



SOLOMON ISLANDS GOVERNMENT

MINISTRY OF FINANCE AND TREASURY



CORPORATE PLAN 2013 -2015



Minister's Foreword

It is my pleasure as the Minister responsible for economic and public financial matters in Solomon Islands to launch the 2013-2015 Corporate Plan for the Ministry of Finance and Treasury. The Ministry's 2013-2015 Corporate Plan identifies how we plan to deliver on a range of policy objectives including the NCRA Government's policy priorities. The Corporate Plan also outlines the Ministry of Finance and Treasury's mission, core businesses and key priorities and plans over the next 3 years. The theme for the Corporate Plan 2013 – 2015 is *Improving and Strengthening Dialogue and Partnership*.

One of the key challenges facing the Ministry from mid-2013 is a significant change in the operating environment, with the support being provided to the Ministry under the RAMSI umbrella moving to bilateral assistance programs. We are very grateful for the support provided to the Ministry over the past decade by RAMSI stakeholders and we look forward to a continuation of assistance provided under the new bilateral support programs with Australia and New Zealand.

The Ministry of Finance and Treasury plays an important role in assisting the Government to provide essential services to the people of the Solomon Islands. The Ministry strives to maintain a sustainable fiscal position, apply taxation fairly and efficiently and to promote better quality spending across the Public Service. It also provides advice on key finance and economic reforms as well as strategies and measures to foster investment and growth.

The 2013-2015 Corporate Plan outlines what the Ministry aims to achieve and details how it plans to do it. The policy objectives in the Ministry's plan are linked back to the NCRA Government's Policy Translation Document and to the Core Economic Working Group's policy matrix which documents agreements with donors for budget support.

The 3 year Corporate Plan is ambitious and includes some large and exciting undertakings. Amongst these are the new Public Financial Management Act and associated financial instructions and regulations. These should set a strong foundation for improving public financial management in Solomon Islands for decades to come. Another very exciting project is the planned roll out of IT services right across government. This project has the potential to lift efficiency and communication right across the public sector as we bring the public sector into the modern era. Once established, this roll out should help to ensure the provision of better services to the public.

I wish to sincerely acknowledge the dedication and effort of all staff under the leadership of the Permanent Secretary for the Ministry in the formulation of the 2013 - 2015 Corporate Plan. I note that the Ministry has tried hard to ensure that is a genuine three year plan. I sincerely wish all staff every success in its implementation.

Hon. Rick Houenipwela MP
Minister for Finance and Treasury

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GLOSSARY

ABBREVIATION	MEANING
ADB	Asian Development Bank
AIA(SI)	Association of Internal Audit (Solomon Islands)
BERT	Budget and Entry Reporting Tool
CTB	Central Tender Board
CS-DRMS	Commonwealth Secretariat Debt Recording and Management
CSSI	Correctional Services of Solomon Islands
CSO	Community Service Obligation
CBSI	Central Bank of Solomon Islands
CPI	Consumer Price Index
DTA	Double Tax Agreement
EFRP Matrix	Economic and Financial Reform Program Matrix
EITI	Extractive Industries Transparency Initiative
EFT	Electronic Funds Transfer
FFRS	Financial Framework Reporting Section
GDP	Gross Domestic Product
HODs	Head of Divisions
IPAM	Institute of Public Administration and Management
ICSI	Investment Corporation of Solomon Islands
LMEA	Line Ministries Expenditure Analysis
NSDS	National Statistical Development Strategy
NGOs	Non-Government Organizations
MOFT	Ministry of Finance and Treasury
MOU	Memorandum Of Understanding
MTB	Ministry Tender Board
PRA_s	Planned Reform Actions
RAMSI	Regional Assistance Mission to Solomon Islands
RSIPF	Royal Solomon Islands Police Force
SIG	Solomon Islands Government
SOP_s	Standard Operation Procedures
SOE_s	State Owned Enterprises
TA	Technical Adviser
TOR	Terms of Reference



Permanent Secretary's Overview

The Ministry of Finance and Treasury's Corporate Plan 2013-2015 sets out the Ministry's mission, core business and key organisational priorities and how the Divisions of the Ministry will achieve them. The Plan also identifies the link to key national policy objectives including the NCRA Government's policy priorities.

The theme of the Ministry of Finance and Treasury Corporate Plan 2013 – 2015 is *“Improving and strengthening dialogue and partnership”*. To this end, the Ministry aims to improve and strengthen dialogue and partnership with our network of key government agencies, core ministries and regulators, to achieve priority deliverables and reforms during the period.

We aim to also maintain and strengthen our relationship with our development partners, particularly as we move toward the transition of RAMSI to its bi-lateral successor program SIGOV. As much as possible, a seamless transition is imperative as we strive to position the Ministry to progress a number of significant financial and economic reforms.

The Corporate Plan 2013-2015 aims to be a genuine three year plan with strategies and outputs provided for the three year period of the Plan. It is accompanied by the 2013 Annual Work Plan that provides an overview of the priority focus of the Ministry of Finance and Treasury during 2013. Together, these *“living documents”* allow the Ministry to meet the dynamic needs of the Government and key stakeholders the Ministry serves.

The major challenges ahead are significant. A key challenge continues to be the ability to service the escalating complexity of Ministry responsibilities to ensure quality policy and compliance guidance is provided to the Solomon Islands Government Public Service in the key areas of finance and economic development.

To address this need, a concentrated portfolio of strategic and operational corporate activities is planned including:

- Continued implementation of the Metropolitan Area Network Infrastructure to build the capacity for all Government Ministries to access core ICT services and increase efficiency and service delivery across the public sector;
- Implementation of the new Public Financial Management Act and Financial Instructions, including an emphasis on training and education for those responsible for its use. This reform will provide a strong foundation for public financial management in the Solomon Islands for decades to come;
- Development and implementation of the new Customs and Excise Act;
- Implementation and development of Ministry internal IT systems to improve business processes;
- More efficient recruitment to increase manpower and build capability across the Ministry;
- The development of a key competency framework across the divisions to enable the development of comprehensive staff learning and development program;
- Adopting an integrated planning and reporting approach to allow for better monitoring and focus on work plan output;
- Careful management of the transition from RAMSI to bilateral support arrangements to ensure the breadth of functions requiring donor support is streamlined to the Government's Public Service needs and that critical outages do not occur during transition.

Divisions will report on progress in achieving the strategies and outputs detailed in the Corporate Plan and 2013 Work Plan by providing monthly traffic light reports at Heads of Division meetings. This will enable our success to be measured and reported in our Annual Reports.

The next three years will be a period of significant change and growth for the Ministry as we continue to transform our organization to better meet our mandate and mission.

I would like to take the opportunity to thank all the staff of the Ministry for their ongoing contribution toward meeting our mandate and achieving our mission. I encourage all staff to keep striving for improvement for the benefit of the Ministry of Finance and Treasury, the Government, and the people of the Solomon Islands.

Shadrach Fanega

Permanent Secretary for Finance and Treasury

Responsibilities and Mission Statement

The Ministry of Finance and Treasury is responsible for facilitating the provision of sound advice on monetary, budget and fiscal policy to the Solomon Islands Government (SIG). Ministry services include statistics and economic management to support Government decision making processes and the implementation of good governance practice. The core tasks of the Ministry include financial reporting, revenue collection, border protection, providing core ICT services across the public sector, government payments, preparing and managing the annual budgets and advising the Government on a range of financial policies and economic reforms.

The mission of the Ministry of Finance and Treasury is to provide leadership to the Solomon Islands community in financial and economic matters and deliver high quality, professional financial and economic services to the Minister for Finance and Treasury, the Government, and other Ministries and the wider community.

Structure of the Ministry

To achieve its mission the Ministry of Finance and Treasury delivers services through its Divisions and Sections. These are:

Executive Management: The Permanent Secretary is responsible for providing leadership to enable each Division to facilitate effective customer service delivery and support the Government through the Minister and Cabinet on fiscal and economic matters. Three Under Secretaries assist the Permanent Secretary in his executive management role.

Economic Reform Unit: The Economic Reform Unit is responsible for providing advice to key stakeholders on developing and implementing economic reforms.

National Statistic Office: The National Statistic Office is responsible for providing national statistics for the government.

Debt Management Unit: The Debt Management Unit is responsible for managing and servicing government's debt obligations, both domestic and external.

Budget Unit: The Budget Unit is responsible for developing and managing the annual budgets, which details planned expenditure and revenue. It is also responsible for leading budget reform and developing systems to more rigorously review public expenditure.

Internal Audit: The Internal Audit Division's role is to provide the Minister of Finance, Permanent Secretary Finance and Treasury, and public sector management with an opinion on risk management, internal control and good governance practices.

Treasury Division: The Accountant General heads the Treasury which is responsible for maintaining the accounting records of the government, financial reporting, processing of payments to suppliers and SIG payroll on behalf of Ministries and managing the consolidated fund bank accounts and maintaining the financial instructions.

Information and Communication Technology Support Unit: The Information and Communication Technology Support Unit provides for the overall management of development, support and maintenance of all Solomon Islands Government (SIG) networks, application software, and associated equipment and facilities in an effective and efficient manner consistent with SIG's corporate and operational plans and to ensure that these are aligned with SIG strategic plans.

Inland Revenue Division: Inland Revenue Division is responsible for collecting income, sales, withholding and goods taxes as well as undertaking vehicle licensing for the Government. The core role of Inland Revenue is to maximize revenue over time through the effective and efficient administration of the tax laws.

Customs and Excise Division: The Comptroller of Customs and Excise heads the Division that is responsible for collecting import and export duties and administering border related laws and trade facilitation and industry assistance programs.

Financial and Economic Development Unit: Financial and Economic Development Units role is to develop, process, co-ordinate and assist to manage the implementation of development partner support programs and related reform initiatives.

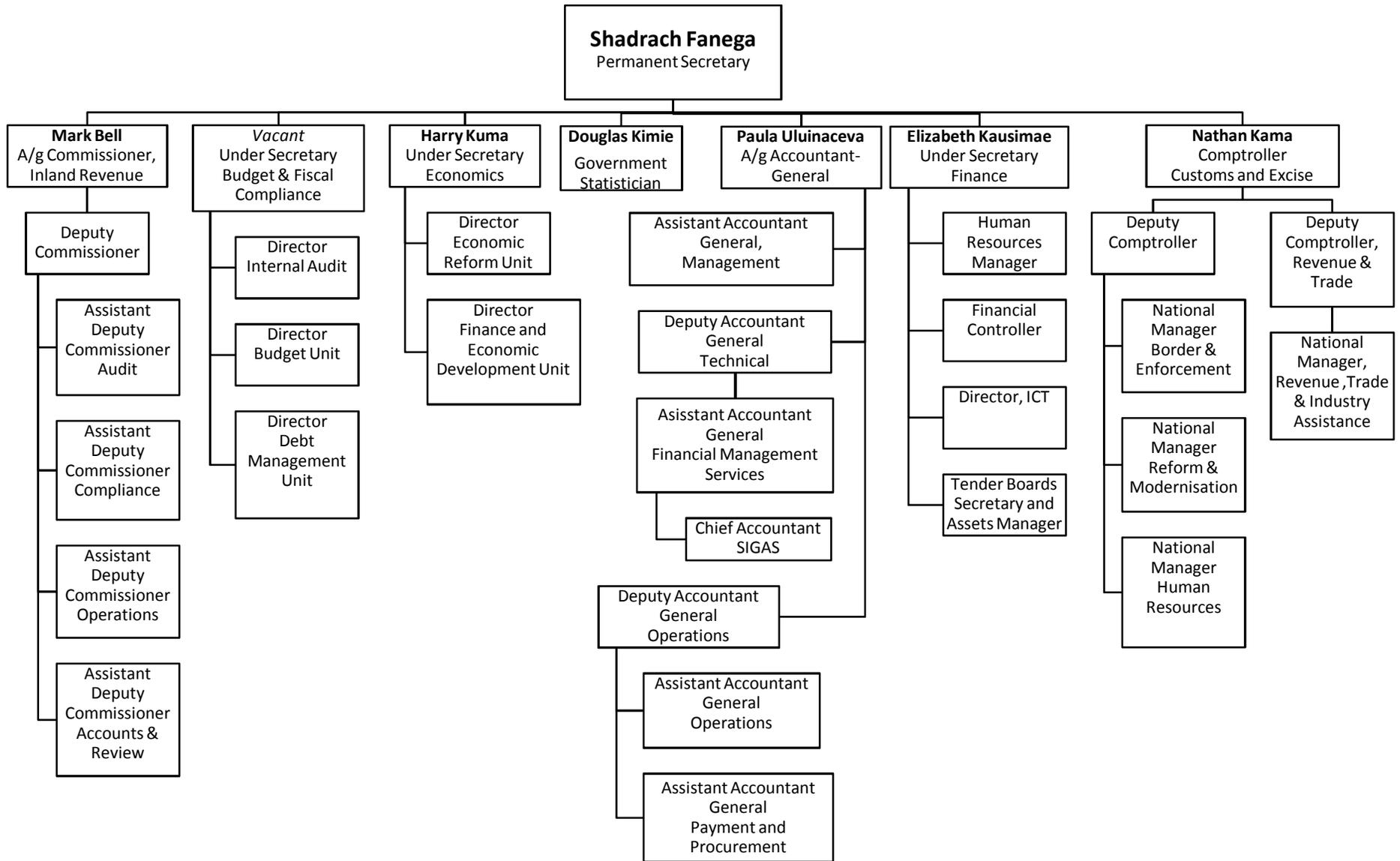
Corporate Services Support: Corporate Services assists Divisions to undertake their administrative responsibilities. Functions provided include financial management, procurement, recruitment, records management, payroll and payments supporting corporate planning and reporting and organisational development.

The Management System

The Ministry's management system is based around the development and monitoring of work plans. Plans are developed to reflect SIG and organizational priorities outlined in this Corporate Plan. Progress is reviewed by Under Secretaries at monthly management meetings with Heads of Division. Twice a month the Under Secretaries meet with the Permanent Secretary to discuss overall progress, risks and strategic issues and once a month Heads of Divisions, Under Secretaries and the Permanent Secretary meet in our regular Heads of Division meeting.

The management and reporting structure of the ministry of Finance and Treasury is presented in Figure 1: Structure of the Ministry of Finance and Treasury (Overleaf)

Figure 1: MoFT Organisational Chart as at March 2013



RESOURCES – 2013 CONSOLIDATED BUDGET & 2014 & 2015 FORWARD ESTIMATES

The table overleaf represents the 2013 Consolidated Budget estimates for the Ministry of Finance and Treasury. The Consolidated Budget consists of recurrent payroll and other charges, targeted budget support from donors and the development budget included donor assistance that is not channelled through SIG appropriations. Forward estimates for 2014 and 2015 are also presented. The 2013 Budget was the first to publish forward estimates in this format. Note that some targeted donor budget support funding has been added into these figures since the 2013 Budget was published.

Table One: Consolidated Budget 2013 & Forward Estimates

	2011 Actuals \$m	2012 Original Budget Estimate \$m	2013 Budget Estimate \$m	2014 Budget Estimate \$m	2015 Budget Estimate \$m
TOTAL SIG EXPENDITURE	89.2	182.7	239.7	114.3	114.8
NON APPROPRIATED DEVELOPMENT EXPENDITURE	0.0	99.6	95.8	0.0	0.0
	89.2	282.4	335.5	114.3	114.8
273 RECURRENT BUDGET					
2730001 Headquarters & Admin					
Payroll Charges	1.1	2.3	1.7	1.8	1.8
Other Charges	19.9	39.0	27.5	27.7	27.7
Subtotal	21.0	41.3	29.3	29.5	29.5
2730072 Economic Reform					
Payroll Charges	0.5	0.6	0.7	0.7	0.7
Other Charges	0.2	0.3	0.5	0.5	0.5
Subtotal	0.7	0.9	1.2	1.2	1.3
2730421 MoF - Statistical Services					
Payroll Charges	1.0	1.1	1.5	1.5	1.6
Other Charges	0.2	0.5	0.6	0.6	0.6
Subtotal	1.2	1.6	2.1	2.2	2.2
2730422 Debt Management Unit					
Payroll Charges	0.2	0.2	0.5	0.5	0.6

Other Charges		25.4	19.1	31.8	27.7	27.7
Subtotal		25.6	19.3	32.3	28.2	28.2
2730423	MoF - Budget Unit					
Payroll Charges		0.4	0.5	0.8	0.8	0.8
Other Charges		1.4	1.5	2.0	2.0	2.0
Subtotal		1.8	2.0	2.8	2.9	2.9
2730424	MoF - Internal Audit					
Payroll Charges		0.2	0.3	0.6	0.7	0.7
Other Charges		0.1	0.1	0.2	0.2	0.2
Subtotal		0.4	0.4	0.9	0.9	0.9
2730426	MoF - Treasury					
Payroll Charges		2.8	3.0	4.0	4.1	4.2
Other Charges		8.2	7.9	9.5	9.2	9.2
Subtotal		11.0	10.9	13.5	13.3	13.4
2730427	MoF - Computer					
Payroll Charges		0.7	0.7	1.6	1.7	1.7
Other Charges		2.5	3.2	5.4	4.4	4.4
Subtotal		3.2	3.9	7.0	6.0	6.1
2730450	MoF - Inland Revenue					
Payroll Charges		4.1	6.6	5.5	5.6	5.8
Other Charges		8.0	13.0	9.6	9.6	9.6
Subtotal		12.2	19.6	15.1	15.2	15.3
2730460	Customs and Excise					
Payroll Charges		5.3	5.3	5.8	5.9	6.0
Other Charges		2.3	3.0	5.7	5.7	5.7
Subtotal		7.6	8.3	11.5	11.6	11.7
2730470	Financial Economic					

Payroll Charges		0.2	0.2	0.2	0.2	0.2
Other Charges		0.0	0.0	0.0	0.0	0.0
Subtotal		0.2	0.2	0.2	0.2	0.2
273	PAYROLL SUBTOTAL	16.5	20.9	22.9	23.4	23.8
273	OTHER CHARGES SUBTOTAL	68.5	87.5	92.9	87.7	87.7
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373	RECURRENT BUDGET (Budget					
3730001	Headquarters & Admin					
Other Charges		0.0	0.0	0.0	0.0	0.0
Subtotal		0.0	0.0	0.0	0.0	0.0
3730421	MoF - Statistical Services					
Payroll Charges		0.0	0.0	3.2	3.2	3.2
Other Charges		0.0	0.0	5.2	0.0	0.0
Subtotal		0.0	0.0	8.4	3.2	3.2
3730422	Debt Management Unit					
Other Charges		0.0	0.0	0.0	0.0	0.0
Subtotal		0.0	0.0	0.0	0.0	0.0
3730423	MoF - Budget Unit					
Other Charges		0.0	0.0	0.0	0.0	0.0
Subtotal		0.0	0.0	0.0	0.0	0.0
3730426	MOF - Treasury					
Payroll Charges		0.0	0.0	0.1	0.1	0.1
Other Charges		1.8	0.0	16.8	0.0	0.0

Subtotal		1.8	0.0	16.9	0.1	0.1
3730427	MoF - Computer					
Other Charges		0.0	0.0	8.8	6.8	6.8
Subtotal		0.0	0.0	8.8	6.8	6.8
373	PAYROLL SUBTOTAL	0.0	0.0	3.2	3.3	3.2
373	OTHER CHARGES SUBTOTAL	1.8	0.0	30.9	6.8	6.8
373	TOTAL RECURRENT BUDGET	1.8	0.0	34.1	10.1	10.0
473	DEVELOPMENT BUDGET					
4899	Community Service Obligation	0.0	0.0	24.0	0.0	0.0
4676	Customs & Excise Office - Pt Cruz	1.0	1.2	1.0	0.0	0.0
4816	Customs cargo examination shade	0.0	1.6	1.6	0.0	0.0
4815	Customs ICT Hardware Upgrade	0.0	1.6	1.6	0.0	0.0
4812	Customs& Excise Housing (Noro)	0.0	1.4	0.6	0.0	0.0
4629	Household Income & Expenditure	0.4	1.5	0.8	0.0	0.0
4810	ICT Acquisition-ASYCUDA	0.0	1.8	2.1	0.0	0.0
4943	ICT skills resourcing programme	0.0	0.0	1.0	0.0	0.0
4898	Improvement to ICT capability	0.0	0.0	1.9	0.0	0.0
4814	IRD-revenue management system	0.0	6.4	4.4	0.0	0.0
4818	MoFT FMIS Project	0.0	3.8	2.8	0.0	0.0
4023	MoFT Treasury Building	0.3	6.0	1.0	0.0	0.0
4817	MoFT Treasury Building	0.0	37.0	37.0	0.0	0.0
4813	Roll out of Aurion to Line Ministries	0.0	11.2	11.2	0.0	0.0

4677	Secured Facility for cargo	0.5	0.0	0.0	0.0	0.0
4947	SIG Metropolitan Area Network	0.0	0.0	3.0	0.0	0.0
4897	Support to IRD function	0.0	0.0	2.6	0.0	0.0
4675	Update of Budget System Program	0.2	0.0	0.0	0.0	0.0
4811	Upgrade of Finance System (Maximise)	0.0	0.9	0.0	0.0	0.0
473	TOTAL APPROPRIATED DEVELOPMENT	2.4	74.3	96.5	0.0	0.0
	TOTAL SIG FUNDED EXPENDITURE	89.2	182.7	246.5	121.1	121.6
473	DEVELOPMENT BUDGET (NON-APPROPRIATED)					
4192	Customs Modernisation Program	0.0	8.7	3.6	0.0	0.0
4608	Economic Governance: Part A -	0.0	15.4	15.4	0.0	0.0
4681	Economic Recovery Support	0.0	0.0	30.8	0.0	0.0
4679	Financial and Economic Management	0.0	57.5	27.3	0.0	0.0
4530	Private Sector Development Initiative	0.0	1.0	0.0	0.0	0.0
4028	State-owned Enterprise Reforms and	0.0	2.7	3.2	0.0	0.0
4682	Support to the Inland Revenue Division	0.0	14.4	15.5	0.0	0.0
473	TOTAL NON-APPROPRIATED	0.0	99.6	95.8	0.0	0.0

RESOURCES: MOFT 2013 ESTABLISHMENT FORECAST

The following diagram depicts the hierarchical relationships of the Divisions within the Ministry of Finance and Treasury. It is based on the current Aurion establishment with a conservative forecast to the end of 2013. These figures assume the current round of recruitment will successfully complete and that all current graduates are appointed. It does not consider that there may be additional recruitment activity prior to end of year or that other staff movements may take place.

Table Two:MoFT Establishment Forecast

	¹ Posts Established (Approved)	² Manpower Posts (Filled)	Posts Vacant
Head Quarters/Corporate Services	21	20	1
The Internal Audit	7	5	2
ICT Support	21	15	6
Economic Reform	12	12	0
Financial Economic Development	5	4	1
Budget	13	11	2
Debt Management	7	6	1
National Statistics Office	26	23	3
Treasury	80	61	19
Internal Revenue	116	108	8
Customs & Excise	96	92	4
Totals	404	357	47

Notes:

¹ establishment figures include approved new manpower bids from 2012 plus absorption of graduates.

² assumes current recruitment activity will complete successfully

THE FOLLOWING SECTION IS ORGANIZED ALPHABETICALLY BY DIVISIONS.

**EACH DIVISION DETAILS THE STRATEGIES AND OUTPUTS THEY PLAN TO ACHIEVE TO MEET GOVERNMENT POLICIES AND STRATEGIES DURING
2013 – 2015.**

NAME OF DIVISION	BUDGET UNIT
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3 YEAR PLAN

Theme I: Strengthening SIG's budget preparation and planning systems to ensure resources are applied to sustainably and effectively support better quality public services for Solomon Islands.

CURRENT SITUATION

Budget Unit has 8 permanent staff, 3 graduate staff and 1 full time senior advisor and 1 part-time advisor serving 26 line ministries/agencies and 4 constitutional agencies. With current capacity, resources as well as 1.5 advisor supports, Budget Unit is able to develop and implement annual budgets and maintain current reforms. The quality of budget formation and budget execution is still problematic as ministry budgets seem to change significantly during execution. The capacity of permanent staff to evaluate and improve the budget process is limited.

The Unit structure and establishment is not adequate to fulfil duties required to effectively deliver and implement annual budgets and reforms. Staff number is increasing from 7 in 2010 to 11 in 2012, but there remains the risk of losing staff in coming years due to retirement, non-competitive salary and conditions, study leave or promotions.

A developing budget system (BERT) is being used and both experienced and graduate staff is in place and have the potential to deliver more. With adequate resources and support, sound structure and management and better incentives, the Budget Unit could deliver better budgets and improve the lives of Solomon Islanders.

WHERE WE WANT TO BE IN 2015

The Budget Unit aspires to have strong and robust organizational and operational structure and 3 additional staff joining the team of effective and highly motivated group.

The Unit will deliver and manage the annual budget by sectoral grouping consisting operational, policy and analysis.

The Unit will move to a new office and also has allocated a Hilux to provide logistics for consultations and delivering information to line ministries in Honiara.

The budget process will have the following developed;

- Medium Term Expenditure Framework
- Well followed Budget Calendar
- Budget committees in line ministries who review annual budget bids and mid-year budgets and informed by better ministry expenditure analysis
- Budget to Cabinet to include financial analysis from MoFT

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
<p>Reform of the Budget Process</p> <p>Medium term expenditure framework (MTEF) NCRA 4.3.4.1.g p53 SIG-RAMSI 2.6.1</p> <p>2011/14 EFRP Matrix</p>	<p>Develop a medium term expenditure framework based on forward budget estimates, to give Government capacity to plan expenditure over forward years, providing greater flexibility and certainty.</p>	<p>Agree and implement a consolidated budget process that includes the inclusion of some kind of forward estimates in consultation with MDPAC and line ministries.</p> <ul style="list-style-type: none"> Strengthen the forward estimates information for both revenue and expenditure in one or more of the 2014 budget documents. Review SIGAS training modules on budgeting to include forward estimates, costing & prioritizing. 	<p>Agree to and implement a reformed budget process and framework that include forward estimates and provide training for line ministries.</p> <ul style="list-style-type: none"> Implement SIGAS training on budgeting – including forward estimates, costing and prioritizing. Strengthen the forward estimates information for both revenue and expenditure in one or more of the 2015 budget documents. Baseline budgets and new bids applications include forward estimates. 	<p>Introduce a MTEF based on improved forward estimates methodology use in the 2014 Budget.</p> <ul style="list-style-type: none"> Strengthen SIGAS training on budgeting – including forward estimates, costing and prioritization. Strengthen the forward estimates information for both revenue and expenditure in one or more of the 2015 budget documents. Baseline budgets and new bids applications include forward estimates.
<p>Strengthening the Budget Office</p> <p>NCRA 4.3.4.4. f p52 SIG-RAMSI 2.6.2</p>	<p>Strengthen the Budget Division to better support the Government, PMO, Cabinet Office and Other Ministries.</p>	<p>Effective organizational structure in place, and introduce clearer operational and work programs and process.</p> <ul style="list-style-type: none"> Review of the 2013 Budget Process. Have most of the positions in the new structure filled and officers at their right levels. Draft a Staff Development and Capacity Building Plan to proactively assist line ministries prepare 	<p>Implement the new Staff Development and Capacity Building Plan and introduce an organized planning day to review and consolidate operational and work programs and processes.</p> <ul style="list-style-type: none"> Review of the 2014 Budget Process, work programs and processes. Carry out planning day and introduce required changes to improve budget process and budget execution. 	<p>Review the organizational structure and work programs and process.</p> <ul style="list-style-type: none"> Review of the 2015 Budget Process, work programs and processes. Carry out planning day and introduce required changes to improve budget process and budget execution. Update the resourcing plan for the Unit. Continue to fill all positions according to the agreed structure.

		<p>better budgets and better execution.</p> <ul style="list-style-type: none"> • Conduct meetings with Cabinet Officials, Public Service officials, MDPAC officials to plan and improve budget preparation and management. • Twinning arrangement for 2 budget officers in Canberra Finance Department. 	<ul style="list-style-type: none"> • Draft a resourcing plan for the Unit • Continue to fill all positions according to the agreed structure. 	<ul style="list-style-type: none"> • Twinning arrangement for 2 budget officers in Canberra Finance Department.
	<p>Improve the capacity of Line Ministries to develop robust and implementable budgets.</p>	<p>Budget Circular recommends budget Committees, comprising of Heads of Divisions, Financial Controllers and Corporate Services, are established in ministries to prioritize budgets bids against ceilings. <i>[Target of 5 Budget Committees]</i></p> <p>SIGAS and Budget Unit to review ongoing training modules on costing and prioritization and continue trainings for line ministries, to improve the quality of budget bids.</p>	<p>Budget Committees are embedded in the preparation of line ministry budgets to prioritize budget bids against budget ceilings. <i>[Target of more than 5 Budget Committees]</i></p> <p>SIGAS provides ongoing training modules on costing and prioritization to line ministries, to improve the quality of budget bids.</p>	<p>Budget Committees are embedded in the preparation of line ministry budgets to prioritize budget bids against budget ceilings.</p> <p>SIGAS provides ongoing training modules on costing and prioritization to line ministries, to improve the quality of budget bids.</p>
	<p>Improve Accountability Framework for Budget Outcomes/Outputs Revise the budget presentation from input line items to provide greater focus on functional/output line items,</p>	<p>Budget Document Volume 1 shows divisional and functional line budgets with output information.</p>	<p>Improved divisional and functional output information in Budget document volume 1</p> <ul style="list-style-type: none"> • 2014 budget papers Volume 1 shows ministries budgets and 	<p>Improved divisional and functional output information in Budget document volume 1</p> <ul style="list-style-type: none"> • 2015 budget papers Volume 1 shows ministries budgets and outputs – aligned with line ministry Corporate

	to increase range of output/function information in budget presentation..		outputs – aligned with line ministry Corporate Plans.	Plans.
Matrix Priorities	Cabinet endorsement for informing populations, beginning 2014, by radio and community bulletin boards, of the central government's allocations for key public services.	Cabinet Paper Submitted to Cabinet Office for the release of budget information on Government key allocations.	Budget information published and disseminated through the media on allocations.	Budget information published and disseminated through the media on allocations.
Public Expenditure Analysis Matrix priorities	Provide Government with information on Government spending to inform and effectively influence better allocations and policies; <ul style="list-style-type: none"> • 2 Page Line Ministry Expenditure Briefs • Support for Sub-Sector reporting requirements from line ministries by donors for budget support • Specific expenditure analysis request from Government that have budgetary implications • LMs, Cabinet, and Public know where Government Departments/Agencies are spending money and what services they buy from money spent. 	Improve the 2 page Line Ministry Analysis (LMA) in BSO; <ul style="list-style-type: none"> • reliable data & source. • improve formulas and presentation. <p>Build a basic mechanism and methodology for producing and updating specific and general analysis requests from Government and line ministries.</p> <p>Encourage line ministries to improve their accounting structure to align with reporting responsibilities Extend the LMEA Project to 2-3 more ministries.</p> <p>Provide Support to LMs who have completed the LMEA Project produce their own expenditure analysis;</p>	Improve the 2 page Line Ministry Analysis (LMA) in BSO; <ul style="list-style-type: none"> • reliable data & source. • sharpen contrast between allocations, staff number and outputs. <p>Improve the basic mechanism and methodology for producing and updating specific and general analysis request from Government and line ministries in collaboration with these line ministries.</p> <p>Extend the LMEA Project to 3-5 more ministries.</p> <p>Provide Support to LMs who have completed the LMEA Project produce their own expenditure analysis.</p>	Improve the 2 page Line Ministry Analysis (LMA) in BSO; <ul style="list-style-type: none"> • reliable data & source. • sharpen contrast between allocations, staff number and outputs. • Regional Comparisons <p>Continue to improve the basic mechanism and methodology for producing and updating specific and general analysis request from Government and line ministries – the analysis can be done by lines ministries with support from MoFT.</p> <p>Extend the LMEA Project to 5 or more ministries.</p> <p>Provide Support to LMs who have completed the LMEA Project produce their own expenditure analysis.</p>

		<ul style="list-style-type: none"> • Agriculture • Education 	<ul style="list-style-type: none"> • Agriculture • Education • LM A • LM B • LM C 	<ul style="list-style-type: none"> • Agriculture • Education • LM A • LM B • LM C • LM D
Budget Unit Core Business Delivery of Annual Budgets	<p>Better Annual Budgets are delivered within the legislative and budget timeframes; embedding budget process reforms that aim to improve the quality of allocations, expenditure and budget outputs/outcomes.</p> <p>Key process Strategies:</p> <ul style="list-style-type: none"> • Budget calendar closely followed. • Budget circular that provides the framework to guide line ministries when preparing annual budgets. • Effective consultation mechanism established • Trainings for line ministry officials to strengthen budget process rules and requirements. • Closer and ongoing interaction between budget ministries. 	<p>2014 Budget passed in Parliament within legislative time line having gone through required budget process.</p> <ul style="list-style-type: none"> • Appropriation Bill to debate in Parliament must be presented by 1 November 2013. • Review and improve the methodology for conducting budget consultation for effective feedback and effective use of the information to influence allocation decisions. • Budget Committees (or similar) prioritize LM bids within indicative ceilings. • Budget Circular released to line ministries by mid-June 2013. 	<p>2015 Budget passed in Parliament within legislative time line having gone through the reformed budget process.</p> <ul style="list-style-type: none"> • Appropriation Bill to debate in Parliament must be presented by 1 November 2014. • Review and improve the methodology for conducting budget consultation for effective feedback and effective use of the information to influence allocation decisions. • Budget Committees (or similar) prioritize LM bids within indicative ceilings. • Budget Circular released to line ministries by mid-June 2014. • the line ministry level 	<p>2016 Budget passed in Parliament within legislative time line having gone through reformed budget process.</p> <ul style="list-style-type: none"> • Appropriation Bill to debate in Parliament must be presented by 1 November 2015. • Review and improve the methodology for conducting budget consultation for effective feedback and effective use of the information to influence allocation decisions. • Budget Committees (or similar) prioritize LM bids within indicative ceilings. • Budget Circular released to line ministries by mid-June 2015.

Management of Annual Budgets	Assist Line Ministries Manage their Annual Approved Budgets; ensure that expenditures are within the approved budget & respective Budget Strategy. <ul style="list-style-type: none"> Introduce or reinvigorate a better process for managing expenditure pressures according to the law and rules and within the principals of soundfiscal management. 	Processing of virement, CWs, AWs & DWs are completed within 5 days. Consult with Cabinet Office and line ministries and initiate a better process for approving CWs. The process to include budget unit checking the financial and budget implication. Provide funds available report to line ministries on monthly basis by the second week of each following month. Maintain email contacts with all Financial Controllers in partnership with SIGAS.	Processing of virement, CWs, AWs & DWs are completed within 3 days. Consult with Cabinet Office and line ministries and initiate a better process for approving CWs. The process to include budget unit checking the financial and budget implication. Provide funds available report to line ministries on monthly basis in the first week of the following month.	Processing of virement, CWs, AWs & DWs are completed within 2 days. Consult with Cabinet Office and line ministries and initiate a better process for approving CWs. The process to include budget unit checking the financial and budget implication. Provide funds available report to line ministries on monthly basis within three days of the start of the following month.
Matrix priorities	<ul style="list-style-type: none"> Protect resource allocation to key service delivery, and infrastructure areas of expenditure and improve quality of government spending generally. 	MEHRD and MHMS allocating and spending 22 % and 10 % of the 2013 consolidated budget respectively. MEHRD allocates and spends no less than 50% of the total recurrent allocation to primary education sector.	MEHRD and MHMS allocating and spending 22 % and 10 % of the 2014 consolidated budget respectively. MEHRD allocates and spends no less than 50% of the total recurrent allocation to primary education sector.	MEHRD and MHMS allocating and spending 22 % and 10 % of the 2015 consolidated budget respectively. MEHRD allocates and spends no less than 50% of the total recurrent allocation to primary education sector.
Budget performance indicator Matrix requirement	<ul style="list-style-type: none"> 2013 Budget restrains payroll charges as ratio to GDP at no more than the 2010 ratio. 	2013 budget to maintain the same ratio as in 2012 Budget.	Allocation and spending maintained at agreed targets.	Allocation and spending maintained at agreed targets.

<p>Mitigate negative social and economic effects of public expenditure adjustments 4.3.3.1.e p44. Matrix</p>	<ul style="list-style-type: none"> Budget allocations retain expenditure in health and Education as a percentage of total budgets. 	<p>The 2013 Recurrent Budget to protect, to the extent possible the <i>delivery</i> of core social services (especially basic education, rural health and rural transport services).</p>	<p>Review of policy decision.</p>	<p>Review of policy decision.</p>
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NAME OF DIVISION	CUSTOMS AND EXCISE DIVISION (CED)
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<u>3 YEAR PLAN</u>	
<u>CURRENT SITUATION</u>	<u>WHERE WE WANT TO BE IN 2015</u>
<p>Customs & Excise Division has been and is currently undergoing various stages of reform and modernization programs, from stabilization of business processes to an anticipated implementation of a new Customs legislation. Presently the organization is operating under an antiquated Act which has proved inadequate in the context of changing international trade and security requirements.</p> <p>The challenges are onerous ranging from limitation in the current legislation and lack of the basic equipment to aid operations in technical areas to more complicated areas like limited application of risk management. Over the last few years though, through partnership with the Customs Modernization Program and RAMSI Financial and Economic Management Strengthening Program, the organization has successfully implemented a broader modernization agenda which includes key governance projects relating to legislation, ICT and improvement of revenue collection capacity. The commencement of these projects will mean a restructure of the organization in order to better respond to our core objectives of revenue collection and border management.</p> <p>The organization is keen to continue support and sustain these reform programs and also ensure that they continue to be relevant and in line with the broader NCRA policies and World Customs international standards.</p>	<p>The Customs & Excise Corporate Plan outlines the strategic direction where the organization will be in three years time. It provides the platform which will guide and support the Division deliver against its outcomes. The strategies include but not confined to:-</p> <ul style="list-style-type: none"> ▪ Moving from a gatekeeper model to a risk management approach based on a balance between trade facilitation and active enforcement of the Customs laws. ▪ Modernization of the Customs legislation. ▪ Improvements in infrastructure requirement both in the provinces and Honiara. ▪ Moving from manual processes or semi-automated system to a full automated environment (ASYCUDA). ▪ Continue invest in human resources. ▪ Full implementation HTS2012. <p>We believe that in three years time the strategic choices we have made will create a strong foundation for Customs compliance, increase ease and fairness of doing business with Customs and build a credible, accountable, efficient, effective and value-based organization.</p>

Reference	Strategies required to achieve 2015 vision	Outputs 2013	Outputs 2014	Outputs 2015
4.3.4.1 Tax Reform	Tax Reform	Implement the current duty and tax exemption guidelines.	Implement the current duty and tax exemption guidelines.	Implement the current duty and tax exemption guidelines.
		Continue public consultation on the new Customs legislation and prepare the Bill for Parliament.	Train officers on the new Customs Act and implement the Act.	Train staff on the New Customs Act and implement the Act.
		Undertake communications with stakeholders to improve understanding of reforms.	Undertake communications with stakeholders to improve understanding of reforms.	Undertake communications with stakeholders to improve understanding of reforms.
4.3.4.1a	Fiscal Policy	Finalize Harmonized Tariff System 2012 for gazettal and implementation.	Implement HTS 2012.	Implement HTS 2012.
		Institute annual cycle of excise increases.	Institute annual cycle of excise increases.	Institute annual cycle of excise increases.
	To improve the effectiveness and efficiency of the Customs & Excise Operations	Commence Implementation of ASYCUDA system.	Implement & train staff in ASYCUDA system.	Implement & train staff in ASYCUDA system.
		Maintain continual business improvement focus by reviewing Canberra Centre Customs & Excise studies and Oceania Customs Organization Diagnostic recommendations regularly.	Maintain continual business improvement focus by reviewing CCES and OCO Diagnostic recommendations regularly.	Maintain continual business improvement focus by reviewing CCES and OCO Diagnostic recommendations regularly.
		Implement Executive Management Meeting schedule and protocol.	Implement Executive Management Meeting schedule and protocol.	Implement Executive Management Meeting schedule and protocol.
3.2.1b	To strengthen and improve border security	Progress construction of Examination shed by follow up with SIPA.	Utilize shed for targeted cargo examinations.	Utilize the shed for targeted cargo examinations.
		Consult with stakeholders to review and improve infrastructure requirements at Honiara and out	Increase number of staff in Noro.	Review Customs presence in Gizo and Munda.

		ports to strengthen control and security.		
		Develop business case to improve infrastructure for Airport and Seaport.	Implement improvements made to airport and seaport infrastructure.	Implement improvements made to airport and seaport infrastructure.
		Collect border related revenues and fees as appropriate.	Collect border related revenues and fees as appropriate.	Collect border related revenues and fees as appropriate.
		Intercept and seize prohibited and restricted imports and exports.	Intercept and seize prohibited and restricted imports and exports.	Intercept and seize prohibited and restricted imports and exports.
		Investigate breaches of the Customs Act and prosecute offenders.	Investigate breaches of the Customs Act and prosecute offenders.	Investigate breaches of the Customs Act and prosecute offenders.
		Provide efficient and effective clearance of passengers, vessels and aircraft including timely processing and release of cargo.	Provide efficient and effective clearance of passengers, vessels and aircraft including timely processing and release of cargo.	Provide efficient and effective clearance of passengers, vessels and aircraft including timely processing and release of cargo.
		Undertake joint sea surveillance with other Government Law agencies to strengthen whole of government approach.	Undertake joint sea surveillance with other Government Law agencies to strengthen whole of government approach.	Undertake joint sea surveillance with other Government Law agencies to strengthen whole of government approach.
		Increase assessments of high risk consignments of goods.	Continue effective assessment of high risk goods.	Continue effective assessment of high risk goods.
		Develop & Implement SOPs & train staff in use to build and strengthen intelligence and investigation capacity.	Develop & Implement SOPs & train staff in use.	Update SOPs and train staff in use.
4.3.4.1.b	To strengthen and increase domestic revenue	Ensure correct valuation by importers and exporters by reviewing penalties to encourage compliance.	Implement review recommendations.	Implement review recommendations.
		Conduct post clearance audit at importers premises.	Conduct post clearance audit at importers premises.	Conduct post clearance audit at importers premises.

		Collection and monitoring of data through PCA system and reassessments on goods made after exam.	Collection and monitoring of data through PCA system and reassessments on goods made after exam.	Collection and monitoring of data through PCA system and reassessments on goods made after exam.
		Effectively manage the duty remissions and exemptions.	Effectively manage the duty remissions and exemptions.	Effectively manage the duty remissions and exemptions.
		Collection of correct revenue forecasted for 2013.	Collection of correct revenue forecasted for 2014.	Collection of correct revenue forecasted for 2015
		Control storage and delivery of goods at Private Bonded Warehouses and Queens Warehouse.	Control storage and delivery of goods at Private Bonded Warehouses and Queens Warehouse.	Control storage and delivery of goods at Private Bonded Warehouses and Queens Warehouse.
		Control storage and delivery of fuel/oil.	Control storage and delivery of fuel/oil.	Control storage and delivery of fuel/oil.
		Ensure timely processing of applications for refund of duty.	Ensure timely processing of applications for refund of duty.	Ensure timely processing of applications for refund of duty.
		Prepare draft Restructuring plan for tariff and valuation sector for approval and implementation.	Approved draft implemented.	Implementation ongoing.
	To improve the management and delivery of corporate support services including logistics, asset management, HRM, staff development, training and welfare	Complete recruitment of vacant positions according to set priorities.	Complete recruitment of vacant positions according to set priorities.	Complete recruitment of vacant positions according to set priorities.
		Improve and maintain staff integrity by conducting awareness sessions on integrity issues on a regular basis.	Improve and maintain staff integrity by conducting awareness sessions on integrity issues on a regular basis.	Improve and maintain staff integrity by conducting awareness sessions on integrity issues on a regular basis.
		Review staff housing policy with MOFT Housing Committee to improve accommodation for SICED	Implement review recommendations.	Implement review recommendations.

		staff.		
		Ensure allocation and disbursement of CED budget is within estimates.	Ensure allocation and disbursement of CED budget is within estimates.	Ensure allocation and disbursement of CED budget is within estimates.
		Improve supply of office stationeries by undertaking review of stationery budget.	Provide for increase in budget if required.	Provide for increase in budget if required.
		Ensure security, cleaning, gardening and other support services are managed effectively.	Ensure security, cleaning, gardening and other support services are managed effectively.	Ensure security, cleaning, gardening and other support services are managed effectively.
		Review staff training policy and make recommendations.	Implement recommendations.	Implement recommendations.
		Review and formulate workforce and Staff Development program in conjunction with CSS.	Implement recommendations.	Implement recommendations.
		Review fleet requirements including review of existing vehicle policy.	Implement recommendations.	Implement recommendations.
		Develop a business case for additional vehicles if required (inc Noro/Canoe and OBM for Noro&Lata.	Implement recommendations.	Implement recommendations.
		Develop Asset Management Plan and Policy.	Implement Asset Management Plan and Policy.	Implement Asset Management Plan and Policy.
		Review performance management processes including performance appraisal in line with MPS reforms.	Review and implement performance management reforms in line with MPS.	Continue to implement performance management reforms in line with MPS.

3 YEAR PLAN**CURRENT SITUATION**

The Corporate Service Support assists the Divisions to undertake their administrative activities and provide support where necessary to ensure the effective operation of the Ministry.

Staff and Roles

Corporate Service has an establishment of 15 local staff members and is supported by two AusAid funded Advisors. Our current manpower is 11 staff in place.

Functions**Establishment Posts**

Human Resource Management	4
Budget Management , Accounts Payable and Receivable	4
Asset Management, Building maintenance & procurement (includes MTB/CTB support)	2
Administration & Records Management	4
Corporate Planning and Organizational Reform	1

Functions undertaken include:

- Financial management of Ministry budgets,
- Procurement,
- Payments,
- Asset management and maintenance,
- Records management,
- Facilitation of Corporate Planning and Annual reporting
- Secretariat support to the Senior Executive monthly meetings and also to the

WHERE WE WANT TO BE IN 2015

A key priority for CSS will continue to be efficient ongoing management of the recruitment process to provide MOFT with a full Manpower, enabling all responsibilities to be carried out effectively.

In addition CSS will assist the staff across MOFT to have sufficient training to carry out their duties and to receive their rights and expectations in line with regulations.

By 2015 the goal is for CSS staff to have capacity to carry out the corporate service functions independently of Advisors. CSS staff to be skilled and resourced so they can provide quality advice to HODS as needed. This will result in CSS being recognized by the Heads of the Divisions as a 'subject matter experts' in matters relating to corporate and HR functions

CSS will continue their partnership with MPS/PSC and Treasury to ensure compliance with General Orders and Financial Instructions and will assist to implement any improvement activities as required.

monthly Head of Divisions meetings which includes the compilation of Traffic Light Reporting against the key performance indicators established in the annual Corporate Plan.

- Secretariat support to the Housing Committee monthly meetings
- Human resource management including the input of personnel data into payroll, establishment management and recruitment of new staff into the Ministry.
- Capacity building within the Ministry by encouraging sound performance management practices, coordinating the training and development needs of staff and facilitating the production of staff development plans.

Corporate Service also administers and supports the Central Tender Board (CTB) and the Ministerial Tender Board (MTB).

CSS are coordinating the activities associated with the construction of the New Treasury building.

The Central Tender Board (CTB) and the Ministerial Tender Board (MTB) will be integrated with the whole of government procurement service as part of the Treasury Division.

Construction of the New Treasury Building will be completed and staff relocated.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
<p>Improve management processes and practices.</p> <p>NCRA: 4.3.4.1</p>	<p>In partnership with procurement section any relevant procurement reforms implemented, most particularly as they relate to preferred suppliers.</p>	<p>Proper tracking of payments submitted to the Payment & Procurement Sections, in place.</p>	<p>Preferred suppliers extended as aligned with Procurement reforms.</p>	<p>The payment process improved in partnership with Procurement & Payment Sections.</p>
<p>Improve management processes and practices.</p> <p>NCRA: 4.3.4.1</p>	<p>MOFT Budget preparation, management, analysis and advice provided in line with Budget Unit timetable and FI requirements.</p>	<p>Provide HoDs with an analysis report of the funds available, highlighting over or underspends.</p> <p>A properly completed virement application is provided to Budget Unit for PSF and Minister's approval before funds can be spent.</p> <p>Ongoing management of MoFT baseline and new budget bids.</p>	<p>Provide HoDs with improved financial analysis reports to assist with budget management and forecasting.</p> <p>Timely management of MoFT baseline and new budget bids.</p>	<p>Improved Management of recurrent and development budget for MOFT.</p> <p>Improved management of MOFT baseline and budget bids.</p>

<p>Improve management processes and practices.</p> <p>NCRA: 4.3.4.1</p>	<p>Develop a HR strategy to achieve funded development of key competencies for MOFT long term, in line with SIG-PS requirements.</p>	<p>Centralized Staff training register compiled of all Divisional upcoming training activities.</p> <p>Job analysis of JDs across Divisions, to identify key competencies across MoFT Divisions.</p> <p>Centralized manual of HR processes produced.</p>	<p>All JDs reviewed and key competencies agreed by Divisions.</p> <p>Training and development program across divisions, endorsed.</p> <p>Centralized manual of other corporate processes produced.</p>	<p>Management of a funded staff training and development program.</p> <p>Continual refreshment of corporate manual.</p>
<p>Improve management processes and practices.</p> <p>NCRA: 4.3.4.1</p>	<p>Provide secretariat services, administrative support and record management.</p>	<p>Support Executive meetings, Head of Division meetings and Housing Committee.</p> <p>Process tenancy and rental agreements.</p> <p>Confirm compliance with SIPEU check off system.</p> <p>Timely input of leave to payroll.</p> <p>Provide registry services to MOFT.</p> <p>Undertake payroll reconciliation</p>	<p>Support Executive meetings, Head of Division meetings and Housing Committee to improved standard.</p> <p>Management of tenancy and rental agreements.</p> <p>Sustain compliance with SIPEU check off system.</p> <p>Continued input of all leave to payroll.</p> <p>Improve registry service supplied.</p> <p>Continued payroll reconciliation and reporting.</p>	<p>Support Executive meetings, Head of Division meetings and Housing Committee to high standard.</p> <p>Ongoing Management of tenancy and rental agreements.</p> <p>Continued compliance with SIPEU check off system.</p> <p>Improve the process of inputting leave to payroll.</p> <p>Continual improvement of registry services.</p>

<p>Strengthen resource allocation processes to improve SIG's ability to deliver services.</p> <p>NCRA: 4.3.4.3</p>	<p>Reorganize HR team to improve delivery of HR services.</p>	<p>Continual recruitment activity to fill existing vacant posts.</p> <p>Provide report to HoDS to identify Posts with long standing 'acting' incumbents.</p> <p>Develop approach to achieve meaningful HR reporting.</p>	<p>Streamline recruitment process to reduce level of vacant posts.</p> <p>Assist HoDs achieve timely progressions and promotions.</p> <p>Partner with MPS/PS to implement reforms in disciplinary process.</p> <p>Provide senior executives with Workforce Profile Report.</p>	<p>Refocused recruitment management continues to achieve all vacant posts filled within minimal timeframes.</p> <p>Management of Aurion Establishment continued.</p> <p>Assist HoDs achieve timely resolution of disciplinary cases.</p> <p>Provide ½ yearly HR Reporting to assist HoDs /Senior Executive with decision making.</p>
<p>Strengthen resource allocation processes to improve SIG's ability to deliver services.</p> <p>NCRA: 4.3.4.3</p>	<p>Support Organizational Reform.</p>	<p>Undertake capacity development stock-take to identify areas for improvement.</p> <p>Develop an integrated planning framework across Divisions</p> <p>Coordinate Corporate Planning and Annual reporting.</p>	<p>Develop improvement program to achieve efficiencies.</p> <p>Roll out resource planning process across MOFT.</p> <p>Coordinate Corporate Planning and Annual reporting.</p>	<p>Partner with MDPAC, MPS and Budget Unit to streamline the integration of the Ministry's work-planning and resource planning within the annual budgeting cycle.</p> <p>Coordinate Corporate Planning and Annual reporting</p>
<p>Strengthen resource allocation processes to improve SIG's ability to deliver services.</p> <p>NCRA: 4.3.4.3</p>	<p>All MOFT property & vehicles are repaired, maintained and items replaced as needed to ensure Standard maintained.</p>	<p>Development of a centralized Asset Register.</p> <p>Schedule of maintenance agreed and funded.</p>	<p>Continued update of the Asset Register.</p> <p>Continued compliance with maintenance schedule with depreciation budgeted.</p>	<p>Asset register updated.</p> <p>Improve management of Ministry's assets including institutional housing.</p>

	Support Central Tender Board and Ministry Tender Board.	Agree timetable for integration of CTB and MTB with Procurement/Treasury services.	Analysis of all considerations pertaining to relocation of CTB/MTB to Procurement/ Treasury Division	CTB and MTB relocated to Treasury Division
	Coordinate all activities relating to the construction of the New Treasury Building.	Organisations of all early works to allow construction project commenced. Manage the tender and procurement process relating to the early works and construction of New Treasury building. Expenditure analysis relating to the early works of the New Treasury Building. MDPAC project documentation produced.	Contract Administration and Quality Control of the New Treasury Building. Expenditure analysis reporting of construction's costs. Progress reporting for MDPAC produced.	New Treasury Building completed and staff relocated

NAME OF DIVISION	DEBT MANAGEMENT UNIT (DMU)
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3 YEAR PLAN

- Theme I: Strengthening SIG's budget preparation and planning systems to ensure resources are applied to sustainably and effectively support better quality public services for Solomon Islands.**
- Theme II: Improve the quality of financial management systems towards ensuring resources intended for the better delivery of public services achieves their intended purposes.**
- Theme III: Improve the environment for private sector investment.**
- Theme IV : Core Business and Ministry Priorities.**

CURRENT SITUATION

DMU aims to deliver high quality management of the Government's external and domestic debt obligations consistent with the objectives of sustainability and cost effectiveness. To deliver on this objective, the Unit seeks to provide advice and recommendations on debt and cash management strategies and policies to support Government and Ministry decision making, ensures that debt servicing obligations are met on time and without mishap, that negotiations with creditors are handled effectively and expediently, that appropriate debt management information systems are developed and maintained, and that there is effective disclosure of the debt position through internal and external reporting.

DMU (using macro-economic forecasts provided by ERU), monitor and report on debt sustainability (debt to GDP) and debt affordability (debt servicing cost to domestically-sourced revenue). The World Bank IMF Debt Sustainability Framework (DSF) uses thresholds for these and other measures that determine Solomon Islands' eligibility for concessional loans. SIG thresholds are based on the DSF.

DMU works with the IMF to provide data for the DSF and to improve its capacity to use the DSF to conduct a Debt Sustainability Analysis (DSA).

The Debt Management Strategy (DMS) sets out that DMU will conduct a DSA to determine the annual limit for new borrowing that forms part of the Budget appropriation bill. DMU has developed a simplified DSA to determine a prudent annual limit for new borrowing.

WHERE WE WANT TO BE IN 2015

By 2105 DMU will continue to monitor and report on these measures, but also should introduce the debt to exports measure, as recommended by the IMF.

DMU will be able to use its own sourced data for the DSF and DMU staff will be able to provide data to IMF with reduced adviser assistance.

By 2015, the annual limit for new borrowing will become part of the Budget process and the limit determined by DMU and approved by the PS and Debt Management Advisory Committee in a timely manner.

DMU staff will be able to use their DSA without advisory assistance.

By 2015, procedures for conducting the DSA and determining the annual limit for new borrowing will be written by DMU and followed. Financial Instructions will specify the main requirements for DSA and the annual limit for new borrowing.

By 2015 regulations incorporating thresholds of 25 per cent for debt to GDP and debt servicing cost to domestically-sourced revenue will be equal to annual amount set aside for debt servicing in the Debt Servicing Account less a 2 per cent contingency

This was partially achieved in 2012.

A spread-sheet model for conducting DSA has been built to estimate future borrowing levels that would be below thresholds when forecast economic variables are subject to economic shocks such as depreciation of the exchange rate and a global financial crisis-type situation. The model was used to determine the 2012 limit for new borrowing but there is limited capacity to use and develop this model.

DSA and interaction with the IMF have been carried out with adviser assistance. Procedures and processes for DSA and determining the borrowing limit have not yet been formalised. There is a risk that the limit will be set too high. DMU, while able to use the DSF, has limited capacity to assemble the data needed. DSA and the limit for new borrowing and thresholds for debt sustainability and affordability are not yet part of the legislative framework.

SIG needs to apply for funds as a combination of grant and concessional loan if it wishes to access funding from multilateral banks such as the ADB and World Bank. SIG had not borrowed for more than a decade, so there have been no systems in place to govern borrowing. In an effort to ensure that borrowed funds are used for a fit purpose and are the best possible use of public resources, Cabinet endorsed a Debt Management Strategy (DMS) in 2012, which was endorsed by the Honiara Club. SIG needs to implement the DMS and ensure that the key features of the framework it establishes are captured in the Public Financial Management Act.

New borrowing proposals must be assessed to ensure that the debt is (a) within the borrowing limit and is sustainable and affordable (b) is for a fit purpose (c) has acceptable terms and conditions. DMU and ERU are members of the Debt Management Advisory Committee (DMAC) which assesses borrowing proposals. The Unit therefore needs to be able to analyse borrowing proposals and present this information to the DMAC. At present, the Unit has very limited experience in this highly risky and demanding area and there is currently no corporate knowledge or capacity to undertake loan negotiations.

The liabilities of State Owned Enterprises (SOEs) represent a large contingent liability for SIG and in the past the Unit has managed debt assistance to the SOEs. A Borrowing Policy is needed for SOEs, to clarify the application of the DMS to SOEs, and to ensure

Key features of the framework it established will be captured in the Public Financial Management (PFM) Act and the subsidiary legislation will provide sufficient detail and guidance. This legislation will replace the Honiara Club Agreement.

By 2015 DMU and ERU will be more confident in assessing borrowing proposals and providing advice to the Minister, through the DMAC with technical assistance and advice from bilateral (and uninvolved) partners.

DMU will be more confident in undertaking analysis of proposed terms and conditions of loans, assessing the cost and risks of such proposals, and negotiating an acceptable outcome for SIG with technical assistance and advice from bilateral (and technical assistance and advice from bilateral (and uninvolved) partners.

DMU, in collaboration with ERU will regularly monitor and report on the financial health of SOEs.

SIG will implement the SOE borrowing policy and it will be incorporated into the PFM Act and subsidiary legislation.

SOE contingent liabilities will be reported and form part of the Debt Sustainability Analysis.

SIG will implement the on-lending policy and it will be incorporated into the PFM Act and subsidiary legislation.

SIG will have developed a guarantee policy and will be able to assess and monitor the risk of guarantees, with outside technical assistance.

DMS will incorporate SOE borrowing, on-lending and guarantee policies and it will be reviewed and updated regularly.

By 2015, expenditure forecasts and notification, especially from high spending line Ministries will have improved sufficiently to allow Term Deposits to be used for SIG to earn interest on surplus cash in the bank, and for Treasury Bills to be used to provide short-term funding for cash shortfalls. Term

that SOE borrowing leads to improved delivery of public services without increasing the risk of debt distress to SIG.

DMU needs to monitor the long-term liabilities of SOEs, assess their risk to Government, and include this in Debt Sustainability Analysis. In 2013, DMU began to build systems (spreadsheet models, collaboration with ERU) to monitor SOEs.

On-lending policies and guarantees are needed to ensure that borrowed funds lead to improved delivery of public services, are the best use of public resources, and that the debt is affordable and sustainable.

DMU needs to be able to assess and monitor Guarantee risk. At present, the Unit has no capacity to do this.

DMU manages the weekly auction of Treasury Bills and presents results at a weekly cash co-ordination meeting with the AG and Treasury officers. Under special circumstances, proceeds can be used as an advance for urgent high quality expenditure. Cash forecasting from line ministries is inadequate to allow short term borrowing (Treasury Bills) and investing (Term Deposits) to be used for smoothing within year cash fluctuations.

deposits will be invested when there is surplus cash, to mature when low periods in the cash cycle are forecast. Treasury Bills will be issued when there are low periods in the cash cycle, to mature when surplus cash is forecast.

Servicing payments will be done directly through AX, controlled by DMU staff, thus making the process more efficient. At least three staff will be able to make process payments correctly without supervision. SIG will have a reputation for making payments on time.

CS-DRMS will be correct and DMU will have taken full responsibility from CBSI for maintaining the database.

DMU will maintain the spreadsheet but CS-DRMS will be used as the main debt recording and reporting tool. The database will be integrated with spreadsheets to create reports and conduct analysis of SIG debt. At least two staff members will have the capacity to check, maintain and update the model. One staff member will have the ability to make minor adjustments to the macro and undertake basic troubleshooting.

DMU will reconcile Billing Statements and CBSI payment statements with CS-DRMS and the spreadsheet model.

DMU will have an internal process whereby data is verified before it is released from the Unit. DMU will continue to publish monthly and quarterly debt bulletins. Debt bulletins will be published within two months of the data date.

DMU will continue to collaborate with ERU to monitor SOE debt and debt repayments regularly. Contingent liabilities and the financial health of SOEs will be reported internally. DMU will monitor High Court cases that are likely to lead to liabilities for SIG. DMU will monitor other contingent liabilities in a timely manner.

DMU will continue to act as secretariat to DMAC.

DMU will continue to manage Treasury Bill Auctions.

By 2015, with improved cash forecasting across SIG, DMU, with Advisor technical assistance, will commence work closely with FMSS to look at using Term Deposits and Treasury Bills as cash management tools to smooth within year cash fluctuations.

DMU will update DMS and MTFS independently. DMU will provide data and advice to MoFT and donors.

DMU will be aware of the importance of business continuity and disaster recovery. By 2015 procedures will exist and will be up to date for all key processes. Essential spreadsheets, documents (including loan deeds) will be backed up regularly and stored in as safe place off-site.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
Debt Management Strategy, Honiara Club Agreement, CEWG	Strengthen financial management by legislating fiscal responsibility provisions. Capacity development within Unit.	Work with advisor to strengthen technical capability. Financial Instructions and Regulations Work with ERU and Budget Unit to improve processes and communication.	Complete Financial Instructions and Regulations. Continue to use SIMEM model to do Debt Sustainability Analysis.	DMU continues to monitor and report on these measures, but also introduces the debt to export measures as recommended by IMF.
		Advisor to continue to train staff to be able to use IMF DSF to DSA.	Advisor to continue to assist DMU staff to do DSA using IMF DSF.	DMU to use its own sourced data for the DSF and staff are able to provide data to IMF with reduced advisor assistance.
		DMU to continue work with ERU to establish annual borrowing limit. The annual borrowing forms part of the budget process and the limit is approved by the PS and Debt Management Advisory Committee.	DMU to continue work with ERU to establish annual borrowing limit. The annual borrowing forms part of the budget process and the limit is approved by the PS and Debt Management Advisory Committee.	DMU to continue work with ERU to establish annual borrowing limit. The annual borrowing forms part of the budget process and the limit is approved by the PS and Debt Management Advisory Committee.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
4.3.5 d Public Debt Sustainability	Update and improve Debt Management Strategy and having the key features of Debt Management Strategy captured in the legislation.	Review and updating of Debt Management Strategy and work with Treasury Division to ensure that key features of the framework are captured in the PFMA and subsidiary legislation provides sufficient guidance. Implemented and apply DMS as required.	Continue to improve and implement the debt management strategy Develop subsidiary legislation to provide sufficient guidance on the PFMA.	Review the debt management strategy taking into account any new development such as consistent with the PFMA.
4.3.5.e Review borrowing Policy	New borrowing proposals must be assessed by the Debt Management Advisory Committee (DMAC).	Train staff on financial analysis of borrowings and to continue to work with ERU to assess borrowing proposals and provide advice to the Minister, through DMAC with technical assistance and advice from bilateral (and uninvolved) partners.	DMU to continue to work with ERU to assess borrowing proposals and provide advice to the Minister, through DMAC with technical assistance and advice from bilateral (and uninvolved) partners.	DMU to continue to work with ERU to assess borrowing proposals and provide advice to the Minister, through DMAC with technical assistance and advice from bilateral (and uninvolved) partners.
	Build capacity to improve loan negotiations and familiarize with analysis of loan proposals including assessing costs and risks.	DMU and ERU staff will be having workshops on loan negotiation. The workshop will be conducted by DMU advisor.	Continue to train staff members to build capacity to undertake loan negotiations.	Continue to train staff members to build capacity to undertake loan negotiations.
	Develop SOE borrowing policy.	Complete the SOE borrowing policy to be consistent with DMS and submit it to cabinet for approval.	Implement the SOE borrowing policy and incorporate with PFMA. DMU to continue to work with ERU to monitor and reports on the financial health of SOE.	Implement the SOE borrowing policy and improve areas required improvements. DMU to continue work with ERU to monitor and reports on the financial health of SOE.

	Monitor the long-term liabilities of SOEs, assess their risk to SIG and include in Debt Sustainability Analysis.	DMU began to build systems (spreadsheet models, collaboration with ERU) to monitor SOES.	Implement the SOE borrowing policy and incorporate with PFMA. DMU to continue to monitor long term liabilities and reports on the financial health of SOE.	Implement the SOE borrowing policy and incorporate with PFMA. DMU to continue to monitor long term liabilities and reports on the financial health of SOE.
	Develop on-lending policy to ensure that borrowed funds lead to improved delivery of public services.	Complete on-lending policy and submit to cabinet for approval.	Implement the SIG on-lending policy.	Implement the SIG on-lending policy and it is incorporated into the PFM Act and subsidiary legislation.
	Develop guarantee policy to ensure that if SIG issues Sovereign Guarantee, it leads to improved delivery of public services.	Complete a guarantee policy and submit to Cabinet for approval and seek training to be able to assess and monitor guarantee risk.	Implement the SIG guarantee policy and assess and monitor the risk of guarantees.	Implement the SIG guarantee policy and it is incorporated into the PFM Act and subsidiary legislation.
	DMU to continue to manage the weekly cash meeting.	Continue to present Treasury Bill auction result at the weekly cash meeting and ensure that proceeds are used as an advance for urgent high quality expenditure.	Continue to present Treasury Bill auction result at the weekly cash meeting and ensure that proceeds are used as an advance for urgent high quality expenditure. DMU to work with FMSS to have high spending ministries expenditure forecasts and notification, to allow Term Deposits for SIG to earn interest on surplus cash in the bank.	Continue to present Treasury Bill auction result at the weekly cash meeting and ensure that proceeds are used as an advance for urgent high quality expenditure. DMU to work with FMSS to have high spending ministries expenditure forecasts and notification, to allow Term Deposits for SIG to earn interest on surplus cash in the bank.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
Monetary and exchange reforms	Continue with auctions in the security market.	Market liaisons with major players of the Treasury Bill market continue to be part of the auction committee, prepare the auction calendar. Prepare minute to PS/ Minister for the introduction of one year tenor and increasing the current cap.	Market liaisons with major players of the Treasury Bill market continue to be part of the auction committee, prepare the auction calendar. Prepare cabinet submission for the introduction of Treasury bonds.	Market liaisons with major players of the Treasury Bill market continue to be part of the auction committee, prepare the auction calendar. Once the cabinet approves the issuance of Treasury bonds, DMU will work on procedures surrounding bonds market and also other investment opportunities.
	Train more staff members to payments AX.	Train more staff members to payments AX.	Train more staff members to payments AX.	Train more staff members to payments AX.
	DMU to continue to work on improving the use of CSDRMS and also integration of CSDRMS with reporting of debt.	Continue with correcting the database and also get CSDRMS expert for assistance to validate the data in CSDRMS.	Seek assistance from CBSI to do in-house training to DMU staff to maintain the database.	Continue with training of staff members.
	Provide training for staff in technical areas and improve capacity to update macros.	Advisor to continue to train staff and on updating the model.	Continue training all staff members to be able to use the model.	Continue to train all staff members to use both database and be able to check, update and maintain the model.
	Develop processes and procedures for reconciliation of monthly and annual payment data from CBSI and SIG records.	Train staff members how to reconcile billing statements and CBSI payment statements with CSDRMS and the spreadsheet model.	Staff members to do monthly and annual reconciliation of billing statements and CBSI payment statements.	Staff members to do monthly and annual reconciliation of billing statements and CBSI payment statements.
	DMU to develop compliance procedures and processes for verifying data before issuing.	Put in place a compliance procedure for staff to follow.	Staff to check each other's work to improve accuracy and comply with instructions and regulations.	Maintain records to compliance procedures.

	Publish monthly and quarterly reports on CBSI and MoFT websites.	DMU continues to publish monthly and quarterly debt bulletins. Debt bulletins are published with two months of the data date.	DMU continues to publish monthly and quarterly debt bulletins. Debt bulletins are published with two months of the data date.	DMU continues to publish monthly and quarterly debt bulletins. Debt bulletins are published with two months of the data date.
	Record and report contingent liabilities.	Work with ERU to monitor SOE long term liabilities. Continues to monitor High Court cases that likely lead to SIG liabilities.	DMU collaborates with ERU to monitor SOE debt and debt repayments regularly. Continues to monitor High Court cases that likely lead to SIG liabilities.	DMU collaborates with ERU to monitor SOE debt and debt repayments regularly. Continues to monitor High Court cases that likely lead to SIG liabilities.
	DMU continue acts as secretariat to DMAC.	DMU acts as Secretariat to DMAC. DMU arranges meetings for the DMAC when required, circulates the agenda, takes and circulates minutes.	DMU acts as Secretariat to DMAC. DMU arranges meetings for the DMAC when required, circulates the agenda, takes and circulates minutes.	DMU acts as Secretariat to DMAC. DMU arranges meetings for the DMAC when required, circulates the agenda, takes and circulates minutes.
	DMU continues to manage Treasury Bill Auctions.	DMU manages the Treasury Bill Auction, conducted on SIG's behalf, by CBSI. DMU determines the Treasury Bill Auction Calendar, sits on the auction committee, and prepares reports on the outcome of the auctions.	DMU manages the Treasury Bill Auction, conducted on SIG's behalf, by CBSI. DMU determines the Treasury Bill Auction Calendar, sits on the auction committee, and prepares reports on the outcome of the auctions.	DMU manages the Treasury Bill Auction, conducted on SIG's behalf, by CBSI. DMU determines the Treasury Bill Auction Calendar, sits on the auction committee, and prepares reports on the outcome of the auctions.
	Improve cash forecasting across SIG.	With improved cash forecasting across SIG, DMU, with Advisor technical assistance, is starting to work closely with FMSS to look at using Term Deposits and Treasury Bills as cash management tools to smooth within year cash fluctuations.	Continue to work with FMSS for cash management and cash forecasting.	Continue to work with FMSS for cash management and cash forecasting.
	Review and updates DMS, MTFS and other SIG documents.	Train staff to updates DMS and MTFS independently. DMU provides data and advice to MoFT and donors.	DMU updates DMS and MTFS independently. DMU provides data and advice to MoFT and donors.	DMU updates DMS and MTFS independently. DMU provides data and advice to MoFT and donors.

	Completed procedure for most of DMU's essential business processes.	Continue to develop and improve process and procedures for the DMU's essential business. Develop internal systems for backing up and storing essential spreadsheets and documents.	Continue to develop and improve process and procedures for the DMU's essential business.	Continue to develop and improve process and procedures for the DMU's essential business.
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NAME OF DIVISION	ECONOMIC REFORM UNIT (ERU)
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3 YEAR PLAN

Theme III: Improve the environment for private sector investment

CURRENT SITUATION

The ERU's primary objective is to develop and implement economic reforms to underpin sustainable social and economic development and good governance in the Solomon Islands, particularly by increasing the contribution of the private sector to generating sustainable income earning opportunities and employment growth.

ERU aims to promote and assist in achieving sound and equitable broad-based economic growth through the implementation of economic reform.

CHALLENGES

- The unit has limited staff and a large current reform program. Capacity to take on additional work that involves complex legislative or structural reform is limited and choices need to be made when new priorities emerge.
- The impact of RAMSI's transition on the advisory support to the unit will need to be managed.

STRENGTH

- Despite capacity constraints, staff remains committed to progressing the structural and legislative reform programs.
- Strong RAMSI advisors support within the unit.

WHERE WE WANT TO BE IN 2015

A sustainable broad-based economic growth led by private sector that enables the Government to have an affordable and sustainable budget.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
Fair and Transparent taxes. NCRA: 4.3.4.1.e, 4.3.4.a, 4.3.4.1.b, NDS Objectives: 5, 8	Receive a fair share from resources by developing and implementing a new resource tax framework.	Submit to Cabinet the draft bill of the new legislation for a mining tax regime. The new mining tax regime bill submitted to Parliament.	Standardized legal framework exists for the mining sector, within which all new mining companies operate. New Legislation is applied in assessing taxation obligations of mining businesses.	
Social Reforms NCRA: 4.2.7 NPF Fund Reforms p27	Revise the National Provident Fund Act to improve the long-term financial viability of the NPF and reduce financial risks.	Obtain Cabinet approval of the revised NPF Bill and associated regulations. Industry Consultations. Draft legislation finalized Submit to Cabinet draft legislation	Submit to Parliament a revised NPF Bill and associated regulations, to improve the long-term financial viability of the NPF and reduce financial risks.	New NPF Act implemented.
Fair and Transparent taxes. NCRA: 4.3.4.1.e, 4.3.4.a, 4.3.4.1.b, NDS Objectives: 5, 8	Review duty remission and tax exemption guidelines to ensure that exemptions are granted in accordance with the law and not on a discretionary basis. Improve duty collection and Customs enforcement.	Regulations to prepare guidelines for a unified committee to improve oversight of exemption decisions are tabled in Parliament. Cabinet approves the release of the draft Customs Bill for consultation.	Unified exemptions committee is fully operational under the new legislation. New and revised Customs Act to improve duty collection and customs enforcement tabled in Parliament.	
Establish revenue transparency in the extractive sector. NCRA: 5.1.7.d	Legal amendments removing any barriers to EITI implementation submitted to Parliament and reporting templates approved by the EITI Multi-stakeholder Steering group.	Issue first EITI report by December 2013, as required under the EITI requirements.	Solomon Islands Validation Report to be publicly available and disseminate by Second Quarter 2014. Publish second EITI National Report by December 2014	

<p>Better access to credit</p> <p>NCRA: 4.3.3.a, 4.3.3.c</p> <p>NDS Objective: 5</p>	<p>Remove access to finance as a barrier to the creation of locally owned businesses.</p>	<p>Policy paper developed to amend Credit Union legislation and submitted to Cabinet.</p> <p>A policy paper developed to amend the Insurance Act and submitted to Cabinet.</p> <p>(CBSI to lead)</p>	<p>Amendment to the Credit Union legislation submitted to Parliament.</p> <p>Amendment bill to the Insurance Act is submitted to Parliament.</p>	
<p>Macroeconomic framework</p> <p>NCRA Policy 4.3.1.a</p> <p>SIG-RAMSI Policy 2.6.2</p>	<p>Strategic review of the macroeconomic framework, involving key stakeholders, to identify key reform measures.</p>	<p>Analysis of Macroeconomic review (prepared by the ADB).</p> <p>Development of economic reform program.</p> <p>Advice to Cabinet.</p>	<p>Advice to Cabinet on review.</p> <p>Reform program developed and submitted to Cabinet.</p>	<p>On-going macro policy development and advise to Government.</p>
<p>Fiscal Policy Reforms</p> <p>NCRA: 4.3.4.a. p37 Matrix</p> <p>SIG-RAMSI 2.9.1</p>	<p>Update Medium Term Fiscal Strategy (MTFS) annually</p>	<p>Stakeholder consultations</p> <p>Macroeconomic update</p> <p>MTFS updated</p> <p>MTFS submitted to Cabinet to consider before Budget</p> <p>Cabinet adopted MTFS</p>	<p>Ongoing</p>	<p>Ongoing</p>

<p>Macroeconomic framework NCRA: 4.3.1.a p29 SIG-RAMSI 2.6.2</p>	<p>Strengthen analytical, forecasting and advisory capacity including:</p> <ul style="list-style-type: none"> - improving revenue forecasting; - improving understanding of the national accounts; and - reviewing the Solomon Islands Macroeconomic Model (SIMEM). 	<p>Revenue forecasting framework developed (in collaboration with IRD and Customs Divisions).</p> <p>Advice Cabinet on macroeconomic forecasts.</p> <p>Workshop with NSO to improve understanding of the National Accounts and integrate output into SIMEM.</p> <p>Review of SIMEM with Australian Treasury official to improve the Model.</p>	<p>Effective local macroeconomic modelling capacity that is fit for the Ministry's purposes is maintained.</p>	<p>Ongoing</p>
<p>Sources of economic growth NCRA Policy 5.1.a p64</p>	<p>Promote the development of strategic sectors such as forestry, mining, fisheries, tourism, and agriculture</p>	<p>Provide analysis and advice to government on policy and issues related to key projects; and ongoing collaboration with other SIG ministries, donors, and consultants.</p>	<p>Ongoing</p>	<p>Ongoing</p>
<p>Sources of economic growth cont. NCRA Policy 5.1.a</p>	<p>Improving the telecommunications environment for economic development.</p>	<p>The Undersea Cable Project is progressed:</p> <ul style="list-style-type: none"> - Establish tax agreement between SIG and SOCC is finalized; and - financing arrangements between ADB, SIG, and SOCC is achieved. 	<p>Provide high quality policy advice to government and key stakeholders.</p>	<p>Ongoing advice</p>

<p>Sources of economic growth cont. NCRA Policy 5.1.a</p>	<p>Investment in the fisheries sector</p>	<p>High quality advice to Cabinet on management of natural resources and infrastructure development on the following projects:</p> <ul style="list-style-type: none"> - SIG Tuna Investment Strategy - Wantok (Dongwon) Project - Tenaru (Frabelle) Project - Facilitation of foreign investment (IFC) 	<p>Ongoing advice</p>	<p>Ongoing advice</p>
<p>Sources of economic growth cont. NCRA Policy 5.1.a</p>	<p>Investment in airport infrastructure and development</p>	<p>Provision of advice to the government and key stakeholders on airport policy.</p>	<p>Ongoing advice</p>	<p>Ongoing advice</p>
<p>Sources of economic growth cont. NCRA Policy 5.1.a</p>	<p>Development and implementation of the Solomon Islands Infrastructure Investment Plan.</p>	<p>Feedback to key stakeholders on the Draft SI Infrastructure Investment Plan. Advice to government on infrastructure policy.</p>	<p>Ongoing advice</p>	<p>Ongoing advice</p>
<p>Well-managed SIG businesses. NCRA: 4.3.4.2 State Owned Enterprise Reforms p45. Matrix SIG-RAMSI 2.15.1; 2.15.6 NDS Objective: 5</p>	<p>SOE monitoring to provide information on financial performance, business plans and delivery of services. Compliance with 2007 SOE Act regarding the preparation and submission of Statements of Corporate Objectives.</p>	<p>Work with SOEs to support improved financial accounts, business planning and service delivery SOE's financial accounts are published in newspapers by SOEs and on MoFT websites in line with SOE Act.</p>		<p>Improve SOE monitoring and performance.</p>

<p>State Owned Enterprise Reforms NCRA: 4.3.4.2 p45</p>	<p>Implement the SOE Governance Strengthening Project to improve financial and service delivery performance.</p> <p>Development of Corporate Governance Services Program.</p> <p>Policy advice and analysis of CSO contracts.</p>	<p>Corporate Governance Services Program implemented (with partner organizations—SICCI, SIWIBA, MOFT and SOE Forum)</p> <p>Fully commit to CSO contracts entered into in 2012.</p> <p>Obtain PS/Minister endorsement for ICSI restructure plan.</p>	<p>Cabinet endorsement of ICSI restructuring plan.</p>	<p>Assets of ICSI restructured</p>
<p>Private Sector Growth Reforms NCRA: 4.3.3.a p30 SIG-RAMSI 2.14.2</p>	<p>Monitor the implementation of reforms to streamline and improve business registration.</p>	<p>Analysis and advice to Minister and Government as required.</p>	<p>Ongoing</p>	<p>Ongoing</p>
<p>External Sector Reforms NCRA: 4.3.5.b p58</p>	<p>Reform trade policy to gradually liberalize imports while using special levies and prohibitions to protect local industry.</p>	<p>Fiscal and economic analysis and advice as required</p>	<p>Advice provided as required.</p>	
<p>Monetary and exchange rate reforms NCRA: 4.3.5.a p62</p>	<p>Input into monetary and exchange rate policy and regulatory regimes as appropriate.</p>	<p>Analysis and advice as required</p>	<p>Work with CBSI to provide ongoing advice on appropriate exchange rate regime</p>	
<p>Real Sector Review NCRA: 5.1.a</p>	<p>Provide appropriate incentives to attract foreign investment. See 4.3.3.a review tax incentives p14</p>		<p>Refer to 4.3.1 a</p>	

<p>Private Sector Growth Reforms NCRA: 4.3.3.a p30</p>	<p>Review tax incentives</p>	<p>Review of effectiveness of tax incentives to encourage new investment and recommendations prepared for new arrangements.</p>	<p>Review completed Advice on recommended changes prepared and submitted</p>	
<p>Private Sector Growth Reforms NCRA: 4.3.3.a p31</p>	<p>Review new Trustees legislation that will help to improve the Governance and accountability of trusts.</p>	<p>Policy paper and advice to Government.</p>	<p>Policy paper submitted to Cabinet;</p>	<p>Drafting instruction submitted to Cabinet. Legislation submitted to Parliament. Legislation is fully operational.</p>
<p>Tax reforms aimed at diversifying tax base NCRA: 4.3.4.1.e p49</p>	<p>Review Gaming tax rates and administration.</p>	<p>Analysis and advice on current arrangements. Prepare proposal for new arrangements. Advice to Cabinet Draft legislation.</p>	<p>Analysis of arrangements completed. Industry consultations on proposed arrangements. Proposed new arrangements submitted to Cabinet.</p>	<p>Legislation presented to Parliament. New regime implemented.</p>
<p>Growth centres: microfinance and savings schemes NCRA: 4.3.3.c p33</p>	<p>Review Credit Union legislation to improve governance, security and level of services offered by credit unions.</p>	<p>Assist CBSI in Assessment of draft legislation and advice to Government. (CBSI to lead)</p>	<p>Advice to Cabinet. Legislation introduced into the Parliament.</p>	
<p>Growth centres: microfinance and savings schemes NCRA: 4.3.3.c p33 SIG RAMSI 2.13.1 and 2.13.2</p>	<p>Engage with donors to seek support for rural micro financing schemes with donors to support private sector development in growth centres</p>	<p>Review other country experience and develop proposals. [Dependent on Donor support and funding]. (CBSI to lead)</p>	<p>Innovative distribution channels, products and financial services develop to suit Solomon Islands Financial Inclusion initiatives by 2013. (CBSI to lead)</p>	

<p>Increase domestic revenue generation NCRA: 4.3.4.1.b p41</p>	<p>Review of tax Penalties to ensure appropriate deterrence.</p>	<p>Input, analysis and advice provided to IRD as required. (IRD to lead)</p>	<p>IRD Account Reform implemented (IRD). Government agreement to the scope of review. Review completed. Policy proposal agreed by Government.</p>	
<p>Private Sector Growth Reforms NCRA: 4.3.3.a p30 SIG-RAMSI 2.13.2</p>	<p>Improve access to credit.</p>	<p>Analysis and advice to Minister and Government as required.</p>	<p>Rural mobile banking services continued.</p>	
<p>Growth centres: microfinance and savings schemes NCRA: 4.3.3.c p33 SIG-RAMSI 2.13.2</p>	<p>Review savings and loans schemes to increase usage.</p>	<p>Analysis and advice to Minister and Government as required.</p>	<p>Rural Development Program Supplementary Equity Finance Scheme reviewed.</p>	
<p>Economic security NCRA: 3.2.1.c, p10</p>	<p>Implement new Competition Policy.</p>	<p>Assist Commerce to provide analysis of new competition policy for Solomon Islands. Policy paper prepared. Legislative amendments and advice to Cabinet prepared.</p>	<p>Policy paper developed and considered by Government; ,legislation drafting process New competition legislation is presented to Cabinet and Parliament.</p>	<p>New legislation fully implemented</p>
<p>Increase domestic revenue generation NCRA: 4.3.4.1.b p41</p>	<p>Pursue Double tax Treaty/Agreement with PNG to encourage cross border investment while protecting the revenue base in Solomon Islands.</p>	<p>Analysis of impacts of proposed DTA Provide advice on: - Potential revenue impact - Options to mitigate impact</p>	<p>Further work will be contingent to the conclusion reached in 2013</p>	

NAME OF DIVISION	FINANCIAL AND ECONOMIC DEVELOPMENT (FEDU)
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3 YEAR PLAN
<p>Theme I: Strengthening SIG’s budget preparation and planning systems to ensure resources are applied to sustainably and effectively support better quality public services for Solomon Islands.</p>
<p>Theme II: Improve the quality of financial management systems towards ensuring resources intended for the better delivery of public services achieves their intended purposes.</p>
<p>Theme III: Improve the environment for private sector investment</p>
<p>Theme IV: Core Business and Ministry Priorities</p>

<u>CURRENT SITUATION</u>	<u>WHERE WE WANT TO BE IN 2015</u>
<p>FEDU is responsible for the formulation of Government’s financial reform priorities by identifying areas that would strengthen SIG’s budget preparation and planning. FEDU coordinated this work: in collaboration with budget unit; using the Public Expenditure Financial Accountability assessment information, and through the Core Economic Working Group (CEWG). FEDU is working closely with the International Monetary Fund (IMF) to coordinate their program (Standby and Precautionary Credit Facility) that consists of reforms to improve the government’s budget preparation and planning systems. FEDU is also preparing a strategy plan to improve government’s domestic revenue in collaboration with other ministries.</p> <p>The challenge, however, is the weak capacity in other ministries. There is slow or no response when the unit seeks cooperation with these ministries to provide relevant information about their revenue collection issues and their reform plans. There is no revenue collection and reform strategies developed by the ministries which make it difficult to develop a coherent domestic revenue strategy. The strength, however, is the accessibility to revenue figures using Ministry of Finance’s system and some of the internal divisions’ relationship with other ministries. However, there is limited local capacity within Treasury in MoFT to assist FEDU to retrieve information given that the revenue figures can only be accessible using a certain system.</p> <p>This is also the same for developing priority reforms in budgeting. But with the</p>	<p>In three years’ time, the Division should have in place a revenue collection plan that has been revised over the years. It has organized around twelve meetings with the Permanent Secretaries who value the strategy plan and is implementing it accordingly.</p> <p>Ministry of Finance, by this time, should have improved its local capacity that can provide relevant information required, to develop the revenue strategy and budget reform priorities.</p> <p>The gap between estimates and the actual figures that appear in the budget papers should be reduced and ministries are able to discuss any issues with regard to collecting revenue collections with FEDU.</p> <p>So during this time, the unit is only revising the plans and consulting the ministries and divisions effectively.</p> <p>The IMF program with Solomon Islands will be successfully completed.</p>

presence of RAMSI advisors within MoFT, FEDU is able to retrieve any information immediately. Once this presence is reduced and the local capacity is not improved, FEDU will find it difficult to develop future reform priorities and also to implement the plan, and to update each ministry on their revenue collection figures in order to identify areas that needed to be reformed.

As in the first theme (II) FEDU has also been responsible for the formulation of government's financial reform priorities in identifying areas to improve the quality of financial management systems towards ensuring resources intended for the better delivery of public services achieve their intended purposes. FEDU coordinated this work in collaboration with both the budget unit and treasury within Ministry of Finance and Treasury, using the information from the Public Expenditure Financial Accountability assessment, and through the CEWG. Furthermore, as in Theme I, FEDU has also worked very closely with the IMF, and other development partners who are providing budget support that consists of reforms to improve the government's financial management systems. The challenges faced by this unit to implement this particular action is the same as in Theme I, that this, presence of limited local capacity within Finance and Treasury The reason why this action was made possible is the presence RAMSI advisors with expertise to formulate and implement the reform program.

FEDU has been attending all workshops, seminars, and conferences on any infrastructure development programs/projects. It works closely with the Asian Development Bank (ADB) to ensure that their programs and projects with Ministry of Infrastructure (MID) are implemented. It also facilitates all negotiations between ADB and SIG and ensures that all procurement process of ADB is met. The strength of this particular action is that FEDU has established strong relationship with MID and ADB since the Unit had been set up. The challenge is the limited capacity within MID that may slow the implementation of the projects.

FEDU's role is to develop, process, co-ordinate and assist to manage the implementation of development partner support programs and related initiatives. The unit been working closely with members of the CEWG to monitor and respond to any economic and financial issues facing the economy. It does this by developing priority reforms that identify ways on how the government can improve its budget preparation, execution and reporting, and creates an environment that promotes private sector participation. The Unit also ensures that the World Bank

To have greater consultation and engagement with local officers who can formulate and implement the reform programs with limited input from any advisors.

Maintain high quality financial management reform matrix that continues to be a valuable document for development partners in their decision to provide future financial support to Solomon Islands.

To have successful completion of the IMF program with Solomon Islands.

Successful implementation of all infrastructure programs provided by ADB.

FEDU should continue to implement successful reform programs with all the implementing agencies. It should also have sent one of its senior economists to go for further studies to upgrade his economic and development skills.

In 2015, one of the current program that is about to conclude is the IMF program for Solomon Islands. So FEDU might be evaluating the need on whether Solomon Islands need another IMF program.

and the Asian Development Bank's projects and programs for Solomon Islands are implemented as identified in the Financial Agreement. The Unit also coordinates budget support programs for the government and ensures that the grant agreements are adhere to and relevant stakeholders are consulted accordingly. It is not only the budget support programs but the IMF program for Solomon Islands. It ensures that the program is successfully implemented – which is has for two programs (Standby Credit Facility and Precautionary Standby Facility).

There are number of challenge the Unit faces and few of them include limited capacity of the Unit and the responsible stakeholders to implement the programs; development partners earmarking their budget support disbursement decisions to other conditions; and using FEDU to carry out activities that other divisions or ministry are not able to implement.

The strength the Unit holds is the presence of resources with higher qualifications that can drive the Unit's program through, effectiveness and efficiency. There are two resources with qualification in masters of development economics of which one is a local and the other an ODI fellow. The other two are degree holders, where one is a new graduate and the other has been working in the economics field since 2007. The Unit, however, is still vulnerable if a senior post holder is on leave as the implementation of its work plan slows down.

The other strength is the presence of RAMSI advisors within MoFT and the strong relationship the Unit has developed with the donors over the years. Also, it has received greater recognition of its work through the CEWG that enables FEDU to carry out wider consultations with other stakeholders, mostly within SIG and domestic development partners.

Theme I: Strengthening SIG's budget preparation and planning systems to ensure resources are applied to sustainably and effectively support better quality public services for Solomon Islands.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
<p>The National Coalition for Reform Advancement Government,</p> <p>Policy 4.3.4.1 (b) (iv) 'Increase domestic revenue generation'</p>	<p>Develop 'other government revenue' annual priority plan.</p> <p>Revenue teams established in each ministry.</p> <p>Permanent Secretaries (PSs) to meet regularly.</p>	<p>Organize the first meeting for the PSs:</p> <ul style="list-style-type: none"> • Agree on the strategy; • Nominate a secretariat for the group; • FEDU to present to them history revenue figures, identify areas of possible improvement that would demonstrate to the ministries how to formulate priority actions. <p>If strategy is agreed, FEDU to ensure that:</p> <ul style="list-style-type: none"> • The strategy plan is formulated and approved by Cabinet; • Implementation of the strategy is progressing well; and • PSs are meeting regularly and are updated on the revenue collection figures for each of their ministry and are contributing effectively to the revenue collection discussions; • Implementation is monitored, evaluated and PSs are fully informed of the progress. 	<p>In collaboration with each ministry's revenue teams, revise the plan and pursue PSs and Cabinet approval if there are any changes to the revenue plan.</p> <p>Continue monitor the progress of the plan, ensure that revenue collection figures are accessible to each of the ministries, and PSs are meeting regularly.</p>	<p>Same as 2014.</p>

<p>The National Coalition for Reform Advancement Government, Policy 4.3.4 (a) (iv) '<i>...reforming the budget process to support a clearer articulation of Government priorities...</i>'</p>	<p>Formation of an economic financial reform priority (EFRP) matrix that improves budget process</p> <p>Maintain effective dialogue with Budget Unit and members of the CEWG</p> <p>Cabinet to approve the EFRP matrix</p>	<p>Finalize budget reform priorities for the period 2012-2015</p> <p>Cabinet to approve the EFRP matrix.</p> <p>Ensure that the CEWG meets regularly to discuss the reforms and where technical assistance is needed to improve capacity.</p> <p>Joint Review Mission (JRM) comprising of CEWG members is carried out to review the progress on the EFRP matrix.</p>	<p>Same as in 2013</p>	<p>Same as in 2014</p>
	<p>Coordinate International Monetary Fund programs for Solomon Islands together with the Central Bank of Solomon Islands.</p>			

Theme II: Improve the quality of financial management systems towards ensuring resources intended for the better delivery of public services achieves their intended purposes.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
<p>The National Coalition for Reform Advancement Government, Policy 4.3.4 (a) (i) <i>'Enhance on-going efforts to improve the management of government finances at all levels by maintaining strict accountability and transparency'</i></p>	<p>Maintain effective dialogue with Treasury (Ministry of Finance and Treasury) and members of the CEWG.</p> <p>Formation of an economic financial reform priority (EFRP) matrix to improve the quality of financial management systems towards ensuring resources intended for the better delivery of public services achieve their intended purposes.</p>	<p>Finalize financial management reform priorities for the period 2012-2015.</p> <p>Cabinet to approve the EFRP matrix.</p> <p>Ensure that the CEWG meets regularly to discuss the reforms and where technical assistance is needed to improve capacity.</p> <p>Joint Review Mission (JRM) comprising of CEWG members is carried out to review the progress on the EFRP matrix.</p>	<p>Same as in 2013</p>	<p>Same as in 2014</p>

Theme III: Improve the environment for private sector investment				
Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
The National Coalition for Reform Advancement Government, Policy 6.2.1 (a) 'Efficient, effective and quality infrastructure that facilitate trade and economic development increase domestic revenue generation'	<p>National Transport Fund is implemented accordingly.</p> <p>Ensure that Asian Development Bank's projects and programs within Ministry of Infrastructure are implemented accordingly and aligned to the financial agreements.</p> <p>Ensure that World Bank's projects and programs are implemented accordingly and aligned with the financial agreements.</p>	Participate in all seminars, workshops and conferences on infrastructure projects regardless whether it is government or donor implemented projects.	Same as in 2014	Same as in 2014

Theme IV : Core Business and Ministry Priorities				
References	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
	Coordinates and facilitates discussions; responses and analysis with Ministry of Finance and Treasury Heads of Divisions to ensure the successful implementation of the IMF program .	IMF program successfully implemented	Same as in 2013	Same as in 2014
	Organizes, facilitates and coordinates the CEWG to ensure that the government and donor community are updated with economic and financial issues and propose actions to mitigate any issues through a Matrix of Policy Reform Priorities.	CEWG matrix successfully implemented.	Same as in 2013	Same as in 2014
	Coordinate the formulation of budget support's financial agreements and to ensure that implementations progressing accordingly.	Financial agreements successfully implemented.	Same as in 2013	Same as in 2014
	Carry out coordination and facilitate loan and grant negotiations for International Financial Institutions (IFIs) programs and projects.	Agreements are in order and implemented successfully.	Same as in 2013	Same as in 2014
	On request by the Permanent Secretary	FEDU is actively representing the views of MoFT, and	Same as in 2013	Same as in 2014

	FEDU represents and provide ministerial objectives in the meetings organized by government ministries and donor.s	contributing effectively in the meetings.		
	The Unit coordinates report progress for the ministry on government implementation policy framework and the national development strategy (NDS) .	MoFT is providing progress report on the NDS.	Same as in 2013	Same as in 2014
	Coordinate and prepare briefings for Solomon Islands Delegation to the World Bank/IMF, ADB Annual Meetings and Finance Economic Ministers Meeting.	Briefings for 2013 Annual meetings are prepared.	Briefings for 2014 Annual meetings are prepared.	Briefings for 2015 Annual meetings are prepared.
	Provide ministerial policy advice on IFIs programs/projects and seek mission clearances from propose and implementing ministries.	FEDU is providing good policy advice and carrying out this responsibility in a timely manner.	Same as in 2013	Same as in 2014

NAME OF DIVISION	INTERNAL AUDIT DIVISION
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3 YEAR PLAN

Theme I: Strengthening Government internal auditing strengthens public governance by providing for accountability and protecting the core values of government of ensuring public sector officials conduct the public's business transparently, fairly, and honestly, and with equity and probity.

CURRENT SITUATION

The Solomon Islands Government recognizes the importance of good governance and has established legislative and executive foundations for Internal Audit in the public sector. Government internal auditing strengthens public governance by providing for accountability and protecting the core values of government of ensuring public sector officials conduct the public's business transparently, fairly, and honestly, and with equity and probity. Therefore, it is crucial that government internal audit activities are properly established, have a broad mandate to achieve these responsibilities, are independent, appropriately resourced and are empowered to act with integrity so that they can provide reliable services to the government and ultimately to the people. It must also be noted that the requirement to have a sound internal audit function is also a key requirement for many of the donor agencies.

Internal Audit and Audit Committee requirements have been established under the Financial Instructions and compliance is mandatory.

To be viable, Internal Audit needs to comply with the International Standards for Internal Auditing (IIA IPPF). The Institute of Internal Auditors (IIA) has defined the Capability Model for effective Internal Audit in the Public Sector. Currently Solomon Islands Internal Audit is only level 2 or 3 for most categories when benchmarked at the best practice level of 5

The plan also discusses the communication strategy, strategic alliances, structure and establishment plan, and the strategic 4 year Internal Audit Work Plan.

Internal Audit faces some operational and strategic challenges in smoothly carrying out its mandated duties and responsibilities which it will address during the course of this Corporate Plan cycle.

WHERE WE WANT TO BE IN 2015

IAD should fully implement its key mandate role in maintaining good governance for the each Ministry and government entity and is the responsibility of the Minister and the Permanent Secretary or Chief Executive. It combines legal duties with responsibilities to improve and monitor the organization's performance and is codified in the Constitution, the Public Finance and Audit Act and other Solomon Islands legislation and regulations. Good governance will ensure that the organization's risk management, internal control and reporting procedures are satisfactory and reliable.

Internal Audit Division is expected to maintain its public's business transparently, fairly and honestly and with equity and probity.

By 2015, the Internal Audit Division will have a full staff complement to facilitate the audit review and conduct special investigations. The vacant post within the IAD will be filled and the Division will have qualified staff delivering the services under the FIs and PF & A Act and the government priorities. IAD expects its staff to be equipped with expertise, skills and experience to carry out their investigation and audit roles efficiently and effectively.

The Division hopes to improve Solomon Islands Internal Audit capability mode to be at level 5 with more staff graduated with Certified Internal Auditor (CIA) with Institute of Internal Audit Australia and with greater experience with International Standards for Internal Auditing (IIA).

By 2015, we will ensure that the Audit Committee is providing its advisory servers and assisting the Minister of Finance and Treasury (Executive/Cabinet) to fulfil governance and oversight responsibilities with

These include :

- Inadequate staff numbers
- Unreliable transport
- Lack of ongoing training of staff
- High level of staff turnover
- Lack of co-operation from Government Ministries during investigation and Audit Base Review
- Lack of an operational Audit Committee
- Limited budget
- Lack of technical assistance within the Audit Division
- Vacant Internal Audit Director position
- Delay in Police response for referred cases

respect to the financial reporting process, the system of risk management and internal control, the audit process, and the monitoring process for compliance with laws and regulations and the code of conduct. This will ensure the independence of the internal audit function, transparency and accountability of government entities and that appropriate action is taken on audit recommendations.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
4.3.4.1.d Strengthen Governance Institutions p43 Matrix	Provide Internal Audit services, training and advisory support to MOFT and other Ministries, SOES and Provincial Government.	<ul style="list-style-type: none"> • Prepare 4 year Internal Audit Work Plan based on the highest risk priorities Audit Committee is established and operational; • Progressing implementation plan specified in the SIG Universe Risk Matrix; • Launched the Association of Internal Audit (Solomon Islands) AIA (SI); • Establishment of Internal Audit office within the Ministry of Provincial Government. 	<ul style="list-style-type: none"> • Implement Annual Plan under the MoFT priorities • Audit Committee provides its advisory service and mandate roles; • Progressing implementation plan specified in the SIG Universe Risk Matrix; • Continuous training and meeting with the Executive of AIA (SI); • Establishment of Internal Audit Office – Commerce and Police. 	<ul style="list-style-type: none"> • Implement Annual Plan under the MoFT priorities; • Audit Committee provides its advisory service and mandate roles; • Progressing implementation plan specified in the SIG Universe Risk Matrix; • Continuous training and meeting with the Executive of AIA (SI); • Establishment of Internal Audit Office – Legal Justice and Agricultures.

	Strengthen Internal Audit Division to promote proper governance, better controls and management practices for MOFT, other Ministries and public sector agencies.	<ul style="list-style-type: none"> • Establishment of Internal Audit Office in line Ministries such as Ministry of Provincial Government; • Promotion and monitoring of governance, internal controls and proper management practice for SIG; • Establishment of protocol with the CID Police; • Develop a business case for purchase of vehicle for the Division. 	<ul style="list-style-type: none"> • Continuous establishment of Internal Audit Office in SIG line Ministries such Ministry of Commerce and Police; • Promotion and monitoring of governance, internal controls and proper management practice for SIG; • Implementation of the protocol with the CID. 	<ul style="list-style-type: none"> • Continuous establishment of Internal Audit Office in SIG line Ministries such Ministry of Legal justice and Agricultures; • Promotion and monitoring of governance, internal controls and proper management practice for SIG; • Implementation of the protocol with the CID.
	Internal Audit Complies with International Standards (IIA IPPF) as per the Instructions.	<p>Internal Audit Framework and Guides completed and implemented</p> <ul style="list-style-type: none"> • Promotion and monitoring of governance, internal controls and proper management practice for SIG. 	<ul style="list-style-type: none"> • Review of the Internal Audit Charter; • Review of the Audit Manual; • Promotion and monitoring of governance, internal controls and proper management practice for SIG. 	<ul style="list-style-type: none"> • Promotion and monitoring of governance, internal controls and proper management practice for SIG.
		<ul style="list-style-type: none"> • Training program developed for IAD staff with IIA Australia (includes IIA annual conference attendance) Australia; • Annual conference attendance –IIA Australia. 	<ul style="list-style-type: none"> • Continuous training and workshop for IAD staff with the IIA Australia; • Annual conference attendance – IIA Australia. 	<ul style="list-style-type: none"> • Continuous training and workshop for IAD staff with the IIA Australia; • Annual conference attendance –IIA Australia.

	<p>Strengthen Internal Audit across whole of SIG thru capacity development, training and mentoring.</p>	<ul style="list-style-type: none"> • Recruit and fill all vacant and new Internal Audit posts; • Secure technical assistance for the Division by liaison with senior MoFT Executive and donors; • Update and Implement Internal Audit (SI) training and staff development plan 2013; • Provide training to MOFT and other line Ministries to improve co-operation; • Internal Auditors maintain professional accreditation by thru IIA membership and completing at least 30 hours mandatory continuing professional development per annum. 	<ul style="list-style-type: none"> • Continue recruitment of staff for the Division as required; • Continuous Implementation of the training and staff development plan; • Technical assistance operational and building capacity; • Provide training to MOFT and other line Ministries to improve co-operation; • Annual conference attendance – IIA Australia; • Internal Auditors maintain professional accreditation by thru IIA membership and completing at least 30 hours mandatory continuing professional development plan annum. 	<ul style="list-style-type: none"> • Continue recruitment of staff for the Division as required; • Continuous Implementation of the training and staff development plan; • Technical assistance operational and building capacity; • Provide training to MOFT and other line Ministries to improve co-operation; • Annual conference attendance –IIA Australia; • Internal Auditors maintain professional accreditation by thru IIA membership and completing at least 30 hours mandatory continuing professional development plan annum.
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NAME OF DIVISION	INLAND REVENUE DIVISION (IRD)
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3 YEAR PLAN

Theme IV : Core Business and Ministry Priorities

CURRENT SITUATION

The Inland Revenue PURPOSE is to improve the life of all Solomon Islanders. The taxes we collect are spent by the Government to provide health, education, development projects and other services to the people of the Solomon Islands. This Government spending improves the life of all Solomon Islanders.

The vision of Inland Revenue is that we will be a highly skilled and professional division with strong leadership, and our taxpayer base will understand and meet their obligations.

Although revenue collection has increased steadily over the last few years, not recruiting to establishment has meant the desired focus on return filing and debt management has not been fully realized. Inland Revenue's focus over the next 3 years focuses largely on a compliance improvement strategy to identify areas of tax risk and take the necessary action to address these risks, and assist taxpayers that may be having difficulty complying with their tax obligations.

WHERE WE WANT TO BE IN 2015

Division staff is the heart of Inland Revenue. Our vision is for strong leadership and highly skilled staff. We want to build a culture that helps us grow as people and as an organization.

Our vision is to have highly skilled staff that can help taxpayers understand and meet their tax obligations. Our objective is that we will build a technically strong organization where staff understands the legislation we administer and how the tax system works.

Our desire is to support MoFT across cross cutting issues such as human resource management by using our resources to develop and trial / implement / new HR policies and processes.

Our vision is for taxpayers to understand and meet their tax obligations. There are many factors that influence the compliance behaviour of the community. The attitude of people to taxation is a very strong influence – if people understand how their taxes are used and the benefits that they and the community derive then their view of tax will be improved.

Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
Build an organization which is committed to valuing each other's contributions and skills and developing our staff capabilities.	<ul style="list-style-type: none"> • Develop and implement an IRD Reward and Recognition policy and associated procedures; • Strengthen IRD HR processes to ensure staff entitlements are processed accurately and on time. 	<ul style="list-style-type: none"> • Develop an individual training plan for each member of staff which is implemented and the results of which are measured. 	<ul style="list-style-type: none"> • Implement a job mobility and rotation scheme to enable multi skilling and enhance career opportunities.
Build a technically strong organization.	<ul style="list-style-type: none"> • Strengthen tax and operational policy knowledge base; • Grow our library of policy documents by coordinating the development of Operational Policy; • Strengthen legislative base by establishing access to high end technical and legal advice resources; • Develop an IRD competency framework for all levels of staff; • Reclassify a suitable level position in the current establishment to a Lawyer/Legal Office role and recruit to the role; • Provide staff with relevant technical training; • Subject to available funding, have staff attend relevant external tax technical courses. 	<ul style="list-style-type: none"> • Grow our library of policy documents by coordinating the development of Operational Policy; • Strengthen legislative base by establishing access to high end technical and legal advice resources; • Provide opportunities for staff to join and participate in relevant professional networks. 	

Compliance improvement strategy	<ul style="list-style-type: none"> • Develop and implement suitable treatments to address compliance issues affecting revenue; • Enforcement –IR powers will be invoked in a manner that encourages compliance; • Education –taxpayers will be provided with the tools and information they need to comply; • Visibility – Inland Revenue will be seen and felt in the wider community; • Simplifying our services – taxpayers obligations will be simplified.
Create a culture that supports success	<ul style="list-style-type: none"> • Reinforce the IRD inspirational values and ethics and implement methods of recognising demonstration of these by staff; • Use communication methods that connect and reinforce division values, goals and achievements; • Establish, monitor and report on business unit plans which supports the Corporate Plan; • Establish individual annual work goals and targets which are incorporated into all staff performance appraisals and develop methods of ensuring managers are held accountable for achievement of these targets.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
4.3.4.1.b Increase domestic revenue generation SIG –RAMSI 2.8.1 SIG-RAMSI 2.8.2 SIG-RAMSI 2.8.9	Maximizing Revenue Collection and Improving Taxpayer Compliance.	Subject to 2013 IRD being at full establishment: <ul style="list-style-type: none"> Achieve 2013 budgeted budget estimates Increase registration base by 10% Improve return filing rates by 5% 	<ul style="list-style-type: none"> Achieve 2014 budgeted budget estimates Increase registration base by 5% Improve return filing rates by 5% 	<ul style="list-style-type: none"> Achieve 2015 budgeted budget estimates Increase registration base by 5% Improve return filing rates by 5%
		<ul style="list-style-type: none"> Strengthened tax and operational Policy knowledge base; Enhanced Taxpayer Education Program implemented to ensure taxpayers are aware of, understand and meet their obligations; Develop a Tax Compliance Improvement Strategy for IRD for 2013-2015. 		
		<ul style="list-style-type: none"> Debt older than 12 months (which is not subject to objection) is reduced by 10%; Debt of >\$50,000 (that is not subject to objection) is under active management. 		
	New Systems and Processes to be developed and implemented.	<ul style="list-style-type: none"> Transition from manual transactions to computerized tax system; Upgrade the Revenue Management System in IRD to the latest version; Develop and implement a Transport Management System moving the current manual system to a fully electronic system. 		
	Internal and External Policy – Reviews, Development and Implementation.	<ul style="list-style-type: none"> Implement the legislative changes to the exemption regime as they affect Inland Revenue including the setting up of the new joint Exemption Committee with Customs and other Ministries. 		

		<ul style="list-style-type: none"> • Develop and issue the Division’s policies on a range of tax areas or issues to both assist taxpayers and to improve voluntary tax compliance improve; • Review the Penalties Regime to more effectively address compliance issues in the taxpaying community; • Develop and implement the following Human Resource policies: <ul style="list-style-type: none"> • Discipline (2013) • Recruitment and Selection (2013) • Staff development and training (2014) • Staff welfare (2014) • Gender equity (2014) • Occupational Health and Safety incorporating HIV and AIDS (2014) 		
	<ul style="list-style-type: none"> • Maintain a good working relationship with Tax Agents through the operation of the tax agents forum and with other key external stakeholders. 	<ul style="list-style-type: none"> • Re-write and consolidate the Tax Acts (Goods, Sales, Income Tax) 		
SIG-RAMSI 2.8.5	Building and Developing our People by : - Developing Strong Leadership within the Divisionand Developing the Capacity,	<ul style="list-style-type: none"> • Consider the merits of establishing a Technical / Legal assistance support agreement with NZ IRD; • Undertake a training needs analysis for all levels of staff 	<ul style="list-style-type: none"> • Establish an IRD leadership mentoring program; • Develop and implement an IRD succession planning policy and processes. 	

	<p>Skills and Professionalism of the staff within the Division.</p>	<ul style="list-style-type: none"> • Review and strengthen the organizations “backbone” through embedding the Division’s strategic purpose, vision, values and goals at all levels in the organization; • Continue with provision of management leadership development activities; • Develop and Implement a comprehensive training program for all levels of staff which is based on the IRD competency framework and is linked to annual performance appraisals; • Implement programs / processes that encourage ethical behaviour and thinking;. 	
		<ul style="list-style-type: none"> • Align the workforce to support our efforts to more effectively achieve our goal of improving compliance in the tax system: <ul style="list-style-type: none"> • Appoint to full establishment • Review vacancies to ensure roles are relevant to support the Divisions direction including seeking to change roles where necessary • Review the structure of the IRD to plan for the future staffing needs of the division. • Implement basic workforce planning methods. • Increase the capacity and capabilities in the following areas and where necessary seek donor support: <ul style="list-style-type: none"> • Audit • Debt and Returns • HR • IT (TMS and RMS) • Tax Policy Administration • Operations Management 	

3 YEAR PLAN**CURRENT SITUATION**

The ICT Support Unit is mandated to implement the Whole of Government ICT Service Strategy in affiliation with donor partners, ICT suppliers, application owners and responsible authorities.

This strategic approach is to centralize delivery of ICT core services across the 26 Government Ministries and will involve linking all government ministries and offices over 93 different locations to a SIG Data Centre managed and administered by the ICTSU.

SIG has been provided with an Accountable Cash Grant from the Regional Assistance Mission to the Solomon Islands (RAMSI). This grant has been allocated to fund the up-front costs of building the SIG Metropolitan Area Network in Honiara.

In addition the Unit is responsible for implementing the ICT component of Multiple donor funded projects.

A major challenge ahead is to ensure Ministries adapt to technology change and its requirements. ICTSU also needs to maintain donor support to shoulder specialized training for staff to be competent to administer the MAN Network.

The ICT support unit comprises of 15 full-time staff, and a Technical Adviser. With this strategic approach, the Unit is expanding as suitable resources are made available to deliver an effective ICT Service delivery. Most staff in the Unit are young graduates, whom have acquired an ICT related discipline from regional universities. Attracting and retaining skilled ICT staff remains a key challenge.

WHERE WE WANT TO BE IN 2015

The ICT Support Unit is one of the key components that provide a supportive and facilitative mechanism for the whole of Government service delivery. Its core business is focused on cost optimization in terms of providing a quality of services at a minimum risk. The implementation of the Metropolitan Area Network Infrastructure should build the capacity for all Government Ministries to access core ICT services.

The ICTSU anticipates that from 2013 to 2015, Ministries ICT Infrastructure will be built to a platform that provides the capability and further strengthens improved public service and economic performance. This will meet the policy requirements of the Government of the day and its business affiliates both internal and external.

By 2015, the unit will be well equipped with high level skilled experts to administer and maintain the Technical Capacity of the ICT Infrastructure and the Business Agility environment.

SIG and Donor partners will more equitably shoulder the cost and resource burden of implementing and managing new ICT systems.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
SIG RAMSI Partnership Framework section 3.7	Strengthen the ICTSU division by recruiting training and retaining skilled technical and management staff.	Recruit to fill vacant positions in organizational structure including non-technical staff.	Train new staff according to role specifications.	Ongoing
		Recruit staff to administer and manage the SIG Financial systems.	Train new staff in specific financial systems.	Ongoing
		Develop procurement plan and tender for skilled contractor resourcing framework.	Skilled contractor recruitment in place.	
			Develop training program for staff responsible for specific SIG financial systems e.g. AXAPTER, Aurion, BERT, ASYCUDA.	
			Investigate training exchange opportunities for staff.	
			Undertake training needs analysis and develop training plan for the division.	Implement and review training plan for division
	Support the provision of ICT services & system upgrades across whole of government including technical advice, consultancy services and ICT project design services to SIG and donor partners.	Maintain help desk to respond to ICT requests for assistance across SIG.	Maintain help desk to respond to ICT requests for assistance across SIG.	Maintain help desk to respond to ICT requests for assistance across SIG.
		Develop options to improve capability to respond to printer technical issues.	Implement options to improve capability to respond to printer technical issues.	Maintain capability to respond to printer technical issues.

NCRA Policy No 5.1.10 (a)		Implement Whole of government metropolitan area network (MAN) and Ministerial connectivity.	Continued Implementation of Whole of government metropolitan area network (MAN) and Ministerial connectivity.	
			Undertake training needs analysis and develop training plan for the Division.	
			Implement HR payroll system rollout.	
		Inform & promote SIG standard Network requirements to SIG Ministries to allow connectivity to SIG Ministerial Area Network (MAN).	Inform & promote SIG standard Network requirements to SIG Ministries to allow connectivity to SIG Ministerial Area Network (MAN).	
		Upgrade Exchange (email) system and train staff to support upgrades.	Ongoing training & upgrade program in place.	Ongoing training & upgrade program in place.
			Upgrade Revenue Management System for IRD.	
			Upgrade Transport Management System for IRD.	
			Continued rollout of Budget system (BERT2) and development budget migration.	
			Upgrade internet service and management.	
		Upgrade power systems		
				Management of Justice Sector ICT contract.
		Implementation of ASYCUDA system for Customs and Excise (CED) including AX receipting module.		

			Construct a wireless mesh network across the wharf for ASYCUDA access.	
			Development, implementation and monitoring of scheduled maintenance plans for index rebuilds, statistics updates and log shipping.	Implementation and monitoring of scheduled maintenance plans for index rebuilds, statistics updates, and log shipping.
				Deployment of RSIPS – Citrix and terminal services configuration.
				Stabilize Lands system.
				Implement Ministry of Finance Management Information System for budget, payroll and finance systems.
				Develop business case and specification for Finance system procurement workflow rollout.
				Develop Immigration and E-Visa system.
				Undertake unification of VoIP phone systems.
				Integration and hosting of Aurion learning and development module.
			Expansion of Government House Network.	
NCRA Policy No. 3.2.1 (g) Cyber Security	Maintain ICT system security and access control	Upgrade SIG network security		
		Procurement and installation of backup generator and upgrade of backup system.		
	Implement whole of government ICT policy		Implement National ICT framework.	Continue to implement National ICT framework.

	Develop sustainability of ICTSU by Implementation of service level agreements and cost recovery processes across SIG.		Implement service level agreements and cost recovery processes for Women & Youth Affairs, Provincial Government and National Reconciliation and Peace.	Continued implementation of service level agreements and cost recovery processes across SIG.
	Improve Donor coordination regarding all ICT projects to centralize through ICTSU.		Create new donor coordination position in organizational structure and recruit.	Implement agreed approach to donor ICT projects including communication strategies.
	Provide efficient and effective corporate services support within Division including planning and reporting.	Enhance and maintain transport fleet to enable support calls and other operational activities.	Enhance and maintain transport fleet to enable support calls and other operational activities.	Maintain transport fleet to attend support calls and other operational activities.
		Manage and coordinate key planning and reporting activities including inputs for Corporate Plan, TLR, Annual Report, MDPAC.	Manage and coordinate key planning and reporting activities including inputs for Corporate Plan, TLR, Annual Report, MDPAC.	Manage and coordinate key planning and reporting activities including inputs for Corporate Plan, TLR, Annual Report, MDPAC.
	Protect critical ICT systems and data.	Gain approval for secure permanent location for ICTSU operations and house data centre, including backup.	Project management of building design and construction.	Relocate critical infrastructure to new premises.
		Disaster recovery site construction and system migration.	Continued site construction and system migration.	
	Improve & enforce Ministry compliance with SIG ICT procurement standards and asset management processes.		Purchase a whole of government Microsoft office licensed software to be managed and compiled in the library and located at the ICTSU office.	Monitor license and upgrade as required.
			Consolidate software licenses, negotiate software licensing agreements and incorporate within preferred supplier agreements.	

		Review SIG ICT Procurement standards and supplier arrangements to reflect change	Ongoing and Update as required	Ongoing and Update as required
		Develop a strategic communications plan for Government network project to program activities including information and consultations with Ministries,suppliers and donors.	Maintain a strategic communications program of activities including information and consultations with Ministries,suppliers and donors.	Maintain a strategic communications program of activities including information and consultations with Ministries,suppliers and donors.

NAME OF DIVISION	NATIONAL STATISTICS OFFICE (NSO)
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3 YEAR PLAN

Theme I: Strengthening SIG's budget preparation and planning systems to ensure resources are applied to sustainably and effectively support better quality public services for Solomon Islands.

Theme II: Improve the quality of financial management systems towards ensuring resources intended for the better delivery of public services achieves their intended purposes.

Theme III: Improve the environment for private sector investment and related policies

Theme IV: Core Business and Ministry Priorities

<u>CURRENT SITUATION</u>	<u>WHERE WE WANT TO BE IN 2015</u>
<p>The National Statistics Office (NSO) is mandated by the Statistics Act of 1970 and the Census Act 1959, and subsequent amendments. The mandate of the NSO is to collect, process, analyse and disseminate core official statistics for the purposes of policy and planning, decision making and public debate.</p> <p>The NSO basically aims to advance the quality of national economic and social statistics in the country. This will be further enforced through the proposed NSDS. Whilst the capacity of the NSO has generally improved, technical skills continue to be needed especially in advanced economic compilation and methodological analysis, sampling, and advanced demographic analysis. The desired capability of the NSO includes capacity to provide quality, accurate and timely statistics for policy and planning; capacity to undertake key national statistical projects (e.g., DHS, Census) effectively and on a timely basis; capacity to strengthen the national statistical system across ministries; staff are technically competent in undertaking key responsibilities and having a professional working culture that meets organizational goals.</p> <p>The NSO is currently limited in its capacity to plan, design and financially cost for complex national projects such as the Household Income and Expenditure Survey (HIES), Demographic and Health Survey (DHS), and Census. Hence, current support for the HIES is being drawn from RAMSI and technical assistance from key development partners.</p>	<p>The NSO is responsible for the planning, designing and ensuring that budgetary and financial requirements for national projects are undertaken effectively and of high standards.</p> <p>Over the next three years, the NSO will focus on capacity building and strengthening of internal financial and budgetary planning processes. This will be done by delivering the financial and budgetary plans for the DHS and the NSDS, and implementing these through these projects. By 2015 the NSO should have the capacity to plan, design and cost for complex national projects. The NSO is also responsible for identifying, procuring and implementing a financial management system for national projects.</p> <p>Over the next three years, the NSO will focus on improving and integrating an effective and sustainable financial management system in line with MOFT processes. This will be done through the implementation of the current HIES project, and proposed DHS and NSDS.</p> <p>By 2015 the NSO should have an integrated financial management system embedded for implementing national projects.</p> <p>The NSO will continue to provide core economic-social statistics relevant for private sector investment policies and related government policy and planning needs.</p>

With the proposed implementation of the DHS and the NSDS beginning in 2014/15, the preparatory financial design arrangements will have to be made in 2013. The NSO is unable to execute these projects without financial support and technical assistance.

The current internal financial management system to support national projects within the NSO is weak and ad-hoc. Hence, the NSO currently depends on temporary project staff, RAMSI, donor support and technical assistance to ensure systems (e.g., MYOB) are currently implemented and that staff are continually being trained on such systems. However, the ownership and licensing issues poses risks for sustainability, system durability and capacity building considering ongoing costs for systems/upgrades and the current lack of recurrent budget support. The NSO plans to improve its systems through the implementation of the current HIES, the proposed DHS and the NSDS.

A key function of the NSO is to provide key official economic-social indicators for policy making and planning to improve the climate for private sector investment and related policies. The NSO continues to face challenges in terms of the quality, relevancy and timeliness of key statistics. Technical capacity is still required in highly complex compilation, estimation and analysis of socio-economic measures/indicators. The current advisory support from RAMSI and technical assistance will still be required in the medium term especially in improving national accounts and economic statistics.

Over the next three years, the NSO will focus on publishing a range of relevant, quality and timely statistics to assist in improving policy and planning for private sector investment. This will be done through the release

Of key core economic indicators such as the CPI, GDP and trade indicators. By 2015 the NSO should have an updated database and archive of time series data and statistics available for private sector investment.

The NSO will continue to meet its mandate of providing relevant, timely and accurate official statistics for policy and planning, and decision making purposes.

Over the next three years, the NSO will continue to focus on publishing a set of core statistics as well as make improvements in the quality of statistics. This will be done mainly by delivering the NSO's recurrent core business in producing core socio-economic statistics (e.g., CPI, trade, business, GFS, national accounts, visitor arrivals). In line with government policy priorities, the NSO is also mandated to provide social-population statistics through the population and housing census), HIES and the DHS etc. Statistics from these projects are conducted and released on an ad-hoc basis (every 5-10 years) By 2015 the NSO's capacity to provide official statistics would have improved and strengthened significantly.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015	
NCRA 4.3.4.3/5 NSDS objective 7	Strengthen capacity for complex project (DHS, HIES, Census) planning and formulation, financing and fund management.	Prepared project costing/design requirements for funding for the proposed nationwide 2014/5 Demographic and Health Survey (DHS) to support NDS/MDGs.	Negotiated and submitted case for funding with donors/SIG to implement DHS.	Established and embedded DHS planning and financial processes and protocols; and strengthened capacity within NSO.	
			Finalized plan and design for assets and asset retention, procurement manual, and agreement for accountable cash grant.		
			Identified relevant financial and accounts system (and software) and processes (in line with MOFT) for DHS project.		
		Prepared financing/budgetary requirements for the national statistical development strategy (NSDS) as roadmap to strengthen the national statistical system across govt. ministries.	Finalized and submitted NSDS case for funding with donors/SIG.		Established and embedded NSDS planning process and protocols, and strengthened capacity within NSO.
			Finalized plan and design for assets and asset retention, procurement manual, and agreement for accountable cash grant.		
			Finalized plan and design for assets and asset retention, procurement manual, and agreement for accountable cash grant.		
Identified relevant financial and accounts system and processes for NSDS.					

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
NCRA 4.3.4.1d, a, c SIG-RAMSI 2.2.1 NSDS objective 8	Improve and strengthening internal fund management and accounting mechanisms for national projects (e.g., HIES, DHS) in use of public funds.	Integrated MYOB financial system for HIES in line with SIG/MOFT requirements.	Identified relevant financial system for DHS and NSDS, and/or expand current HIES system (MYOB) in line with SIG/MOFT requirements.	Embedded and operationalised an integrated financing management system for the national projects and the NSDS in line with SIG/MOFT requirements.
		Regular financial audits undertaken for HIES project accounts by independent firm.	Integrated financial system and process for DHS project in line with SIG/MOFT requirements.	
		Training/Skills transfer on project fund management and budgets (including MYOB).	Integrated financial system and process for NSDS in line with SIG/MOFT requirements.	
		Integrate HIES budgeting/payroll process with MOFT/donor financing processes and agreements.		

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
NCRA 4.2.3; 4.3.3a, c NDS 4.1; 6.1 SIG-RAMSI 2.12.2-3	Provide quality core economic and social statistics/indicators for private sector investment.	Published core economic and social indicators such as CPI, merchandise trade, GDP/national accounts, visitor arrivals and the 2009 population and housing census results.	Published updated core economic and social indicators such as CPI, merchandise trade, GDP/national accounts, visitor arrivals and population and housing statistics.	Published updated core economic and social indicators such as CPI, merchandise trade, GDP/national accounts, visitor arrivals and population and housing statistics.
Statistics Act, Ch 54 (amended) 2007 NCRA 4.2.3; 4.3.1.a; NDS 4.1; NDS 6.1	<u>Consumer Price Index (CPI):</u> Publish regular inflation measures for fiscal and monetary purposes.	Complied and published CPI figures Dec, 2012; Jan 2013-Nov 2013.	Complied and published CPI figures Dec, 21013; Jan 2014-Nov 2014; begin process of revising the weights of the CPI (based on HIES results).	Complied and published CPI figures Dec, 21013; Jan 2014-Nov 2014; publish new set of CPI series with improved scope and coverage (based on HIES results).
	Review/draft measure for underlying CPI.	Constructed a set of underlying (core) CPI and test for quality; publish series if reliable.	Continue to publish set of underlying CPI (based on quality).	Continue to publish set of underlying CPI (based on quality).
	Update the CPI data, quality and treatment.	Undertook regular checks/updates on CPI basket for changes in quality, brands etc.	Continued to undertake regular checks/updates on CPI basket for changes in quality, brands etc.	Continued to undertake regular checks/updates on CPI basket for changes in quality, brands etc.
	<u>Business/National Accounts:</u> Integrate the Business	Complied and validated 2010/11 data for national accounts.	Complied and validated 2012/13 data for national accounts.	Complied and validated 2013/14 data for national accounts.
	Execute the Business Survey	Executed the Business Survey 2012.	Executed the Business Survey 2013.	Executed the Business Survey 2014.
	<u>Employment:</u> Use employment survey estimates for national accounts purposes.	Complied and validated 2011 data for national accounts/eco analysis.	Complied and validated 2012 data for national accounts/eco analysis.	Complied and validated 2013 data for national accounts.
	Execute Employment Survey	Executed Employment Survey	Executed Employment Survey 2013.	Executed Employment Survey

	GFS/National Accounts: Compile and integrate GFS estimates into national accounts.	Compiled and finalized GFS 2011/12 data for national accounts.	Compiled and finalized GFS 2012/13 data for national accounts.	Compiled and finalized GFS 2013/14 data for national accounts.
	National Accounts: Publish the GDP/national accounts statistics.	Complied and published the 2003-2010/11 GDP/national accounts statistics.	Complied and published the 2003-11/12 GDP/national accounts statistics.	Complied and published the 2003-12/13 GDP/national accounts statistics.
	Merchandise Trade: Publish Merchandise trade statistics.	Complied and published trade figures on a quarterly basis.	Complied and published trade figures on a quarterly basis.	Complied and published trade figures on a quarterly basis.
	Visitor Arrivals: Publish the Visitor Arrivals Statistics.	Complied and published Visitor Arrival statistics on a quarterly basis.	Complied and published Visitor Arrival statistics on a quarterly basis.	Complied and published Visitor Arrival statistics on a quarterly basis.
OTHER MINISTERIAL/SIG POLICY PRIORITIES				
<i>NCRA 4.2.3; 4.3.1.a; NDS 4.1; NDS 6.1)</i>	Conduct the Household Income and Expenditure Survey (HIES) Project 2012-2013 (continue from 2012).	Field data continue to be collected by months (rounds).	Finalized data and provided analysis report of the HIES; begin data integration into CPI rebase of weights and national accounts/GDP revision exercises.	Rebased weights of the CPI; improved scope of coverage of the CPI series; new revised GDP estimates; poverty analysis conducted.
		Data processing to be undertaken by month (rounds).		
<i>NCRA 4.2.3; 4.3.1.a; NDS 4.1; NDS 6.1)</i>	2009 Census Results: Disseminate Census results.	Finalized basic Census tables to be released.	Assisted in various population-social analysis where necessary (e.g., population policy, MDGS, gender analysis etc).	Assisted in various population analysis where necessary (e.g., population policy, MDGs, gender analysis).
		Finalized analysis of the Census data.		
		Dissemination of Census results and workshops.		
<i>NCRA 4.2.3; 4.3.1.a; NDS 4.1; NDS 6.1)</i>	Development of the National Statistical Development Strategy (NSDS) and Review the Statistics Act to improve availability for information for	Reviewed current situation (including Statistics Act) and prepare discussion paper on a framework for consultation with government and stakeholders.	Prepared NSDS submission for Cabinet/Parliament endorsement for support at top level support.	NSDS implemented; Statistics Act Amended and enforced.

	policy and planning.	<p>Consulted widely with key agencies and raise awareness of the NSDS proposal.</p> <p>Set up a Steering Committee to oversee the affairs of the NSDS.</p> <p>Begin the drafting process of the NSDS.</p> <p>Begin the initial costing/budget for the NSDS.</p>	Finalized Statistics Act review with AG Chambers.	
<i>NCRA 4.2.3; 4.3.1.a; NDS 4.1; NDS 6.1)</i>	Conduct the Demographic and Health Survey (DHS) project.	Begin the initial costing/budget for the DHS.	Prepared/Implementing DHS.	Implementing the DHS.

NAME OF DIVISION	TREASURY DIVISION
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3 YEAR PLAN

Theme II: Improve the quality of financial management systems towards ensuring resources intended for the better delivery of public services achieves their intended purposes.

CURRENT SITUATION

The primary objective of Treasury Division is to execute financial management strategies and operations in order to achieve Government’s overall policy objectives, within the existing legal framework and constraints of the budget, and in an accountable, transparent and ethical manner.

In that regard, Treasury is responsible on a whole-of-government basis for maintaining the accounting records of the Government; the preparation of annual financial statements and financial reporting to Government, Parliament, international organizations and the public; processing of revenue collected by other ministries and IRD and Customs; processing payments to suppliers and payroll on behalf of all ministries; managing consolidated fund (official) bank accounts; cash flow forecasting and management; maintaining and developing SIG financial and legislative framework.

CHALLENGES

- Translating quality of expenditures to better outcomes in policy implementation and service delivery;
- Capacity constraints within a highly centralized but ill-equipped and slow Public Service HR management system within government;
- Rapidly changing institutional environment emanating from PFM reforms at the legislative, regulatory and policy levels;
- Operationalizing reform changes through core operations, processes, systems and existing technology.

STRENGTHS

- Despite capacity constraints, staff remains committed to progressing legal and policy reforms;
- Systems and technology effectively implemented and utilized at operational and management levels;
- High potential and dedication of key local staff and available training opportunities;
- Strong and effective management and advisors;
- Robust and responsive donor support available.

WHERE WE WANT TO BE IN 2015

By 2015, Treasury Division will fully utilise all available staffing and organizational resources, with the respect and collaboration of other MOFT divisions, central ministries and line ministries, to effectively and efficiently deliver its core responsibilities.

Reference	Strategies required to achieve 2015 vision	Outputs for 2013	Outputs for 2014	Outputs for 2015
Financial Management Services Section				
Strengthen budget accountability and reporting systems NCRA: 4.3.4.1.d 4.3.4.1.a 4.3.4.1.c SIG-RAMSI: 2.2.1 EFRP: 11-2-a NDS Objective: 8	Embed AX as core application program for FMIS, interfaced/ integrated with other key application programs.	<ul style="list-style-type: none"> • AX interfaced and integrated with: <ul style="list-style-type: none"> - BERT; - Payroll; - IRD (RMS/TMS); - Customs (Asycuda); - Aurion. 	<ul style="list-style-type: none"> • AX fully interfaced or integrated with all application programs and operational; • AX/Aurion rolled out to selected ministries; • Ongoing training for relevant MOFT and other ministries' staff. 	<ul style="list-style-type: none"> • Fully integrated AX with all application programs is operational; • AX/Aurion rolled out to all ministries; <ul style="list-style-type: none"> ▪ Ongoing training.
	Collation and completion of 2012 Whole of Government Finance Report.	<ul style="list-style-type: none"> ▪ 2012 Preliminary Results produced and submitted to 4Ms and PS and Minister; ▪ IMF Program Cash Balance benchmark met; • 2012 Report in IPSAS-format compiled for Auditor General's Office. 	<ul style="list-style-type: none"> • Ongoing for prior years' financials. 	<ul style="list-style-type: none"> • Ongoing for prior years' financials.
Strengthen public financial management structures and standards. NCRA: 4.3.4.3.a SIG-RAMSI: 2.7.4 NDS Objective: 8 EFRP: 11-3.a-b	Chart of Accounts provides accounting structure for recording and reporting all government financial information.	<ul style="list-style-type: none"> ▪ 2013 Budget in new COA format; ▪ 2013 payments posting done according to new COA; ▪ Monthly/quarterly reporting according to new CoA; ▪ 2013 Development Expenditure budget spending posted according to new COA; ▪ Adoption of field code 3 	<ul style="list-style-type: none"> ▪ Field code 3 implemented for all ministries in COA and FMIS; ▪ Monthly/quarterly reporting according to new CoA; ▪ 2014 Budget prepared according to the new COA including field code 3 for both recurrent and development budgets. 	<ul style="list-style-type: none"> • ongoing

		<p>agreed and implemented on pilot basis;</p> <ul style="list-style-type: none"> ▪ Training modules for new Chart of Accounts developed and introduced. 		
<p>Improve resource management processes and practices</p> <p>NCRA: 4.3.4.1</p> <p>SIG-RAMSI: 2.2.1</p> <p>NDS Objective:8</p> <p>EFRP: II-1-a</p>	<p>Improve banking and cash flow management</p>	<ul style="list-style-type: none"> • Bank reconciliations systematically updated on daily basis; • CBSI reporting on SIG account balances on daily balances; • Ministries provide monthly/quarterly expenditure forecasts; • Revenue collection agencies/ministries provide monthly forecasts; • Develop cash flow management template. 	<ul style="list-style-type: none"> • Bank reconciliations systematically updated on daily basis; • CBSI reporting on SIG account balances on daily balances; • Ministries provide monthly/quarterly expenditure forecasts; • Revenue collection agencies/ministries provide monthly forecasts; • Implement cash flow management template for all ministries. 	<ul style="list-style-type: none"> • Fully-fledged cash flow management system operational for all ministries.

	Refocusing of FMSS role.	<ul style="list-style-type: none"> • Processing of payments for all appropriated donor-funded programs is mainstreamed into PPS function and processes; • FMIS functions and operations moved under direct oversight of DAG (Technical) <ul style="list-style-type: none"> - DAG (T) appointed and assigned FMIS oversight responsibilities. • Technical support to DAG(T) on: <ul style="list-style-type: none"> - core FMIS/FMSS operations; - Systems and technology advice.. 	<ul style="list-style-type: none"> • Refocused FMSS functions continue; • FMIS functions and operations continue under direct oversight of DAG (Technical); • Technical support to DAG(T) continues. 	<ul style="list-style-type: none"> • Refocused FMSS functions continue; • FMIS functions and operations continue under direct oversight of DAG (Technical).
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Payments and Procurement Section

<p>Improve resource management processes and practices</p> <p>NCRA: 4.3.4.1</p> <p>SIG-RAMSI: 2.2.1</p> <p>NDS Objective:8</p> <p>EFRP: II-1-a</p>	Improving the compliance by all Government ministries with requirements for payments processing the under FIs and relevant guidelines.	<ul style="list-style-type: none"> ▪ Reduce unauthorised procurements/ Increased number of payments processed under issuance of LPOs; ▪ Regular monitoring and highlighting of dubious suppliers for blacklisting; ▪ Develop Minimum Criteria for acceptance as local SIG suppliers; ▪ Review policy and procedures for adding new suppliers to AX; ▪ Increased price and 	<ul style="list-style-type: none"> ▪ Reduce unauthorised procurements; ▪ Regular monitoring of suppliers; ▪ Adopt and apply Minimum Criteria for acceptance as local SIG suppliers; ▪ Adopt/implement policy and procedures for adding new suppliers to AX; ▪ Continue price and quotation checking during compliance 	<ul style="list-style-type: none"> ▪ Reduce unauthorised procurements; ▪ Regular monitoring of suppliers; ▪ Adopt and apply Minimum Criteria for acceptance as local SIG suppliers; ▪ Implement new policy and procedures for adding new suppliers to AX; ▪ Continue price and quotation checking during compliance
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		quotation checking during compliance processes; <ul style="list-style-type: none"> ▪ Enforcement of new contract clearance process; ▪ Enforcement of new contract clearance process. 	processes; <ul style="list-style-type: none"> ▪ Continue enforcement of contract clearance process. 	processes; <ul style="list-style-type: none"> ▪ Continue enforcement of contract clearance process.
EFRP: II-4-a	Reform the government procurement system to improve value for money and service delivery.	<ul style="list-style-type: none"> • Re-tender the ICT preferred supplier system; • Extend preferred supplier system to other goods/services (printing, office supplies, fuel); • Adoption of Procurement Manual and Standard Bidding Documents; • Training on reformed processes and requirements for Ministry Tender Board and Central Tender Board including: <ul style="list-style-type: none"> - Tender Board members; - Financial Controllers; - Senior Public Officials; - Designated procurement officers in ministries and MOFT. 	<ul style="list-style-type: none"> • Re-tender the existing preferred supplier arrangements; • Continue extension of preferred supplier system to other goods/services (printing, office supplies, fuel); • Implementation of Procurement Manual and Standard Bidding Documents; • Continue training on reformed processes and requirements for Ministry Tender Board and Central Tender Board including: <ul style="list-style-type: none"> - Tender Board members; - Financial Controllers; - Senior Public Officials; - Designated procurement officers in ministries and MOFT. 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing • Ongoing

Payroll Section				
<p>Improve resource management processes and practices NCRA: 4.3.4.1 SIG-RAMSI: 2.2.1 NDS Objective:8</p>	<p>Improve payroll Management and Processes.</p>	<ul style="list-style-type: none"> ▪ Payroll cleansing to continue; ▪ Consolidation of casual and project staff payroll in Aurion; ▪ Clearly mapped business process between Payroll Unit and Ministry of Public Service regarding recruitment, promotion and terminations for all civil servants; ▪ Consistency between Aurion and HRMIS. 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Implementation of Payroll/Establishment manual. • Continuous revision and update. 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Implementation of Payroll/Establishment manual. • Continuous revision and update .
Central Revenue Collections				
<p>Improve resource management processes and practices NCRA: 4.3.4.1 SIG-RAMSI: 2.2.1 NDS Objective:8</p>	<p>Improve revenue collection</p>	<ul style="list-style-type: none"> ▪ Support FMIS project phase II – interfacing of AX with IRD and CED application programs; ▪ Conduct training and workshops on revenue collection by ministries and departments; ▪ Quarterly reconciliation and sweeping of sub-revenue provincial accounts; ▪ Support Government Taskforce on Cross-Government Revenue. 	<ul style="list-style-type: none"> ▪ Reporting based on real time interface between FMIS and IRD and Customs collections. ▪ Ongoing ▪ Ongoing ▪ Ongoing 	<ul style="list-style-type: none"> ▪ Ongoing • Ongoing • Ongoing • Ongoing

Imprest Section				
Improve resource management processes and practices NCRA: 4.3.4.1 SIG-RAMSI: 2.2.1 NDS Objective:8	Tighter control of imprest accounts.	<ul style="list-style-type: none"> ▪ Tighter screening of imprest applications; ▪ Clear designation of imprest holders responsibilities; ▪ Enforce retirement of outstanding imprests; ▪ Enforce direct deduction at source of long outstanding imprest. 	<ul style="list-style-type: none"> ▪ Ongoing ▪ Ongoing ▪ Ongoing ▪ Ongoing 	<ul style="list-style-type: none"> ▪ Ongoing ▪ Ongoing ▪ Ongoing ▪ Ongoing
Solomon Islands Government Accounting Services				
Build institutional capacity to sustain improvements NCRA: 4.3.4.1 NDS Objective: 8 EFRP: 11-1; II-2; II-3; II-4	Increase training and development capability to raise Government accounting cadre skills and standards.	<ul style="list-style-type: none"> • Develop and implement updated SIGAS Training Policy and Program; • Revise and update training modules consistent with new PFMA framework and policy in relation to: <ul style="list-style-type: none"> - Financial Regulations/Instructions - Procurement training module - COA training module - FMIS training module • Trainers trained; • Conduct regular training workshops and seminars Staff to facilitate. 	<ul style="list-style-type: none"> • Implement SIGAS Training policy and program • Implement updated training modules • Ongoing • Ongoing 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing • Ongoing

	Improve conditions for SIGAS members.	<ul style="list-style-type: none"> • Develop and present submissions to Public Service Commission on Accounting cadre conditions; • Regular rotation scheme; • Develop performance framework; • Revise and develop improved disciplinary process. 	<ul style="list-style-type: none"> • Adopt and implement new Accounting cadre conditions • Ongoing • Adopt and implement performance framework; • Adopt and implement improved disciplinary process. 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing • Adopt and implement improved disciplinary process.
Office of the Accountant General				
Strengthen management capability NCRA: 4.3.4.1 NDS Objective: 8 EFRP: 11-1; II-2; II-3; II-4; II-5	Raise the capability and efficiency of Secretariat support to AG.	<ul style="list-style-type: none"> • Develop and adopt customer service policy; • Liaise with Corporate and IPAM to provide training on customers service; • Provide training for AG's office staff on secretarial duties; • Liaise with Corporate for staff to attend IPAM training; • Revise and develop Treasury Division organizational structure and functions. 	<ul style="list-style-type: none"> • Implement customer service policy • Ongoing • Ongoing • Ongoing training on Customer Service; • Adopt and implement new Treasury organizational structure and functions. 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing • Ongoing • Ongoing
	Strengthen the legal and regulatory framework for fiscal responsibility and discipline.	<ul style="list-style-type: none"> • New Public Finance Management Bill endorsed by Cabinet and submitted to Parliament; • Development of the subsidiary legislation to the new Public Finance 	<ul style="list-style-type: none"> • Adoption and coming into effect of new Public Financial Management Act; • Ongoing consultations and awareness workshops on PFMA 	<ul style="list-style-type: none"> • Review of PFMA implementation • Ongoing

		<p>Management Act;</p> <ul style="list-style-type: none"> - Financial Regulations - Financial Instructions - Procurement Regulations - Stores and Supplies Regulations. <ul style="list-style-type: none"> • Consultations at executive management level within SIG on PFMA consequential changes to public financial management regulations, systems and processes. 	<p>consequential changes to public financial management regulations, systems and processes.</p>	
	<p>Improve collaboration with donor partners</p>	<ul style="list-style-type: none"> • Regular consultations with budget support partners on: <ul style="list-style-type: none"> - budget support modality and use of SIG systems - tracking reform progress - managing technical assistance - program coordination. • Support and provide technical inputs to CEWG reform program 	<ul style="list-style-type: none"> • On going • Ongoing 	<ul style="list-style-type: none"> • Ongoing • Ongoing