is followed through until it is received in the Ministry of Finance's bank accounts and reconciled.

Loan funded projects are reported on directly by donors, in the form of a loan servicing schedule.

A score of C has been assigned to this criteria. This is primarily due to the reporting arrangements for the grant-funded projects being primarily on a milestone basis for donor-partners, with a regular reporting cycle not implemented.

Comparison – 2010 PEFA

Overall scores have not changed since the last PEFA.

D-3 Proportion of Aid that is Managed by Use of National Procedures

D-3 Dimension	2010	2013 Assessment
(i) Overall proportion of aid funds to central government that are managed through national procedures.	**D**	**B** An analysis of current donor use of the Samoan Government systems and procedures indicates that 75% or more of donor expenditure is managed and reported on through the Samoan Government's own systems.

Assessment 2013

Dimension (i) All donor information (other than in-kind) are reflected in the budget, although not all amounts are reflected through the entire Samoan Government's systems (Treasury, Audit, Procurement, Reporting, Accounting). Further information is contained in the table below

Table 14 Donor use of Government Procedures								
Procedures	**Aus**	**NZ**	**EU**	**WB**	**Japan**	**China**	**ADB**	**UNDP**
Financial Year 2012/2013	AUD	NZD	EUR	USD	JPY	CNY	USD	USD
Latest Budget (Own currency)	21,989,208	14,497,892	10,870,432	17,784,740	1,356,922,000	135,053,863	9,913,793	4,648,650
Exchange Rate (12/13)	2.23	1.86	3.01	2.32	0.023	0.379	2.32	2.32
Latest Budget (Tala million)	49,035,933	26,966,079	32,720,000	41,260,597	31,209,206	51,185,414	23,000,000	10,784,867
Budget	100%	100%	100%	100%	100%	100%	100%	100%
Banking	100%	100%	100%	100%	0%	0%	100%	100%
Accounting	100%	100%	100%	100%	0%	0%	100%	100%
Procurement	100%	100%	100%	50%	0%	0%	50%	100%
Reporting	100%	100%	100%	100%	0%	0%	100%	100%
Audit	100%	100%	100%	100%	0%	0%	100%	100%

Based on the information above, there are 48 potential classifications: 8 donors (listed across) and 6 national government procedures. Of these, 36 (75%) are complete, and 2 are 50% complete, giving an overall score of 37 out of 48, or 77%.

A score of B has been assigned to this dimension, as the 75% or more of aid funds are managed through national procedures as per the information above. It is noted, however, that different weightings could be applied to differing categories, which may return a different score.

Comparison – 2010 PEFA

This indicator has improved from a score of D since the last assessment, reflecting a greater tendency for donors to use Samoan Government systems.

4 Government (PFM) reform process

Description of recent and on-going reforms

PFM reform and related programmes

Public Finance Management concerns the effective management of the collection and expenditure of funds. As societal needs will inevitably be greater than the resources available to government, all public resources must be used as efficiently as possible with a minimum of government wastage. Efficient public finance management is central to creating a relationship of mutual trust and shared consensus between government and citizens.

The current PFM Phase II 2011 – 2013 reform plan was build on previous capacity building initiatives including the AusAID-financed Samoa Treasury Institutional Strengthening Project completed in 2001, the Finance One Financial Management system support, which was introduced in 2005/2006, and Stage 1 of the PFM Reform Programme (2008/2011). This update was developed based on analysis and consultations relating to the findings from the March/April 2010 PEFA Assessment, which was conducted as a self-assessment process led by Government officials, the January/February 2010 World Bank Debt Management Performance Assessment (DeMPA) and the IMF Article IV Consultations Issues Paper on SOEs. The reform plan has been developed with reference to the Commonwealth "Guidelines for Public Financial Management Reform" and the World Bank's "Strengthened Approach to Public Financial Management Reform".

The Strategy addresses the following main elements of PFM:

1. Legal & Regulatory,
2. Institutional Arrangements,
3. Management/Systems Framework
4. Capacity Considerations
5. Monitoring & Evaluation Framework

The priority areas for reform are primarily under Management/Systems Framework and are sequenced according to the Platform Approach. The rolling nature of the reform is illustrated by the ongoing activities as part of this overall reform strategy and the improvements already achieved. In order to reflect the evolution of the situation this document will be updated on a regular basis, at a minimum every two years.

The Ministry of Finance is preparing annual reports on progress in implementing the Public Finance Management Reform programme. These are discussed with stakeholders including development partners at annual review meetings in November/December each year. In addition Government is adopting the Public Expenditure and Financial Accountability (PEFA) Framework to monitor the Government's PFM reform programme.

Institutional factors affecting reform planning and implementation

Government leadership and ownership

The PFM Reform Task Force under the Chair of the Chief Executive Officer, MoF is responsible for implementation of the PFM Reform Plan. The Task Force includes representation at the ACEO level from the relevant divisions within the MoF. A higher level Steering Committee (Finance Sector Advisory Committee) was also formed to oversee the progress of the PFM Reform Plan and the Finance Sector Plan. The Committee is chaired by the CEO Ministry of Finance and include the following: Governor of the Central Bank of Samoa, CEO Ministry for Revenue, Controller and Chief Auditor and the Government Statistician.

Coordination across government

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

Sustainability of the reform process

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

Future reform program

Development of Phase III of the PFMRP is an important next step and this work is expected to be completed towards end of May 2014 in consideration of the PEFA 2013, Public Expenditure Review (PER) and the MAPS assessment. The PFMRP approach will be fully focused on the roll out. The strengths of the Samoan approach have included: (i) a clear and strong PFMA and legislative framework which will be further improved by the recently approved Treasury Instructions 2013; (ii) successful implementation of Finance One as the system wide backbone to treasury, accounting and FMIS systems; and (iii) broad based involvement in the PFMRP of key Divisional managers across a range of key functions apart from treasury / accounting / FMIS. This involvement includes: planning, budgeting, procurement, aid coordination, debt management, and internal audit, management of SOEs, revenue collection; and external audit. A broadly inclusive approach is likely to remain, though developing strategic priorities within and between functions will remain important.

Further expansion of the PFMRP to line Ministries and Agencies will be the main focus (Roll Out). As systems and capacities continue to mature in MOF the recent trend of ever increasing involvement of the line Ministries and Agencies in the PFMRP is likely to intensify. This trend will be further enhanced should sector focused budget support programs currently under preparation / consideration actually come to fruition with including other benefits, scope for additional external support for PFM strengthening in the Ministries and Agencies.

The detailed analysis and results of the 2013 PEFA and the PER are critical and will be closely considered to guide the development of the Phase III reform program

Annex A Summary Table of Performance Indicators

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
A.	**PFM-OUT-TURNS: Credibility of the budget**		
PI-1	Aggregate expenditure out-turn compared to original approved budget	**A**	In the last three financial years (2010-11, 2011-12 and 2012-13) the deviation between actual expenditure and original budget at an aggregate level has been 1.2%, 4.0% and 4.7% respectively. ***Source: Public Accounts 20011 -2013***
PI-2	Composition of expenditure out-turn compared to original approved budget	**B+**	In the last three financial years (2010-11, 2011-12 and 2012-13) the deviation between actual expenditure and original budget at a disaggregated level has been 7.8%, 5.9% and 6.3% respectively. All three years exceeded the 5% requirement. Average contingency share of actual expenditure stood at 2.4% for FYs 2010-11 – 2012-13. ***Source: Public Accounts 2011 -2013***
PI-3	Aggregate revenue out-turn compared to original approved budget	**A**	Total revenue received compared to forecasts has been 104.3%, 98.1% and 96.7% for FYs 2010-11 through to 2012-13. ***Source: Public Accounts 2011 -2013***
PI-4	Stock and monitoring of expenditure payment arrears	**B+**	Total arrears as at 30 June 2013 represented $12.879m, of which This represents 2.8% of total recurrent expenditure of $469.808m. MoF monitors arrears on a monthly basis, and issues a report to all line Ministries on their outstanding invoices and average turnaround days. ***Source: Estimates, Finance One system reports; Interviews- MESC, MOH, MOF***
B.	**KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency**		
PI-5	Classification of the budget	**B**	Budget formulation and execution is based on administrative and economic classifications. Function information is produced through a mapping exercise. ***Source: Chart of accounts; MOF Monthly Reporting; SBS***
PI-6	Comprehensiveness of information included in budget documentation	**B↑**	The recent budget documentation fulfils 6 of the 9 information benchmarks in entirety. For the remaining 3 benchmarks, the information is partially provided, is available in other sources, or is available on request. ***Source: Budget Address, Fiscal Strategy and Estimates 2011/2012+2012/2013***
PI-7	Extent of unreported government operations	**C+**	The level of un-reported expenditures other than donor funded projects remained at less than 1% of total current expenditures. The Budget documentation provides a comprehensive list of projects with a full "trading statement" for them. Debt stock movements (not full income and expenditures) are contained in the public accounts ***Source: Public Accounts 2011 -2013, In year budget reports; Interviews MoF***
PI-8	Transparency of inter-governmental fiscal relations	**N/A**	
PI-9	Oversight of aggregate fiscal risk from other public sector entities.	**B**	Public bodies are required to submit their audited financial statements to the MoF by 31 October in each year. For this assessment only 2 bodies (SLC + NHS) have not submitted their annual statements. SOE Monitoring Division (SOEMD) prepares a consolidated overview quarterly and annually report to Cabinet. As of June 2013 SOEMD have also posted quarterly performance reports on the MoF website. Some AGAs (SIFA, TAB, and the Office of the Regulator) do not report to the Ministry but instead to the Responsible Minister. In addition the production of the annual overview is produced up to 12 months after year-end and does not include all other bodies. All public bodies submit quarterly reports to the MoF, and a summary is provided to Cabinet.. ***Source: SoEMD annual database and reporting guidelines; Interview SOEMD***
PI-10	Public access to key fiscal information	**C**	Only one of the six elements is fully achieved. However, contract awards over SAT 500k are now posted on MoF website and are available to the media. All other in year reports for budget execution are available on line. ***Source: SBS GFS report; MOF in-year***

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
			publications; Interviews – MOF
C.	**BUDGET CYCLE**		
C(i)	**Policy-Based Budgeting**		
PI-11	Orderliness and participation in the annual budget process	**A**	A clear annual budget calendar exists and is generally adhered to. The timetable allows ministries three weeks from the receipt of budget circular to prepare budget submissions for the main national budget, although a mid-year update carried out in November also provides an opportunity to prepare budgets for the forthcoming year. Most of the ministries submitted their budgets on time (2 budget circulars issued during the budget process). A comprehensive budget circular is issued for the preparation of the current budget, which reflects budget ceilings approved by Cabinet, prior to distribution to MDAs. For the assessed period (2011-12, 2012-13 and 2013-14), the Appropriation Act was passed before the financial year started. (28 June 2011; 25 June 2012; 25 June 2013). ***Source: Budget Circular and calendar 2012/13 and 2013/14; Interviews: Budget + EPPD***
PI-12	Multi-year perspective in fiscal planning, expenditure policy and budgeting	**C+↑**	Multi-year forecasting was introduced back in 2007. Forward estimates are prepared for twp rolling years and classified by ministries/departments. Link between multiyear estimates and setting of budget ceilings is not clear. DSAs were completed in 2011, 2012 and 2013 (joint IMF and WB) covering public debt. The SERF Model also computes DSAs which is updated twice a year and it also looks at the external debt side only. External debt constitutes almost 95% of debt of Samoan Government debt. 9 sector plans are currently being implemented (Health, Community, Education, Agriculture, Trade and Commerce, Water and Sanitation, Energy, Finance, Law and Justice), 3 under review (Tourism, Education, Public Admin), and 3 in the pipeline (Transport, Communication, Environment). 5 sectors have been substantially costed and represent 54% of total primary expenditure. Links between the Public Sector Investment Programme and the forward estimates are weak, but the recurrent cost implications of major investment projects are recognised. ***Source: Budget Address 2013/14; IMF article iv (2012), PSIP, Sector Plans (Finance, Health, Education, Water). Interviews: Budget + EPPD,MESC, MOH***
C(ii)	**Predictability and Control in Budget Execution**		
PI-13	Transparency of taxpayer obligations and liabilities	**B**	Legislation and procedures are reasonably comprehensive and clear for most taxes. Discretionary powers are fairly limited. Taxpayers now have greater access to tax information. Pamphlets, Fact sheets etc, being issued for awareness and information. Taxpayer educational seminars are held twice a month. A set of administrative procedures exist for inland revenue appeals, but not for customs. The tax tribunal is yet to be fully operational, as required under the *Taxation Administration Act 2012*. ***Source: Income tax acts, VAGST Act, Business Licence Act; Interviews MfR,MOF***
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	**B**	Taxpayer registration is only held in the RMS system used for internal revenues; and a separate database is held for Customs (Asycuda). These are not linked however sharing of information is carried out in a daily basis. The Ministry for Revenue is notified of all new Foreign Investment Certificates issued MCIL by way of photocopies of certificates issued daily. Penalties exist for all areas of non compliance and have been refined in the new *Taxation Administration Act 2012*. Late payment and late lodgement fees and late payment interest are automatically generated and imposed by the system (RMS) whereas tax shortfall penalties and failure to keep records penalty are determined and imposed by tax auditors but subject to the ACEO's approval. Tax audits are conducted throughout the year based on a clear risk identification approach for the three major tax types (direct and indirect taxes). The 100% approach (auditing every item in the financial statement) is still practiced, should the risks identified warrants a check of all items in the financial statement of the audit client. ***Source: Legislation; Interviews MfR,***
PI-15	Effectiveness in collection of tax payments	**D+**	Partial assessment only, as data is only available for one year. 17% of the arrears balance at the start of 12-13 was collected during the 12-13 financial year. All taxes and duties are banked daily into a commercial bank account controlled by Treasury. A reconciliation of tax assessments, payments made for assessments, arrears from assessments and transfers to Treasury is not done.

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
			Source: Interviews MfR, Audit Office and Accounting Services division
PI-16	Predictability in the availability of funds for commitment of expenditures	**C+**	A formal cash forecasting exercise (revenues and expenses) is conducted at the beginning of each year with ministries providing their input. Quality is good. In-year cash requirements are monitored by MoF and these are informed by actual cash usage compared to original cash forecasts, however, there is no formal monthly or quarterly process. Warrants are released for the whole year for current expenditure. Monthly reports are issued to highlight significant movements. Supplementary estimates take place twice a year, in a well documented process. The process is transparent. ***Source: Interviews MESC, MOH, MoF***
PI-17	Recording and management of cash balances, debt and guarantees	**B**	External and domestic debt records are complete, have recently been validated and are updated quarterly. A detailed debt bulletin is published quarterly after reconciliation between CDRMS (downloaded to spreadsheets) and Finance One data. Calculation of the cash balances on the key accounts takes place daily. An offsetting mechanism has been established for 6 key treasury managed accounts and for the purposes of this indicator is viewed as a form of consolidation. All development fund accounts (including loan funds) remain outside of this system. Contracting of loans and issuance of guarantees are approved by Cabinet/Parliament. Procedures for approval are stipulated in the PFM Act 2001. Guarantees issued in the 2012-13 financial year all complied with the procedures. Medium-term debt management strategy also underscores criteria for contracting loans. ***Source: PFMA (2001), Debt Bulletin; Interviews; Aid Coordination and Debt Management, Accounting Services; SOEMD***
PI-18	Effectiveness of payroll controls	**C+↑**	The Finance One (for finances) and People One (for HR) systems are fully integrated. The salary of a position cannot be processed and effective unless the PSC enters and approves it on Finance One, and the MoF approves the budget for it on People One. Reports are available on line; Ministries can access and view the information anytime for reconciliation. Training is conducted twice a year to build the capacity of payroll officers in Ministries in regards to the Payroll Module in People One. The time taken to implement changes (new staff, transfers and terminations) is approximately 4-6 weeks for the majority of transactions. A set of controls are in place, there is an audit trail mean that the integrity of the data can be guaranteed**.** Changes to personnel records can be viewed on the system. Pre-auditing of payroll is conducted in a fortnightly basis by external Auditors. ***Source; Interviews; Audit, Accounting Services; System Support, MESC:***
PI-19	Competition, value for money and controls in procurement	**C+**	The current legal framework for Procurement meets four of six requirements in this Dimension. The legal framework covers all procurements, and is recorded and organised in the PFM Act 2001 and the Treasury Instructions Part K. The Treasury Instructions give effect to the Two Procurement Guidelines: (a) for Goods and Works; and (b) for Consulting Services. These documents are all published and are accessible the Ministry of Finance website. Open Competition above a threshold amount is the default method used for procurement according to mandate as well as practice, and all contracts that are procured through less competitive methods are justified according to the Legal Framework. Requirement five is not met as there is no provision under the existing legal framework on Procurement Plans, however the Procurement plan initiative is at its finalisation stage. There is no independent complaint mechanism. ***Source: Tender Board minutes; Procurement database; Procurement guidelines; PFMA (2001), Treasury Instructions, MAPS Draft Report, Interviews: Procurement, MESC, MOH***
PI-20	Effectiveness of internal controls for non-salary expenditure	**C↑**	Good processes and systems exist for recording of commitments, and reporting of arrears. The main impediment to a higher score is a tendency in ministries to procure goods and services but delay presenting invoices for payment, or for suppliers to provide goods and services without a purchase order. This means that systemic controls in place are not as effective as they could be. Expenditure commitment controls effectively quarantine funds, meaning that when the processes/systems are used correctly, the chance of over-committing budgets is low. Finally, all supplier payments are externally audited (around 2-3,000 payments made per month). Internal controls and procedures

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
			are up to date (Treasury Instructions 2013) to reflect recent changes to policy. A new unit has been created in the MoF – System support Division to provide services and training to Line Ministries in regards to different Modules of the Finance System. Principal Accountant Meeting are conducted on a monthly basis to discuss issues arising in daily work. Compliance with rules for transactions is reasonable and a Payment Policy has been created to avoid commitments outside the system. Monthly follow-up is conducted to ensure non-compliance is minimised. ***Source: PFMA (2001), Treasury Instructions, Interviews: Accounting Services,System Support, Internal Audit, Budget, Audit, MESC,***
PI-21	Effectiveness of internal audit	**C+**	Internal Audit and Investigations Division (IAID) have completed system based audits over the payroll system and bank reconciliation process. The target under the strategic plan is that 40% of all audit hours will be system based audit in FY2013-14. An internal audit manual has been developed and circulated and is based on the International Professional Standards Framework of the International Institute of Internal Auditors. An annual internal audit work plan has been developed for FY2013-14 using a risk-based methodology. Reports are produced and distributed to the auditee (ministry being audited), the CEO of the MoF and the Audit Office Management is requested to confirm in writing actions taken to address recommendations. A recommendations register is maintained. ***Source: Interviews MoF – internal audit,MfR, MESC***
C(iii)	**Accounting, Recording and Reporting**		
PI-22	Timeliness and regularity of accounts reconciliation	**C↑**	Bank reconciliations for all 70 treasury managed accounts are now being done for August 2013. They are being done monthly within 4 weeks of month end. Advances are deducted from the payroll. Suspense accounts are being reviewed. Fortnightly Monitoring is conducted to ensure suspense account is cleared. Balances are carried forward balances from the last 3 years. ***Source: Interviews MoF***
PI-23	Availability of information on resources received by service delivery units	**D**	No evidence was found of any routine reporting or special survey which shows the resources (cash and in-kind) received by any major sector at service delivery level.. ***Source: Interviews MESC, MOH***
PI-24	Quality and timeliness of in-year budget reports	**C+↑**	Current and donor funded project expenditure report on actual and commitment at the same level of detail as in the budget. Actuals reporting is only completed for loan funded expenditure. Reports on current expenditure are produced monthly on the last day of the month, and project reports are produced quarterly within a month of quarter-end. Multiple reporting systems exist and only Finance One, which produces the official monthly reports on current expenditure, has the appropriate checks and balances. It is recognised that data quality particularly of commitments is an issue. A payment policy is now in place to monitor these commitments.***Source: Finance One Interviews MoF (Budget, Aid Coordination, Accounting Services)***
PI-25	Quality and timeliness of annual financial statements	**C+↑**	Information on loan-funded and grant-funded (cash) project expenditure were provided in the financial statements for 2012-13. For the previous financial year (2011-12), the public accounts were received by audit within 4 months of the end of the year.. The accounts have been prepared in accordance with the reporting requirements of the PFMA with some disclosure of accounting standards. The International Public Sector Accounting Standards (IPSAS) have been used as a guide since 2010. ***Source: Public Accounts***
C(iv)	**External Scrutiny and Audit**		
PI-26	Scope, nature and follow-up of external audit	**D+**	In the period under review, where the focus has been on financial audits, the latest available audit report shows more than 50% of central government entities were covered. Adherence to auditing standards including independence has improved since the 2011 Institutional Strengthening Project (ISP). The last set of audit reports and opinions on financial statements were issued more than 12 months after year-end and/or receipt by the audit office. A formal response is made to the management letter and follow-up is done by the Audit Office as indicated by the audit files, but given the delays in audits, this may not be done in a timely manner.

No.	Indicator	Scoring	Brief Explanation and Cardinal Data used
			There is no systematic follow-up structure in place between external audits. ***Source: CCA annual report 2009/2010, Interviews Audit Office***
PI-27	Legislative scrutiny of the annual budget law	**B**	The Finance and Expenditure Committee scrutinises closely all the details of the budget documentation, however, more focused on the estimates of the coming year. Simple procedures exist for the legislature's review and are respected. Consultations are done during the FY with the public, parliamentarians for the coming FY. 14 days for the Finance and Expenditure Committee review plus the 7-10 days for debate. Clear rules exist for in-year budget amendments by the executive, but allow extensive re-allocation. ***Source: FEC mandate, Interviews FEC,***
PI-28	Legislative scrutiny of external audit reports	**B+**	A turnaround time of four months occurred for the 2012-13 Financial Statements. Detailed hearings take place on audit recommendations. The summary audit report is accompanied by detailed management letters provided to the members of the Officers of Parliament Committee. Recommendations are issued, but evidence of systematic implementation is not available. ***Source: Committee mandates, data from assembly, Interviews FEC***
D.	**Donor practices**		
D-1	Predictability of Direct Budget Support	**D**	A score of D has been assigned to this dimension, as in one of the years, a variance of >15% was recorded (2012-13, where the variance was 29.4%). It should be noted that a strict interpretation of the 2012 PEFA field guide could lead to a score of C, however the masking effects of the recent natural disasters should be taken into account. ***Source: Data from Aid Coordination, Interviews; Aid Coordination, donors***
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	**C↑**	The major donors (50%) provide information on budget estimates for disbursement of project aid, but in the period under review this did not link with the Samoan Government's specific outputs/sub-outputs. Nonetheless, the budget team within the Ministry of Finance does assign classifications of donor funds to these. For grant-funded projects, donors report on these to the Government of Samoa on a payment-delivery basis, although the EU also supplies this information on a quarterly basis. For loan-funded disbursements (which represents about 50% of donor funding), advice is received from all major donors (ADB, World Bank, China) on a monthly basis. ***Source: Data from Aid Coordination, Interviews; Aid Coordination, donors***
D-3	Proportion of aid that is managed by use of national procedures	**B**	An analysis of current donor use of the Samoan Government systems and procedures indicates that 75% or more of donor expenditure is managed and reported on through the Samoan Government's own systems. ***Source: Data from Aid Coordination, Interviews; Aid Coordination, donors***

Annex B Summary table on progress made

Indicator	2010	2013	Performance Change	Other factors
A. PFM OUTTURNS: Credibility of the budget				
PI-1. Aggregate expenditure out-turns compared to original approved budget	**A**	**A**	There has been no change in this score since the 2010 PEFA. With the exception of 2010-11, the size of deviations between budget and actual expenditure has been around 1-2% in each year.	
PI-2. Composition of expenditure-outturn compared to original approved budget	**C**	**B+**	The 2013 assessment template varies from the 2010 template. The overall score for this Performance indicator has improved from C to B+ since the 2010 assessment. This reflects a general trend towards improved estimates accuracy – a trend also mentioned in the 2010 assessment.	
PI-3. Aggregate revenue out-turns compared to original approved budget	**B**	**A**	The PEFA scoring for this category has improved from B to B+ between the 2010 and 2013 assessments. The 2010 PEFA highlighted the (then) recent addition of the Samoa Economic and Revenue Forecasting (SERF) tool. The accuracy of revenue forecasts in the last two years, shows that implementation of this tool has indeed helped improve revenue forecasting.	
PI-4 Stock and monitoring of expenditure payment arrears	**N/R**	**B+**	Since the last PEFA there have been a number of significant steps taken in arrears management. In December 2012 the Government approved a new payments policy stipulating that payments are to be processed within 15 days of receipt of a (correctly rendered) invoice – this compares to a generally recognised international standard of 30 days. Prior to this time, there was no formal policy in place. In addition, the Government has recently directed that SOE accounts are to be settled as a matter of priority. The Finance One system records each invoice's details, including its date – this enables reporting of arrears to be completed easily.	
B. KEY CROSS-CUTTING ISSUES: Comprehensiveness and transparency				
PI-5 Classification of the budget	**B**	**B**	The budget classification and chart of accounts has not changed since the previous assessment. In the past, the analysis provided	

Indicator	2010	2013	Performance Change	Other factors
			in the Government Finance Statistic Report has been based on the 1986 GFS Manual. MOF is looking to improvements in the Finance One system to allow derivation of sub-functional information from its Chart of Accounts. Production of detailed sub-functional information will allow this indicator to improve to "A" in a future assessment	
PI-6 Comprehensiveness of information included in the Budget	**B**	**B+**	The 2013 assessment of B+ represents an improvement from the 2010 score of B. Notably, indicators 5 and 8 have changed from "No" to "Yes"	Indicator 1 has changed from "Yes" to "Partial", however it appears that the methodology for applying the PEFA in 2010 was applied incorrectly with regard to the exchange rate.
PI-7 Extent of unreported government operations	**D+**	**C+**	Scores are broadly in line with the 2010 PEFA. The PEFA criteria for dimension 2 require that in order for a score of A, B or C to be obtained, that "Complete income/expenditure information for all loan-financed programs is to be included in fiscal reports". This category would improve to close to an "A" if this information was provided in all fiscal reports.	
PI-8 Transparency of inter-gov. fiscal relations	**N/A**	**N/A**	There is no change to the 2010 PEFA	
PI-9 Oversight of aggregate fiscal risk from other public sector entities	**B**	**B**	It should be noted that up to the 2010/11 financial year all Public Bodies aside from SLC and NHS are up to date with their audited Annual Reports.	The B grade of the 2010 assessment was based mainly on the poor reporting of two Public Bodies and may have been too generous considering no AGAs are required to report to the Ministry under the PFM Act 2001 or the PB Act 2001
PI-10 Public access to key fiscal information	**C**	**C+**	Broadly, the score for this criteria is the same as that achieved in the 2010 PEFA. The C+ score allocated for the 2013 recognises progress and improvement undertaken across this performance indicator, but the final outcomes of this are yet to materialise. With the finalisation of sector plans, and improved audit timeliness, it is likely that this score will be able to improve at the next PEFA assessment.	
C. BUDGET CYCLE:				
C(i) Policy-based budgeting				
PI-11 Orderliness and participation in the annual budgeting process	**B+**	**B+**	In both the 2010 and 2013 assessments, this performance indicator has been scored highly. This assessment is broadly unchanged from the last, with the exception that the score for dimension 2 has improved from "B" to "A".	

Indicator	2010	2013	Performance Change	Other factors
PI-12 Multi-year perspective in fiscal planning, expenditure policy & budgeting	**D+↑**	**C**	Overall, the indicator scores an improvement from 2010, primarily due to progress in developing and costing of sector plans since then.,	
			C (ii) Predictability and control in budget execution	
PI-13 Transparency of taxpayer obligations and liabilities	**C+**	**B**	There has been a lot of improvement since the last assessment as a result of the current Institutional Strengthening Project (ISP). A change in the organisational structure, rewriting of the Income tax laws, the implementation of new business processes and an upgraded Revenue Management System plus other modifications have been put into place to encourage and improve voluntary compliance and the services the Ministry provides.	
PI-14 Effectiveness of measures for taxpayer registration and tax assessment	**C**	**B**	There has been significant improvement in this criteria since th last assessment, following the Institutional Strengthening Proje (ISP). However, the Revenue Management System (RMS) requir significant data cleansing in order to produce more accura information – for example, a number of businesses that hav ceased to operate are still listed as active in RMS, and als cleansing of bad debts and penalties information following fro new legislation. Going forward, the Customs Modernisatio Project, currently in its early stages, is anticipated to deliver furthe improvements for Samoa's Tax Authority.	
PI-15 Effective collection of tax payments	**D+**	**D+**	The newly upgraded Revenue Management System is now capable of generating debt reports which was not possible in previous versions. Other than that there haven't been any major changes since the last assessment.	
PI-16 Predictability in the availability of funds for commitment of expenditures	**C+↑**	**C+**	This indicator's score has remained the same compared to the 2010 PEFA, even though D (iii) has improved from C to A.	
PI-17 Recording and management of cash balances, debt and guarantees	**C+↑**	**B+**	The scoring for this criteria has improved since the 2010 PEFA, primarily due to improved processes around the reconciliation and consolidation of bank accounts, as well as improvements in the processes for the issuance of guarantees	A particular issue that was highlighted in the 2010 PEFA which has been addressed was that of a tendency for some public bodies to go straight to Cabinet for authorisation of loans and guarantees, without first submitting their requests to the MoF for scrutiny against the Samoan Government's policy framework.
PI -18 Effectiveness of payroll controls	**D+↑**	**C+**	Significant improvements have been made to payroll processes	

Indicator	2010	2013	Performance Change	Other factors
			since the 2010 PEFA, notably the integration of the Finance One and People One systems, to enable greater data integrity and reporting for payroll matters. In addition, greater effort is now placed on ensuring removal of "ghost workers", and checking of payroll transactions	
PI-19 Competition, value-for-money & controls in procurement	**C↑**	**B**	Since the previous assessment a Procurement and Contract Support Unit (also known as the Tenders Board Secretariat) have been established. From the MAPS Assessment, a Five Year Capacity Development Plan was proposed in the MAPS Report June 2013. A Procurement Plan Template has been finalised and Training of Ministries and Corporations on the use of the Template was conducted in early February 2013. All Ministries and Corporations are expected to submit their Procurement Plans to the Procurement Unit before the end of September 2013. The Treasury Instructions, Part K, which focuses on Procurement, is currently under review, together with Standard Tender Documents (for Consulting Services, General Services, Goods & Related Services and Works) and Request for Quotations Templates (for Minor Works, Services & Consulting Services).	The PEFA methodology for this indicator has changed since the 2010 Assessment.
PI-20 Effectiveness of internal controls for non-salary expenditure	**D+**	**C+**	There are significant improvements to this indicator since the 2010 PEFA. From a system point-of-view, highly effective controls are now in place. However, the general issue of behaviour remains, with a tendency for some ministries to continue to procure goods and services without first entering their details into the Finance One system	
PI-21 Effectiveness of internal audit	**D+**	**C+**	The scores in 2013 have improved since 2010, however resourcing issues remain as the main impediment to scores of A and B against this criteria	
C (iii) Accounting, Recording and Reporting				
PI-22 Timeliness and regularity of accounts reconciliation	**C**	**C+**	Significant improvements in the timeliness of bank reconciliations, and management of suspense accounts, have been made since the previous assessment, which have built on improvements made between the 2006 and 2010 PEFAs	
PI-23 Availability of information on resources received by service delivery units	**D**	**D**	The score for this dimension is unchanged	
PI-24 Quality, timeliness of in-year budget reports	**C+↑**	**C+**	Broadly, this criteria has achieved the same scores as those from	

Indicator	2010	2013	Performance Change	Other factors
			the 2010 PEFA	
PI-25 Quality and timeliness of annual financial statements	**D+↑**	**C+**	There have been notable improvements in the timeliness of financial statements submission to the audit office since the last assessment (dimension (ii)). On the other dimensions, the scores are largely unchanged, however it is noted that significant reforms are in progress, notably the planned adoption (subject to government agreement and the passage of legislation), which will enable improvements in the scores against these dimensions in a later PEFA.	
C (iv) External Scrutiny and Audit				
PI-26 Scope, nature, follow up of external audit	**D+↑**	**D+**	The overall score for this criteria is unchanged since the 2010 PEFA, however, the increased focus in recent years on resourcing, as well as the 2011 ISP, should enable significant improvements in this criteria in a future PEFA	
PI-27 Legislative scrutiny of the annual budget law	**D+**	**B**	This criteria has improved its scoring since the 2010 PEFA, primarily due to improved processes for the in-year budget amendments by the executive.	
PI-28 Legislative scrutiny of ext. audit reports	**D+**	**B+**	In preparing the 2013 assessment, the PEFA assessment team met with the relevant members of Parliament. The members advised on their own process, and advised that their analysis went beyond the initial information provided to them from the ministries; in particular, they advised that while they are initially only provided with summary audit information, they are now also provided with detailed management letters that enable a more thorough examination of audit reports provided to them.	It is noted that the delays in finalisation of audit reports (refer Performance Indicator 26) hamper the value of Parliament's scrutiny of them, as the reports are somewhat out of date by the time they are finalised.
D DONOR PRACTICES				
D-1 Predictability of Direct Budget Support	**N/A**	**D**	The 2010 PEFA did not rate this performance indicator as at the time the definition of "direct budget support" was not applied in the Samoan context	
D-2 Financial Information provided by Donors for budgeting and reporting on aid	**C**	**C**	Overall scores have not changed since the last PEFA.	
D-3 Proportion of aid that is managed by use of national procedures	**D**	**B**	This indicator has improved from a score of D since the last assessment, reflecting a greater tendency for donors to use Government systems.	

Annex C Interviewees and Workshop Attendees

Name	Institution/division	Position
Ministry of Finance		
Tupa'i Iulai Lavea	Ministry of Finance	Chief Executive Officer (CEO)
Noumea Simi	Aid Coordination and Debt Management	ACEO
Oscar Malielegaoi	Budget	ACEO
Elita Tooala	SOEMD	ACEO
Henry Ah Ching	EPPD	ACEO
Rosalini Moli	IAID	ACEO
Soteria Noaese	Procurement	ACEO
Soane Leota	Corporate Services	ACEO
Rosita Matalavea	Accounts	ACEO
Anna Schuster	System Support	ACEO
Charles Ah Poe	Information Technology	ACEO
Litara Taulealo	CRICU	ACEO
Salote Peteru	Legal	ACEO
Sione Foliaki	Energy	ACEO
Lae Siliva	PFM/Finance Sector	Coordinator
Lita I'amafana	Aid Coordination and Debt Management	Principal Officer
Noelani Tapu	Aid Coordination and Debt Management	Principal Officer
Karl Laulu	Aid Coordination and Debt Management	Senior Officer – Grant
Faaiuaso Leleimalefaga	Aid Coordination and Debt Management	Senior Officer – Loans
Vena Legaoi	Aid Coordination and Debt Management	Senior Officer – Debt Management
Michael Kapisi	SOEMD	Principal Officer
Cecilia Taefu	Accounts	Principal Officer – Accounts Payable
Olivetti Bentin	Accounts	Principal Officer – Cash Flow
Naama Sinei	Accounts	Principal Officer – Payroll
Vili Tiatia	Accounts	Senior Officer – Cash Flow
Talaetau lima	Accounts	System Accounting Officer
Maliliga Peseta	EPPD	Principal Officer - Sector
Hesed Lauano	EPPD	Senior Officer - Sector
Chantal Soon	Procurement	Principal Officer
Galuimaninoa Tasi	Procurement	Senior Officer
Saratoto Luamanu	IAID	Senior Investigating Officer
John Villa	IAID	ADB Consultant
Jean Viliamu	CRICU	Principal Officer
Lubuto Siaosi	Budget	Principal Officer - Forecasting
Wilma Lagaaia	Budget	Principal Officer - Formulation
Relina Stowers	Budget	Principal Officer – Revenue/Tax Policy
Ministry of Education, Sports and Culture		
Doreen Tuala	Curriculum, Materials and Assessment	ACEO
Maimoana Petaia	School Operations	ACEO
Vau Peseta	Monitoring, Evaluation & Review	ACEO
Polataivao M Tiotio	Corporate Services	ACEO
Quandolita Enari	Policy, Planning and Research	ACEO
Leota Valma Galuvao	Education Sector Coordination	ACEO
Salima Lasalo	Corporate Planning	Principal Officer
Melaia Reid	Accounts	Principal Officer
Amela	Archives/Culture	Principal Officer
Senetima Samau	Office of the CEO	Principal Executive Assistant
Tailetai Faaulufalega	ESP II M&E	Principal Officer
Rosemarie Esera	ESP II	Manager
Nanai S Faasavalu	Culture	Principal Officer
Seumanu G Wong	Secondary Curriculum	Principal Officer
Syrene Laumoli	Communication	Principal Officer
Ministry of Health		

Name	Institution/division	Position
Sosefina Tualaulelei	Corporate Services	ACEO
Darryl Anesi	SWaP	Project Accountant
Ministry for Revenue		
Pitolau Lusia Sefo Leau	Ministry for Revenue	CEO
Tui Faasili	Policy, Forecasting & Business Improvement	ACEO
Ian Filemu	Policy, Forecasting & Business Improvement	Principal Officer
Audit Office		
Fuimaono C Afele	Audit Office	CCA
Dennis Chan Tung	Audit Office	Assistant CCA
Violet Roebeck	Audit Office	Assistant CCS
Marhsall Maua	Audit Office	Audit Director
Paul Ualesi	Audit Office	Senior Administration Officer
Parliament		
Faumuina T Liuga	Cabinet	Minister of Finance
Papalii Niko Lee Hang	Finance and Expenditure Committee	Chairman
Taefu Lemi	Officers of Parliament	Deputy Chair
Afualo Dr Woods Salele	Finance and Expenditure Committee	Member (Opposition)
Donors		
Anthony Stannard	AusAID	First Counsellor
Francis Sutherland	AusAID	Second Counsellor
Michael Upton	NZAP	First Secretary - Development
Maeve Betham- Vaai	World Bank./ ADB joint Samoan Liaison Office	Liaison Officer
Anthony Higgins	AusAID	Consultant

Annex D List of documents consulted

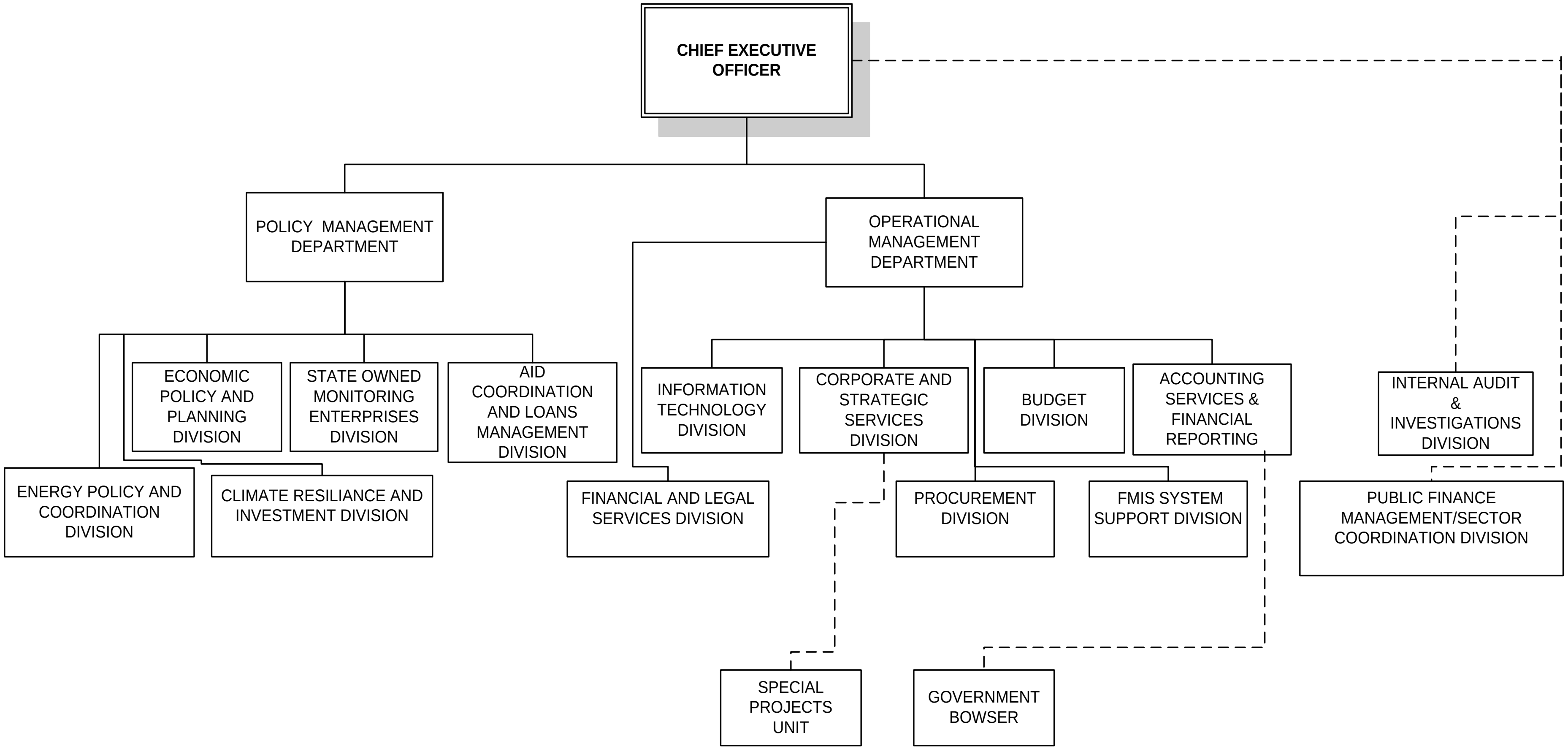
Title	Author	Date
Laws and regulations		
Public Bodies (Performance and Accountability) Act	Government of Samoa	2001
Public Bodies (Performance and Accountability)Regulations	Government of Samoa	2002
Appropriation Act 2011-12	Government of Samoa	2011
Appropriation Act 2012-13	Government of Samoa	2012
Appropriation Act 2013-14	Government of Samoa	2013
Audit Act	Government of Samoa	2013
Constitution of the Independent State of Samoa	Government of Samoa	(Reprinted) 2001
Customs and Excise Amendment Act	Government of Samoa	2007
Income Tax Administration Amendment Act	Government of Samoa	2006
Loan Authorisation Act	Government of Samoa	2007
Money Laundering Prevention Act	Government of Samoa	2007
Public Finance Management Act	Government of Samoa	2001
Public Finance Management Amendment Act	Government of Samoa	2005
Public Finance Management Amendment Act	Government of Samoa	2008
Value Added Goods And Services Tax Act	Government of Samoa	1992
Value Added Goods And Sales Tax Amendment Act	Government of Samoa	1999
Business Licences Act	Government of Samoa	1998
Income Tax	Government of Samoa	2012
Tax Administration	Government of Samoa	2012
Treasury Instructions 2013	Government of Samoa	
Guidelines for Government Procurement and Contracting: Goods and Works	Ministry of Finance	2008
Financial Statements/Reports		
Public Accounts 2010-11	Ministry of Finance	2011
Public Accounts 2011-12 (un-audited)	Ministry of Finance	2012
Public Accounts 2012-13 (un-audited)	Ministry of Finance	2013
Public Bodies (2011 and 2012 statements)	Ministry of Finance	2013
Budget formulation and execution documents		
Budget Address 2012-13, 2013-14	Government of Samoa	2012, 2013
Budget Circular Memorandum 2011/05	Ministry of Finance	Mar 2011
Budget Circular Memorandum 2012/04	Ministry of Finance	Mar 2012
Budget Circular Memorandum 2012/13	Ministry of Finance	Oct 2012
Budget and Forward Estimates Annual Cycle	Ministry of Finance	Jun 2012
Fiscal Strategy 2012-13	Government of Samoa	May 2012
Fiscal Strategy 2013-14	Government of Samoa	May 2013
GDP Report June 2013	Bureau of Statistics	Sept 2013
GFS Report June 2013	Bureau of Statistics	Sept 2013
Quarterly Economic Review (Oct-Dec 2012)	Ministry of Finance	Apr 2013
Quarterly Economic Review (Jan-Mar 2013)	Ministry of Finance	Sept 2013
Quarterly Debt Bulletin (Jan – Mar 2010)	Ministry of Finance	July 2013
PFM Reform Plan Phase II	Government of Samoa	2011
Approved estimates of receipts and payments of the government of Samoa FY ending 30th June 2012	Ministry of Finance	June 2011
Approved estimates of receipts and payments of the government of Samoa FY ending 30th June 2013	Ministry of Finance	June 2012
Approved estimates of receipts and payments of the government of Samoa FY ending 30th June 2014	Ministry of Finance	June 2013
SERF Report	Ministry of Finance	Apr 2013
Public Sector Investment Program 2012/13 – 2014/15	Ministry of Finance	Nov 2012
Policy documents		
Ministry of Finance Corporate Plan 2012-2016	Ministry of Finance	Jul 2012
Medium Term Debt Management Strategy	Ministry of Finance	2009
Strategy for the Development of Samoa (2012-2016)	Government of Samoa	Jul 2012
Government Payment Policy	Government of Samoa	Jul 2012
Strategic Plan 2012 - 16: Internal Audit Function	Government of Samoa	Jul 2012
Internal Audit Forum: Guide	Government of Samoa	Jul 2012
Finance Sector Plan	Government of Samoa	Jul 2013
PFM Reform Reports		
PFM Reform Plan Phase II	Ministry of Finance	2011

Title	Author	Date
PFM Annual Progress Report	Ministry of Finance	Nov 2011
PFM Annual Progress Report	Ministry of Finance	Nov 2012
MAPS Assessment: Draft Report	Government of Samoa	Jul 2013
Audit Office reports		
Report of the Controller and Chief Auditor to the Legislative Assembly – 30th June 2010	CCA	Apr 2012
Report of the Controller and Chief Auditor to the Legislative Assembly – 30th June 2011	CCA	May 2013
Internal audit reports		
Internal Audit Annual Work plan 2013/14	Ministry of Finance	Jul 2013
Internal Audit Report – Government Payroll	Ministry of Finance	Sept 2013
Internal Audit Report – Government Bank Reconciliation	Ministry of Finance	Aug 2013
Sector documents		
Sector Planning Manual for Samoa (edition 2009)	Government of Samoa	Jun 2009
Finance Sector Plan 2013 - 18	Government of Samoa	Jul 2013
Water and Sanitation Sector Plan 2012 - 16	Government of Samoa	2012
Health Sector Plan 2008 - 18	Government of Samoa	2008
Law and Justice Sector Plan 2012 - 16	Government of Samoa	2012
Donor Documents		
Request for Disbursement under Rapid Credit Facility – Debt Sustainability Analysis	IMF	May 2013
Joint IMF/World Bank Debt Sustainability Analysis 2010	IMF/World Bank	Apr 2010
Public Debt Management Reform Plan	World Bank	Jan 2013
Internal Audit Manual	ADB	Mar 2012

Annex E Structure of the Public Sector

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

Annex F Organisation Structure – Ministry of Finance



Annex G Budget v Actual Comparison

Data for Year 2010/11					
Functional head	**Original Budget**	**Actual Expenditure**	**Adjusted Budget**	**Absolute Deviation**	**Percent Deviation**
Agriculture	12,327,562	12,332,886	12,475,186	142,301	1.1%
Attorney General	3,185,784	3,088,917	3,223,934	135,017	4.2%
Audit Office	2,643,162	2,579,634	2,674,814	95,180	3.6%
Bureau of Statistics	3,105,658	2,874,540	3,142,849	268,309	8.5%
Commerce, Industry and Labour	15,994,884	17,320,778	16,186,425	1,134,352	7.0%
Communication and Information Technology	4,348,335	5,311,585	4,400,407	911,178	20.7%
Education, Sports and Culture	85,774,538	79,185,314	86,801,702	7,616,387	8.8%
Office of the Electoral Commissioner	2,341,296	2,373,467	2,369,333	4,134	0.2%
Finance	70,147,701	71,505,094	70,987,731	517,363	0.7%
Foreign Affairs and Trade	18,384,970	17,973,640	18,605,133	631,493	3.4%
Health	67,399,078	75,303,301	68,206,193	7,097,109	10.4%
Justice and Courts Administration	8,193,725	7,773,570	8,291,846	518,276	6.3%
Legislative Assembly	3,530,062	3,506,864	3,572,335	65,471	1.8%
Natural Resources and Environment	28,475,783	28,764,268	28,816,785	52,517	0.2%
Ombudsman	488,071	493,760	493,916	155	0.0%
Police and Prisons	21,298,526	21,045,202	21,553,579	508,378	2.4%
Prime Minister	7,680,647	7,380,183	7,772,624	392,441	5.1%
Public Service Commission	2,997,543	3,027,835	3,033,439	5,604	0.2%
Revenue	10,153,364	9,810,613	10,274,952	464,339	4.6%
Women, Community and Social Development	10,561,744	10,182,750	10,688,223	505,473	4.8%
Works, Transport and Infrastructure	74,040,426	85,458,167	74,927,072	10,531,095	14.2%
Stat exp + Unforeseen exp	55,715,057	47,588,363	56,382,254	8,793,890	15.8%
Total Expenditure Deviation	508,787,916	514,880,731	514,880,731	40,390,461	1.2%
Composition Variance					**7.8%**

Data for Year 2011/12					
Functional head	**Original Budget**	**Actual Expenditure**	**Adjusted Budget**	**Absolute Deviation**	**Percent Deviation**
Agriculture	12,438,168	12,484,759	11,941,757	543,002	0.0
Attorney General	2,770,049	2,658,859	2,659,496	637	0.0
Audit Office	2,991,627	2,374,539	2,872,231	497,692	0.2
Bureau of Statistics	3,701,009	3,633,223	3,553,301	79,922	0.0
Commerce, Industry and Labour	17,601,656	17,179,416	16,899,168	280,248	0.0
Communication and Information Technology	4,261,759	4,199,622	4,091,670	107,951	0.0
Education, Sports and Culture	91,867,821	84,816,331	88,201,348	3,385,017	0.0
Office of the Electoral Commissioner	1,344,788	1,357,304	1,291,117	66,187	0.1
Finance	80,531,689	80,120,109	77,317,644	2,802,465	0.0
Foreign Affairs and Trade	18,968,462	18,713,718	18,211,425	502,293	0.0
Health	69,621,703	69,657,053	66,843,079	2,813,973	0.0
Justice and Courts Administration	8,566,039	7,870,513	8,224,166	353,653	0.0
Law Reform	650,368	612,686	624,412	11,726	0.0
Legislative Assembly	4,188,185	4,142,855	4,021,033	121,822	0.0
Natural Resources and Environment	27,806,892	23,264,741	26,697,110	3,432,369	0.1
Ombudsman	568,633	538,149	545,939	7,790	0.0
Police and Prisons	24,563,217	24,004,992	23,582,891	422,101	0.0
Prime Minister	7,613,404	7,152,550	7,309,551	157,001	0.0
Public Service Commission	3,252,296	3,223,318	3,122,496	100,823	0.0
Revenue	9,144,444	8,258,631	8,779,487	520,856	0.1
Women, Community and Social Development	9,840,097	9,739,466	9,447,376	292,090	0.0
Works, Transport and Infrastructure	64,821,360	55,814,838	62,234,319	6,419,481	0.1
Stat exp + Unforeseen exp	**50,692,247**	**5,322,449**	48,669,104	6,653,345	0.1
Total Expenditure Deviation	517,805,913	497,140,119	497,140,119	**29,572,443**	**4.0%**
Composition Variance					**5.9%**

Data for Year 2012/13					
Functional head	**Original Budget**	**Actual Expenditure**	**Adjusted Budget**	**Absolute Deviation**	**Percent Deviation**
Agriculture	12,972,760	13,080,018	12,358,472	721,546	0.1
Attorney General	3,572,527	3,305,303	3,403,360	98,057	0.0
Audit Office	3,213,558	3,014,825	3,061,389	46,565	0.0
Bureau of Statistics	3,886,392	3,722,937	3,702,363	20,574	0.0
Commerce, Industry and Labour	18,515,688	18,528,010	17,638,930	889,080	0.1
Communication and Information Technology	5,854,734	5,865,089	5,577,499	287,590	0.1
Education, Sports and Culture	84,916,988	78,759,683	80,895,986	2,136,303	0.0
Office of the Electoral Commissioner	1,412,834	1,393,977	1,345,933	48,044	0.0
Finance	68,838,070	67,200,766	65,578,440	1,622,327	0.0
Foreign Affairs and Trade	21,503,628	21,553,012	20,485,386	1,067,626	0.1
Health	73,462,654	74,658,716	69,984,040	4,674,676	0.1
Justice and Courts Administration	9,308,935	8,837,014	8,868,137	31,124	0.0
Law Reform	851,308	850,363	810,997	39,366	0.0
Legislative Assembly	4,681,834	4,665,479	4,460,139	205,340	0.0
Natural Resources and Environment	27,754,232	26,904,715	26,440,010	464,705	0.0
Ombudsman	641,742	625,152	611,354	13,798	0.0
Police and Prisons	25,597,397	25,768,170	24,385,305	1,382,865	0.1
Prime Minister	7,754,096	7,353,334	7,386,923	33,589	0.0
Public Service Commission	3,596,832	3,514,439	3,426,515	87,925	0.0
Revenue	11,705,390	10,376,612	11,151,114	774,502	0.1
Women, Community and Social Development	10,666,260	10,506,236	10,161,190	345,046	0.0
Works, Transport and Infrastructure	61,518,050	61,989,422	58,605,038	3,384,384	0.1
Stat exp + Unforeseen exp	48,702,279	34,261,367	46,396,122	12,134,755	0.2
Total Expenditure Deviation	510,928,187	486,734,642	486,734,642	30,509,787	**4.7%**
Composition Variance					**6.3%**

Year	For PI-1 Total Expenditure Deviation	For PI – 2 (i) Composition Variance	For PI – 2 (ii) Contingency Share
2010/11	1.2%	7.8%	2.4%
2011/12	4.0%	5.9%	
2012/13	4.7%	6.3%	