

Denver, Colorado



DENVER, COLORADO

**MAY 21-26, 2017**

**IGFOA**













**Island Government Finance Officers' Association**

Graduate School USA, Pacific & Virgin Islands Training Initiatives (PITI-VITI)

900 Fort Street Mall, Suite 1540, Honolulu, Hawaii 96813

Additional information is available online at [www.pitiviti.org](http://www.pitiviti.org)

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## EXECUTIVE SUMMARY

Since 2000, the summer meeting of the Island Government Financial Officers' Association (IGFOA) has immediately followed the annual conference of the Government Finance Officers Association (GFOA). The theme for the 111th Annual Conference of the GFOA was "Measuring and Developing Your Workforce". This theme was carried into the 2017 Summer IGFOA Conference, where best practices across the insular governments were explored among working professionals.

The objectives of the 2017 Summer IGFOA Meeting were to:

- Review key issues and ideas presented during the GFOA Conference and discuss how they apply to the insular governments;
- Review the progress of the insular government's single audits and attempts to measure finance office performance;
- Review and discuss finance office best practices employed by finance office practitioners from the city of Denver, Colorado and city of Arvada, Colorado;
- Review internal controls fraud assessment from the perspective of the Department of the Interior's Office of the Inspector General;
- Review forthcoming GASB standards applicable to IGFOA members and required preparation; and
- Build government specific action plans to address single audit improvement, enhance finance office grant related process improvement, measure financial office performance, and prepare for implementation of new GASB standards.

## WELCOMING REMARKS

As the IGFOA participant who has attended the most conferences, Ms. Carri-Lee Magalei, American Samoa Department of Treasury, welcomed the participants to the conference. Ms. Magalei thanked the Department of Interior (DOI) and gave special recognition to DOI representative Mr. Jonathan Dunn for his attendance at the IGFOA meeting. She further expressed her appreciation to DOI and the Graduate School USA, stating “we wouldn’t be here without the help and support of Graduate School and DOI”. Carrie-Lee shared with the group her first experience attending IGFOA nine (9) years ago, recalling how nervous she was and yet determined to take full advantage of the opportunity. Now, at IGFOA 2017, she is pleased to observe the same level of professionalism, energy and motivation displayed by the participants as they absorb information about the GFOA conference and the sessions participants selected for attendance. The “A” game that the participants brought with them was infectious, and is commendable.

Following Ms. Carri-Lee Magalei’s opening remarks, Mr. Jason Aubuchon welcomed the participants on behalf of the Graduate School USA. Mr. Aubuchon thanked the Department of the Interior for their continued support of the ELDP, and proceeded to provide an overview of the IGFOA agenda for the remainder of the week, highlighting the following:

- IGFOA will be kicked off by a reporting session led by the participants to share with the group the following: (i) GFOA session learning outcomes/key points, and (ii) relevancy to the Pacific islands. Participants who had not signed up the sessions but had attended were encouraged to share their learning and perspective with the group as well.
- Guest speakers from the City of Arvada
- Guest speakers from the City and County of Denver
- Presentations from the insular governments which include follow-up from finance office action plans made at the December 2016 IGFOA meeting
- Insular government action plans will be developed for each island government at the conclusion of the meeting.

Hard copies of the island government action plan template were distributed to the participants with expectations to start working on the plans over the next few days and a targeted completion date of Friday, May 26, 2017.

## ISLAND GOVERNMENT PRESENTATIONS

Each of the insular governments prepared presentations in advance of the IGFOA conference. Conference participants were provided a template and asked to prepare presentations that addressed:

- The current status of the FY16 audit;
- Any expected changes in audit qualifications or findings from prior years;
- Two or three challenges that governments have experienced during the course of the audit;
- The status of each government's action plan which was developed at the conclusion of the December 2016 meeting, including the status of each task and major accomplishments;
- The action plan status of subject areas such as Uniform Grant Guidance, Cash Management Plans, Systems Planning, Implementation of GASB#72, 74, 75 & 77 (if applicable), or any other areas;
- Update on insular government finance office performance measures, including timeliness of vendor payments, travel advance collections, bank reconciliations, SF425 report submission, unspent federal funds and other performance measures.

Highlights of the governments' presentations include some major accomplishments. Guam has entered into Memorandum of Understanding for Accounting Services to secure additional source of revenues from services provided to other agencies. The FMIS acquisition process is underway with the establishment of a Steering Committee in place that has been actively engaged since December 2016. Guam has initiated next steps to seek legal opinion on measures that the government can take to recover outstanding amounts of travel advances. On fixed assets, Guam has continued to maintain its success in eliminating the fixed asset finding and qualification from their financial report that had been a significant issue in prior years.

The Commonwealth of the Northern Mariana Islands (CNMI) remains on target to complete its audit by the June 30 deadline, which is a major accomplishment in comparison to recent audit years. Other highlighted areas of accomplishment included the process change for timeliness in bank reconciliations and federal grant payments and the enforcement of travel of Travel Advance policies and procedures for better collection of payments. CNMI further identified a new initiative with the creation of the single audit committee, which was established in FY16 to



increase inter-agency level of engagement in assisting with finding audit resolutions. As it remains in its infancy stage, effectiveness of the committee is yet to be determined.

The National Government of the Federated States of Micronesia (FSM) highlighted its major achievement by the Department of Finance and Administration to resolve prior year question costs amounting to approximately \$4.3 million, leaving a remaining balance of \$27K. Different measures are being explored to resolve costs incurred by the government due to unauthorized travel. FSM Congress is proposing to exempt legislative approval for grants with a value of \$100K or greater in order to reduce the bottleneck and improve processing. Pohnpei State's FY16 audit will most likely be late. A major challenge with meeting the audit completion date is timeliness of the bank reconciliations. Installation of a Financial Advisor was highlighted as a key strategic action to complete the bank reconciliations and FY16 audit. There were no presentations from Chuuk or Yap States. Kosrae State was not in attendance, but provided a power point presentation for inclusion in the conference report.

With a May 11th audit completion date, American Samoa Government (ASG) has been able to maintain its achievement from FY16 to have its audit completion well in advance of the June 30th deadline. In mid-February 2017, ASG has launched its upgraded FMIS, OneSolution. ASG provided a best practice solution for collecting travel advances. The policy is to reduce a traveler's paycheck by up to 40% when the advance is 60 days overdue. ASG concluded its presentation by sharing with the participants a quote from the GFOA conference –

**Ignite action through data. Change doesn't start with fiction, it starts with facts.**

Jim Collins.

The Government of the Virgin Islands (GVI) has made significant process in timely bank reconciliations. A process that historically took a year to complete has been improved drastically and bank reconciliations are now being completed within 45 days. Although cash flow continues to be one GVI's greatest challenges, it has been improved with the implementation of a five year cash flow model. The model helps to highlight the need for timely federal grant draw downs and enhanced revenue collection. GVI implemented a new ERP system 5 years ago but is still facing post implementation challenges. They currently are in the process of implementing the grants module. Removing unfunded employees from payroll processing was highlighted as a major accomplishment as well.

The Republic of the Marshall Islands' (RMI) major accomplishment is the timely completion of the FY16 audit, which has been consistently late for the past five years. In FY2016, an audit resolution committee was established. Another highlighted accomplishment is the timely completion of bank reconciliations. RMI's bank reconciliation are completed up to April 2017. With the realization that RMI's Ministry of Finance and other ministries and agencies tend to operate in silos, steps have been taken to strengthen the relationships with procurement training and monthly reconciliations with the respective stakeholders. The RMI highlighted improvements to its Public Financial Management (PFM) Roadmap in progress.

The Republic of Palau (ROP) indicated that its FY16 audit is most likely going to be delayed as well. A significant policy change that was highlighted is ROP's travel advance policy, which was changed from 30 days to 15 days for submission of the travel expense report. A corrective action plan is in the pipeline to standardize responses to audit findings. ROP further highlighted a fixed asset management training that was conducted in March 2017 to ensure that staff members understand their roles and the proper fixed asset procedures—including fixed assets reconciliations and proper disposition of assets.

The insular government presentations have been included as [Attachments 2-10](#) of these proceedings.

## PERFORMANCE MONITORING AND CITIZEN DRIVEN CAPITAL IMPROVEMENT IN THE CITY OF ARVADA, COLORADO

The Director of Finance, Mr. Brian Archer, and Assistant Finance Director Ms. Lisa Yagi, presented on Performance Monitoring and Citizen Driven Capital Improvement in the City of Arvada, Colorado. At a glance, the City of Arvada has been growing to be one of higher household income among cities in the state of Colorado with an annual 2017 budget of \$197 million. The annual budget is similar to most island governments' levels of budget. The presentation highlighted three areas: (i) Financial Transparency, (ii) FOCUS, and (iii) Citizen Capital Improvement Project.

The City of Arvada has developed a financial transparency portal to allow citizen access to query on information by fund, program, vendor or expenditure type. Information on revenue sources, including ten (10) years of history is accessible through the portal and these trends are also used to forecast revenues using a revenue manual. Although the portal has been in place for five (5) years, it is not well utilized by the citizenry. The portal is not user friendly if citizens are not familiar with the fund and program structure of the City of Arvada government. Additional resources are being allocated to improving the financial transparency portal. The quarterly financial reports and presentations to City Council continue to be the preferred forum for financial transparency purposes.

The FOCUS initiative is a performance management system started in 2013. Each department developed their own plan, under guidance from a consultant, to ensure consistency. The FOCUS vision, mission, and values were updated in 2016 to be more memorable and citizen-centric. The values are embedded in employee evaluations. Employees are evaluated and recognized by how well they work according to the values. In 2017, the FOCUS dashboard website was launched to show results of the performance measures by department. There is no dedicated staff for the website and the City of Arvada tries to update the site as frequently as possible. FOCUS is not required by law but was encouraged by the City Manager who's an advocate of performance measures. Measures and goals are always changing and the city's strategic goals are reviewed annually at the City Council meeting.

A Citizen Capital Improvement Project (CIP) Committee was formed in 2008 and 2015 to prioritize capital projects and recommend strategies to fund the projects in a 10-year period. The projects are evaluated and ranked based on established criteria set by the Committee and submitted to the City Council. The City Council made some changes to the plan but followed and accepted the recommendations for the most part. Many of the projects were based on the issuance of bonds in 2019, which is available on the website at [arvada.org](http://arvada.org). The presenters

highlighted a specific capital improvement project on street maintenance estimated at \$9 million. A ballot issue to raise taxes was defeated indicating a need to educate citizens for additional money for street maintenance. The City of Arvada has plans in the pipeline to create a special page on the website to educate the community on why additional revenue is needed to fund the street maintenance project.

The presentation concluded by emphasizing final thoughts particularly on transparency stating the following: “Transparency didn’t change processes. Transparency did change how to present information to make it easier to understand. Education is key. Citizens can be our best advocates.” Transparency is voluntary and the State of Colorado does not require mandates for posting on website. Before any financial data is published online, the Department of Finance requires that the data is validated for accuracy. Underscore the need to keep information online current, which is a particular challenge.

Additional information on the City of Arvada is available on their website online at <http://arvada.org/>. The presentation delivered by the City of Arvada can be found as [Attachment 11](#).

## CITIZEN-CENTRIC REPORTING IN THE CITY OF DENVER, COLORADO

The City and County of Denver, Colorado offered a three-fold presentation from the following representatives: (i) Steve Bohn, Budget and Management Office, (ii) Kate May, Peak Academy, and (iii) Beth Machann, City Controller for the City and County of Denver.

### Budget and Management Office

Mr. Steve Bohn kicked off the session with the City and County of Denver’s budget process, the fiscal challenges the government was facing during the 2008 post-recession period and the actions the government implemented to resolve its structural imbalance. With a consistent gap between revenues and expenditures in 2009 – 2012 and a 30-year projection of revenues and expenditures developed by the Budget and Management Office (BMO), there was growing realization that the City and Country of Denver was facing a serious structural imbalance. Mr. Bohn stressed to the IGFOA participants that a 30-year budget projection is not recommended compared to a five (5) or three (3) year budget projection. After reviewing historical revenues and expenditures, and projecting future revenues and expenditures, the BMO identified the critical need to permanently close the gap between revenues and expenditures of approximately \$30M per year and to permanently adjust the growth rates of expenditures or revenues or both, so that the gap did not recur or grow over time within 3-4 years.

To tackle these issues, Mayor Guillermo Vidal launched a request in 2011 to the community and business leaders to develop ideas to solve the structural imbalance. In response, a twenty-five-member Task Force was created and met on a monthly basis for about a year to identify solutions for reductions in spending and increases in revenues. The focus, however, was on expenditure reductions and efficiencies prior to examining revenue or fee increases to limit the impact on the people. The Task Force analyzed more than 60 proposals for financial and political impact, which were also vetted by citizens and employees.

Expenditure recommendations included (i) process improvements to reduce cost and increase efficiency through the establishment of Denver's PEAK Performance and PEAK Academy initiative, (ii) use of dashboards and other types of data to drive financial decision making, (iii) use of contractors when appropriate, and (iv) consolidating agencies and services when appropriate. Revenue recommendations included (i) Ballot initiative 2A, which lifted the restriction on government to allow Denver to keep the property sales tax resulting in additional revenue generation of \$35.5 – \$42 million since 2013, (ii) Increase retail marijuana tax to 3.5%, resulting in \$10 million revenue, (iii) Provide services to other communities, and (iv) Annually review fees and fines to ensure the City is capturing its costs.

Implementation of these measures has resolved the City and County of Denver's structural imbalance and the gap between revenues and expenditures no longer persists. Together with the expenditure and revenue recommendations, population growth has also been a contributing factor to the increase in economic activity. Mr. Bohn concluded his presentation by highlighting that recognition of the imbalance type (i.e. structural versus cyclical) is key to the response that is needed to resolve the problem appropriately and timely.

### Denver Peak Academy

The presentation of Denver Peak Academy was delivered by Ms. Kate May, Director of Denver Peak Academy. Since its inception in 2012, Denver Peak Academy has trained 5,977 people who have saved Denver taxpayers \$22.5 million to date. The Denver Peak Academy offers two types of training programs. The Green Belt is a four (4) hour condensed training program and the Black Belt is an intensive 5-day training program designed to train City employees to become process improvement leaders within their agency/department. The Peak Academy trains staff, empowers staff and provides tools so organizations can do their own diagnostics to drive process efficiencies. It teaches people how to use data to make decisions. Ultimately, the goal is to do more in less time through innovation is a sign of success.

Peak Academy has launched its newest component in the form of a dashboard that provides information to the public on Denver Peak Academy's performance measures. Ms. Kate May spent the remainder of the time navigating through the dashboard and offering the IGFOA examples of the performance measures that are being provided, monitored and updated. She stressed an important lesson learned that data can be both good and bad. If it is not refined, there is risk of too much data.

### City & County of Denver on Transparency

Ms. Beth Machann, Controller for the City & County of Denver, was the lead on implementation of the People Soft Financial and HR system in 1984 and is currently in the process of replacing the legacy system to Workday SA with an anticipated go live date of August 2017. This point in Ms. Machann's career background was emphasized in reference to a trending priority among the insular governments to replace legacy FMIS systems.

Ms. Machann's presentation focused on the City & County of Denver's efforts to improve transparency and strengthen engagement within its community. A key process change was the production of the CAFR, which is now only being printed for audit and the council committee. The PAFR, also referred to as the community report, offers a condensed and friendlier version of the CAFR and is available online to reduce printing costs. The Mayor's message in the PAFR summarizes the prior year achievements and budget decisions. Some key points on PAFR format and contents include the following: (i) PAFR should focus on how government gets the money and where the money goes, (ii) include charts, pictures, and other visual aids because they tell a better story than numbers, (iii) comparative data is not typically available in CAFR but can be included in the PAFR, and (iv) above all, it should be put in layman terms. On a question whether PAFR is supply side or demand side driven, Ms. Machann responded that it is both. Ms. Machann further added that when information is made public, there is potential for the questions to change and the Government needs to be prepared for these changes.

Overall, the transparency website has significantly increased engagement with the community. This is also attributed to the Mayor's community outreach efforts. Another great innovation that has increased engagement level with the community is the "Pocket Gov App", allowing citizens a convenient opportunity to report any government related issues and suggestions to enhance the customer experience. With the establishment of the Innovation Fund, ideas such as the Pocket Gov App and the Denver Peak Academy were seeded from this fund and offer testimonial to the successes achieved by the City and County of Denver.

## IGFOA Debrief on City and County of Denver Presentations

Following the conclusion of the City and County of Denver presentations, Mr. Aubuchon led a debriefing discussion among the IGFOA participants to recap the presentation highlights. In particular, dialogue among the IGFOA participants was generated to determine whether any of the best practices and models used by the City and County of Denver can be adopted and implemented in the respective insular governments. A summary of the discussion points and relevancy to the insular government is provided below:

### Question 1. PAFR – How do you do this and what steps do you need to take to make it happen?

There was a consensus that there is potential for PAFR to be implemented, combining both economic and financial information. In addition, the information for data comparison is available already and the IGFOA participants indicated an action item to issue a proposal to management on including PAFR to their existing reporting models. Additional discussion points were raised on deciding on a collective PAFR format that could be adopted by the insular governments, including the use of visual aids (i.e. pictures, charts), limiting or removing the use of accounting terms, and focusing on where the money is coming from and how it is spent.

### Question 2. What are the challenges to get a PAFR out in the islands?

The participants were of the opinion that challenges to get a PAFR out in the islands include government unwillingness to share all information, fear of the political impact that PAFR may pose, and reiterated Ms. Machann's point that once the data is published, questions may change.

### Question 3. From the Denver Peak Academy presentation on process improvements, is it replicable in the insular areas?

There was an overwhelming "yes" from the participants indicating great interest in the Denver Peak Academy approach and training programs offered. As a group, a proposal to the insular governments for training requests as a group should be initiated to gain support for assistance. Other recommendations included (i) appointing staff by performance measure to take lead on proposal and implementation and (ii) to start with something small, manageable and to scale up from there.

The presentation from the City of Denver, Colorado, has been included as [Attachment 12](#) of these proceedings.

## THE GOVERNMENT FINANCE OFFICERS' ASSOCIATION SESSIONS

Prior to the start of the of the GFOA conference, IGFOA participants met to organize participation at select GFOA sessions. Since multiple GFOA sessions run concurrently, participants agreed to attend specific sessions and to report back to the insular IGFOA group.

Ms. Debbie Milks facilitated the review and instructed the participants on the format for the GFOA session report out. In the interest of time and equal allocation of participant reporting to the group, Ms. Milks identified one to two speakers for each session, grouped by topic or session type. Ms. Milks reiterated and encouraged all participants to share their learning of the GFOA sessions under discussion and relevancy to the islands. Ms. Milks began the report back session on transparency, which included the GFOA session on Popular Annual Financial Reports (PAFR).

Ms. Milks briefly described to the group what the differences between Comprehensive Annual Financial Reports (CAFR) and PAFR. CAFR are much more in depth reports with technical financial information compared to PAFR, which is user friendly and offers a summarized level of financial information delivered in a non-technical format.

The following bullets highlight key “take-aways” from each of the identified GFOA sessions, organized by thematic topic. IGFOA participants selected the following sessions to attend and report:

- Getting the Most Out of a Budget System
- Capital Asset Headaches: Common Deficiencies and How to Avoid Them
- Recruiting New Finance Officers: Separating Fact from Fiction
- Where's Waldo? What to Look for in Local Government Financial Statements
- Breaking Up with Your Bank: Practical Strategies for Transition to a New Banking Service Provider
- Can You Hear Me Now? Engagement Strategies Beyond the Budget Book
- It's Complicated! How to Update the Public about Your Pension Relationship Status
- Letting the Whole World Know: Preparing Effective Popular Annual Financial Reports
- Assessing Cybersecurity Risk Within The Finance Office
- Financial Planning in Uncertain Times
- How to Measure a High Performing Finance Office



- Informed Decision-Making Through Forecasting: Your Guide to Better Revenue Analysis
- Expanding the Boundaries of Internal Control
- Making Good Deals: Contract Negotiating Skills for the Finance Officer
- Small But Strong: Best Practice Implementation for Small Governments
- Common Mistakes in Managing Your Investment Portfolio
- Developing The Next Generation of Leaders
- The Other Shoe Falls: Implementing the GASB's New Guidance on OPEB
- The Way Forward: GFOA Best Practices in Accounting, Auditing, and Financial Reporting
- Déjà Vu All Over Again! GASB Revisits the Financial Reporting Model
- Investing for Small Governments
- Transparency: What to Share and How to Share it
- If I Had \$1,000,000: An Effective Capital Budgeting Process
- Right vs. Wrong: Ethics in the Finance Office
- Spotlight: Denver Peak Academy
- Too Little Too Late: Top Reasons Why You Got Hacked
- Essential Components of an Organization-Wide Cash Handling Policy
- It's All Been Done: Lessons Learned From ERP Projects
- Understanding Pension Actuarial Reports
- Uniform Guidance – Lessons Learned and To Be Learned
- Avoiding the Pitfalls: Common Financial Reporting Deficiencies and the Latest GASB Implementation Guidance
- Not Done Yet: Essential Budget Work After Adoption
- Engaging the Public in a Hyper-Polarized World
- Getting to the Bottom of Things: Practical Tips on Discovering Fraud
- Get with the Program: Budgeting by Programs to Make Better Decisions

#### Transparency

- Use of online resources to provide government data and information for all stakeholders and the community to access.
- It was clear from the sessions that there are varying levels of details that can be made available online.
- Performance measurements are also available online and can be easily reviewed for further information.

- Critical point to remember: Data and information made available online must be valid and accurate.
- There are costs associated with transparency such as high maintenance fees that need to be taken under consideration.
- Relevancy to island governments (i.e. U.S. Virgin Islands) – Although the islands have already made data and information available to the public online, the insular government websites are a long way from achieving the same level of presentation that was demonstrated in the GFOA session. In other words, insular government websites are works in progress and do not present the level of detail that the session presentation demonstrated.
- One interesting finding, using the airport noise monitoring as an example from the Los Angeles presentation – data collected helps the government to make better decisions.
- The Domestic Violence monitoring was highlighted as an additional example that effectively identified areas for the government to focus its support.
- Visuals (picture form) offered quick information for stakeholders.
- Dedicated staff and commitment to always monitor and review data/information online.
- Utilization of one overall portal versus multiple portals.
- Information helps community engage with political leaders.
- Vendor payments were also available to view, domestic versus out of area vendors/contracts.
- It was, however, concerning that the session did not address privacy (i.e. in the case of the domestic violence information) or stated purpose for why the information or data was made available online. What issue is being resolved by establishing these websites? This was not made clear in the presentation.
- For LA presentation, the purpose was touched on which included the ease to get things moving with the council. In the island context, having the contact information available online may potentially increase workload for teams.
- Guam has a requirement to make vendor payments available online. However, Guam needs to take a proactive approach to identify what is appropriate information to make available online (for multi-stakeholders).
- Establishing a governing board to develop guidelines for appropriate information to make available online is recommended.
- Under Uniform Grants Guidance, there is a requirement that all public information exclude personal identifiable information (i.e. social security numbers)

- *A number of island relevancy examples but there is still a need to dig deeper.*

#### PAFR

- More colorful and graph-oriented: must be user friendly.
- Takes out the jargon, clear and easy to understand.
- “P” in PAFR can also translate to pictures as PAFR provides much more of a visual true performance of what the government did with the money.
- PAFR financial data must be derived from the CAFR.
- Cost of producing PAFR – there is a huge saving compared to providing copies of the CAFR.
- *Island relevancy – we need to discuss further whether PAFR can be used in the islands and how we would go about implementing PAFR. Perhaps this can be something that is in the island action plans? Do the participants think PAFR can be implemented as early as the next FY reporting?*

#### High Performing Finance Officers

- Training for critical positions in an organization is important.
- An amazing fact/brilliant idea observed in the session was that one government was able to convince their education board to approve for double hiring/teaming for a period of up to one year to replace employees that have indicated their intention to retire.
- Island context – little to no overlap of predecessor and successor. Challenge for islands – measuring internal progress. Inspiring presentation from Florida speaker. Good people skills were identified as key to the success of office. Succession planning works because you can declare retirement up to 3 years in advance and have time to pump up pension.
- Flow for high performing finance office – identify the track, measure, sustain (training and recruitment), enhancement the good performance (cross training).
- Denver’s Director of Finance showed their performance measures: Direct deposits instead of pay checks. ACH payment versus checks. The point is that Denver is focusing on some of the same things that the islands are doing as well.

#### Peak Academy

- Impressive program which offers coaching of government workers; has won many awards and provides teaching to management/employees on finding innovative ways.

- Documents current workflow to identify ways to drive efficiency through innovative measures and drive cost savings.
- Recommendation to apply the Peak Academy concepts to the island.
- Do more with less.
- Took customer's perspective into account. Instead of top down approach, emphasis was on the frontline.
- Peak Academy information and tools will be made available to the group.
- Lean government and processes. Don't say to people they are going to lose their job when we streamline. Take away the dumb work and do the smart work.
- Innovate without more money, without more people, with technology. Have the attitude that you are going to try. Say Yes.
- Repeatability vs reproducibility.
- IGFOA is our peak academy. How can we take the peak academy concepts to the islands? Denver's Peak academy is under the director of finance. Just the exercise of talking to the people in the frontline is place to start. It doesn't happen overnight. Transformation will be over time.
- Final thoughts – linking peak academy to the Ethics session – You have to figure the difference between values and practices. When doing a process, we have to think about whether we're discussing something that always been done or whether there is any value to add to the core process.

#### Enterprise Resource Planning

- Background information – every financial system used in the insular governments is an “ERP”.
- Session was in Q&A format (versus presenters) with panelist representing small, medium, large government perspectives.
- Key takeaway—this is a HUGE TASK!! For the island context, it is unlikely to be feasible to implement new ERP with current staffing. Recommend hiring interim consultants and external expertise. Insular governments will need help!
- Additional support for ERP implementation – temporary staff, interns, consultants. Balancing daily job and a system implementation project is challenging.
- Opportunity to look at Business Processes (BPs), to review and identify areas to streamline.

- It is recommended that very little to no customization of software is done to align with BPs. Work with what the system already does. If there is too much customization, it is most likely the system is not a good fit.
- COA – recommend that this is in place (reviewed/cleaned up) before any ERP implementation.
- Data retention – how long do you keep legacy systems in place, how much data conversion should be brought over to new system? Recommend to keep it minimal. Have a retention policy in place (i.e. 7 years)
- Third party interfaces such as connectivity with banks is an important component for any ERP implementation. It must be included in new system implementation. Vendor future platform need to be taken under consideration as well.
- Expect costs for ERP to be high.
- How much customizing is recommended? Currently available technology does not handle travel advances requirements of the islands. Note this may need customization to address unique needs of the islands.

#### Ethics

- Great session! Reporter indicated that this was perhaps the most exciting session on ethics that she has attended to date.
- One of the speakers was a development and training expert. Main takeaway – We have to create a culture where people can come to you and believe in you within your finance role (paraphrased).
- Although government officials always think there is a black and white, there is also gray. In ethics there can't be any gray area.
- Before entering the gray area, one point to remember is the “Buffett Rule:” that we spend 20 years building your relationships and reputation but that can be taken away in 5 minutes.
- There is the reality of things. How to handle it, do you know how to handle it, and what is the right way to handle the situation.
- Is there an open door policy on reporting? Do employees know policies?
- 13.8% fraud schemes are from expense reimbursement, 27% from executive positions.
- 14% travel reimbursement, of which 27% is by upper level management. The tone is set at the top. You have to create a culture of good ethics.
- Lead by (positive) example.

- What if doing the right thing will cost me my job? Your reputation is more important than your paycheck and your integrity is worth more than your career.
- Island culture – deferential to leaders.
- If you're in the situation and you are uncertain, think about what your Board of Director (BOD) will think. Who is your BOD (i.e. family, ministers, friends, etc.) What would they think, if I did "x"?

#### Protecting Yourself from Hacking

- Speakers – FBI and Corporate Security manager background
- Computer and network intrusion – attack system, hold your information hostage (ransomware).
- Preventative measures – employee awareness (first line of defense) of the critical role that they play, do regular patches/updates, anti-virus and malware solution, managing appropriate user type account, back up data securing it and passwords.
- Transparency is about making the information available but we also need to address privacy measures. If IT department is not addressing these issues, we need to raise the matter to increase awareness on preventative measures.
- Things to watch out for – use of Gmail may open you up to hacking. If you are not using a licensed copy of Windows, you are not getting the patches/updates that will protect you from hacking.

#### Fraud

- Business email account compromise. Example – email requesting payment looks legitimate but is fraudulent. They target international.
- Tips – Verify that a request for payment did come from the business, Look at spelling and grammar, always include urgent requests.
- 41% fraud committed by employees. Of that 21% by executive. Recommendation investment in employees so they don't commit fraud. Goes back to Ethics policy to mitigate. Government is #2 for fraud.
- Prevent fraud – government needs to comply with procurement code. Statistics indicate that fraud mostly committed by higher levels.
- Who's supervising the supervisor? Having certain policies and checkpoints – Internal controls.
- Be careful about online shopping and free trials accessing your credit card information.

#### Internal Controls / Audit

- 3 speakers, of which 2 were from Sweden. Difficult to understand. Lesson for future GFOA – look at where the speakers are from.
- SOP on hand, for all levels, everything will be under control and can be monitored. One example, issuing income tax refund. When an individual did not receive their refund and demands reissuance. Policy requires 15 days before reissuance to allow process flow requirements.
- Quality Assurance Systems – identify and analyze risk, check reports on decision and corrective action.
- Management patrol model.

## INTERNAL CONTROLS

From the US Department of Interior's (DOI) Office of Inspector General, Ms. Beth Schubert's explained the role of her office in the islands and proceeded to present on internal controls and fraud in government. DOI is responsible for administering and overseeing US federal assistance to the islands. The objectives of the presentation on Internal Controls are:

- Understand the importance of internal controls
- Understand the meaning of internal controls
- Understand the consequences of not following internal controls

The presentation on Internal Controls provided a strong overview of the topic followed by a number of interesting real life examples ranging from cases from the island governments to the federal level. Ms. Schubert shared with the participants her first encounter with fraud and breakdown of internal controls working at a movie theater. Key messages from her story included a reconciliation of ticket system stubs to the system that was not being performed by the manager and fraud being committed by people that you know. It was emphasized further that everyone has the potential to commit to fraud.

Fraud is a result of breakdown in internal controls. Internal controls should not be viewed as a bad thing and are in place to help the government. The reality is that controls are everywhere, whether we realize it or not. The definition of internal controls is found in the Standards for Internal controls in the government book (also known as the Green Book). The fraud triangle indicators include pressure, opportunity and rationalization.

There are Five (5) principals of internal controls that must be in place and working together. The principals are (i) Control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring. The top 3 breakdown or weaknesses in internal controls include (i) Lack of internal controls - no controls existed or are not sufficient (29%), (ii) overriding existing controls (20%), and (iii) lack of management review (19.4%).

The presentation on Insular Government Fraud has been included as [Attachment 13](#) of these proceedings.

## PERFORMETER & GASB UPDATES

An update on insular government Performeter and emerging GASB standards was presented by Mr. Frank Crawford, CPA.

### Performeter Updates

This session took a look at the most recent Performeter and AFTER (Audit Findings, Timeliness and Exception Resolution) analysis results of the insular governments for the fiscal years that ended September 30, 2015. Each governments' final Performeter score page was discussed, along with their comparative scores from previous years. In addition, the AFTER analysis for each government was analyzed, along with comparisons to previous years. Trends and circumstances for the year ended September 30, 2015 were also discussed collectively.

Overall FY15 Performeter for island governments ranged from 1.7 to 8.2. A major contributing factor to the low score levels is the unfunded pension liabilities that many of the island governments are facing.

### GASB Update

This session addressed the recent GASB pronouncements and standards that will be coming into effect or requiring implementation in the near future. A summary by implementation year was provided for all known GASB statements currently issues (statements 73-86), along with a few other issues for consideration. Focus was specifically provided on GASB Statement 77 on tax abatement, and GASB Statement 75 on other post-employment benefits (OPEB) was discussed, along with a short summary of the GASB's progress on designing a new reporting model, i.e., a new GASB 34.



Mr. Crawford further indicated that if state or country laws prohibit disclosure that might affect implementation of GASB Statement 77, compliance can still be achieved by identifying the law and disclosing the restriction. Perhaps the biggest challenge to implementation of GASB Statement 77 for the island governments is completeness. On a positive note, there is sufficient time to research the issue further before it becomes effective.

The presentation on Insular Government Performometers and the GASB Update has been included as [Attachment 14](#) of these proceedings.

## PERFORMANCE MEASURES UPDATE

Led by Ms. Debbie Milks, the theme of this year's performance measures update presentation was "Change doesn't begin with Vision; it begins with Facts". The focus of the presentation was (i) to review and agree on which measures to report, (ii) to look at options for a dashboard format, (iii) to set a goal to present a dashboard, and (iv) to consider options for publishing a PAFR.

The performance measure on percent of unspent federal fund was a new addition to the IGFOA Summer 2017 conference. It was agreed that there is a need to redefine methodology of measurement. Insular government reports on this measure were inconsistent on how to include roll over funds. Additional information is also recommended on select performance measures such as timeliness of SF425 reports and the federal Grant receivable balance to provide better insight to the measurement updates. It was further identified that other possible new measures should be considered. Examples include the percent of encumbrances outstanding (open/closed) and the number of special payroll runs.

A good dashboard format is one that can be made available to the public with relevant at a glance information. It was agreed that it should not exceed one (1) page and should include a target or goal, context, trends, and other basic information such as the purpose of measure and the corrective actions as needed. A number of different formats were provided to the participants. The preferred format by the participants was based on the example where the indicators of performance and quality were identified, measured by monthly and yearly target versus actual data and included a visual aid trend (i.e. graph). CNMI has volunteered for piloting the development of the dashboard model under the guidance and assistance of Ms. Milks.

The PAFR is a helpful tool that should be considered for implementation by the island governments but it will require careful planning and design, subject to higher approval. It was

agreed that it must be derived from the actual GAAP data and disclosing scope of financial information should be considered carefully. Other relevant data to include are demographics, planned and completed capital projects. Overall, a PAFR produced by the island governments must be clear, concise, colorful and simply put in laymen's terms.

The presentation on Performance Measure Updates has been included as [Attachment 15](#) of these proceedings.

## GOVERNMENT ACTION PLANNING AND REPORT OUT

Each government represented at the May 2017 meeting prepared action plans during the conference and reported their plan to the other members. The action items followed the topics of the conference.

The insular government action plans can be found as [Attachments 16-24](#) of these proceedings.

## CONFERENCE CLOSE-OUT

On behalf of Graduate School USA, Mr. Aubuchon expressed his appreciation to the group for participating in this year's conference. Mr. Aubuchon recognized DOI for their continued support to IGFOA, and encouraged each of the governments to utilize the resources provided through GFOA and IGFOA to improve their finance offices in their home governments.

Official closing IGFOA remarks were delivered by the RMI Minister of Finance, Hon. Brenson Wase:

Jason, Debbie, Frank, Mr. Dunn, Ellen, Participants, Ladies and Gentlemen, Good afternoon. I wish to thank the Graduate School for the wonderful certificate. Now I can go back and ask for the reimbursement. As you can see, I have an outline of what to say in my closing remarks. I am not done but think 45 minutes is enough. My advice is – turn on your alarm clocks, and if I bore you, you have every right to go to sleep. This is exactly how I am able to get my grandchildren to go to sleep, whenever I'm tired. So smile, frown or go to sleep.

I wish to start to by saying "Thank God it's Friday" and thanking God indeed as we come to the conclusion of this enjoyable but meaningful meeting. I also wish to thank God for the many good things He has blessed us with. I think the best of all is having this meeting in Denver, where we have (i) experienced different atmosphere, (ii) the opportunity to acquaint ourselves with colleagues and friends, (iii) we were able to meet new participants with new idea, (iv) we were able to shop, eat new and different food, experience Denver's taste, (v) and of course enjoy Denver's cold weather.

My name is Brenson Wase and the designated speaker at the closing of IFOA meeting this afternoon. One good thing about this speaker, he does not expect to receive a "wooden bowl". Anyway, on a more serious note, I wish to take this opportunity, which I am privileged and thankful for, to express my appreciation and gratitude on behalf of the participants and the island governments we represent to the Graduate School for making it possible to attend the GFOA and IGFOA meetings in Denver. We have learned a lot from these meetings

In closing I wish to say Alii, Hafa dai, Rananim, Telova, Kassehlia, and for and from Virgin Islands, best wishes, Adios and Sayonara. Safe trip back home, God Bless and Yokwe to all!

Thank you.

## CONFERENCE EVALUATIONS

At the end of the conference, each participant completed a conference evaluation. Participants agreed that the GFOA sessions were timely and relevant (4.5 out of 5.0), and that the IGFOA sessions were relevant and timely (4.8 out of 5.0). The complete conference evaluation, along with the specific participant comments, has been included as [Attachment 25](#) to these proceedings.

### Special Message of Appreciation for Mr. Steve Latimer

In honor of Mr. Steve Latimer, the Republic of Palau Ministry of Finance shared a special message together with a certificate of appreciation signed by Palau President H. E. Tommy Remengesau.

The Republic of Palau wants to take this opportunity to express our gratitude to the Graduate School USA for helping ROP-MOF throughout the years for many technical assistance that you have provided to us and because of your help we have tremendously improved over the years.

We want to personally thank Mr. Stephen Latimer who was our advocate/mentor who was able to assist us with trainings and provided consultants to help us improve our processes. We wish him success in all his future endeavors.

Ke kmal Mesulang!!



Attachments

# IGFOA Conference Attachments

DENVER, CO



Island Government Finance Officers' Association (IGFOA) • Denver 2017 Summer Conference



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# IGFOA Denver 2017 Agenda



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# IGFOA

DENVER, COLORADO

## MAY 24-26, 2017 IGFOA Summer Meeting

HYATT PLACE HOTEL DOWNTOWN DENVER

### MEETING AGENDA

The goals of the 2017 GFOA and IGFOA conferences are to:

- Review key issues and ideas presented during the GFOA Conference and discuss how they apply to the insular governments;
- Review the progress of the insular government's single audits and attempts to measure finance office performance;
- Review and discuss finance office best practices employed by finance office practitioners from the city of Denver, Colorado and city of Arvada, Colorado;
- Review internal controls fraud assessment from the perspective of the Department of the Interior's Office of the Inspector General;
- Review forthcoming GASB standards applicable to IGFOA members and required preparation; and
- Build government specific action plans to address single audit improvement, enhance finance office grant related process improvement, measure financial office performance, and prepare for implementation of new GASB standards.

#### SUNDAY, MAY 21, 2017

6:00 a.m. **🕒 Breakfast**

Breakfast provided daily by the Hyatt Place Hotel.

10:00 a.m. **Overview of GFOA & IGFOA Conferences.**

Longs Peak Conference Room, Hyatt Place Hotel, Denver

- Participant Introductions, GFOA Session Recommendations, GFOA Session Assignments

12:00 p.m. **🕒 Lunch on Own.**

1:30 p.m. **GFOA Conference Concurrent Sessions Begin**

- Colorado Convention Center  
700 14th Street, Denver, Colorado 80202

## WEDNESDAY, MAY 24, 2017

6:00 a.m.	<b>↑ Breakfast</b> Breakfast provided daily by the Hyatt Place Hotel.
12:10 p.m.	<b>GFOA Conference Ends</b> <b>↑ Lunch on Own.</b>
1:30 p.m.	<b>Opening of IGFOA Meeting.</b> Longs Peak Conference Room, Hyatt Place Hotel, Denver <b>Welcoming Remarks:</b> <ul style="list-style-type: none"><li>• Elbuchel Sadang, Minister of Finance, Republic of Palau</li><li>• Jason Aubuchon, Program Manager, Graduate School USA</li></ul>
1:45 p.m.	<b>IGFOA Agenda and Introductions</b>
2:00 p.m.	<b>GFOA Conference Highlights: Participant Session Reports</b> Moderators: Debbie Milks and Frank Crawford <ul style="list-style-type: none"><li>• What were the most important ideas, concepts, issues, or practices you heard about during the GFOA Conference?</li><li>• How do they apply to you and your government?</li></ul>
3:30 p.m.	<b>⌚ Afternoon Break.</b>
3:45 p.m.	<b>Performance Monitoring and Citizen Driven Capital Improvement in the City of Arvada, Colorado</b> Bryan Archer, CPA, Director of Finance Lisa Yagi, CPA, Assistant Director of Finance <ul style="list-style-type: none"><li>• Arvada Citizen Capital Improvement Project</li><li>• The City's FOCUS initiative (2014) and performance dashboard monitoring council goals</li></ul>
4:30 p.m.	<b>Update Government Action Plans: Day One.</b>
5:00 p.m.	<b>Adjourn Day One.</b>
6:30 p.m.	<b>↑ IGFOA Group Dinner.</b> <ul style="list-style-type: none"><li>• Group dinner location TBD.</li></ul>

## THURSDAY, MAY 25, 2017

- 6:00 a.m. **🍴 Breakfast**  
Breakfast provided daily by the Hyatt Place Hotel.
- 8:30 a.m. **Continue IGFOA Meeting.**  
Longs Peak Conference Room, Hyatt Place Hotel, Denver  
**Agenda Review.**  
Review results from Wednesday's discussions and overview of Today's Agenda
- 8:45 a.m. **Insular Government Presentations**  
Single Audit Updates, Performance Measures, Follow-Up from December IGFOA Conference
- Guam
  - CNMI
  - American Samoa
  - US Virgin Islands
- 9:45 a.m. **🕒 Morning Break.**
- 10:00 a.m. **Insular Government Presentations (Continued)**
- Federated States of Micronesia (National Government)
    - Chuuk State
    - Kosrae State
    - Pohnpei State
    - Yap State (not represented)
  - Republic of the Marshall Islands
  - Republic of Palau
- 12:00 p.m. **Citizen-Centric Reporting in the City of Denver, Colorado**  
Beth Machann, Controller, City of Denver, Colorado  
Steve Bohn, Senior Budget Analyst, City of Denver, Colorado  
Kate May, Associate Financial Management Analyst
- Peak Performance, Popular Annual Financial Report and Managing a Structural Deficit in the City of Denver
- 1:30 p.m. **🍴 Lunch (Hosted)**
- 2:30 p.m. **Insular Government Fraud**  
Beth Schubert, CFE
- Department of the Interior's Office of the Inspector General

## THURSDAY, MAY 25, 2017 (CONTINUED)

3:30 p.m. ☰ Afternoon Break.

Insular Government Fraud (Continued)

4:30 p.m. Update Government Action Plans: Day Two.

5:00 p.m. Adjourn Day Two.

🍴 Dinner on Own.

## FRIDAY, MAY 26, 2017

- 6:00 a.m. **↑ Breakfast**  
Breakfast provided daily by the Hyatt Place Hotel.
- 8:30 a.m. **Continue IGFOA Meeting.**  
Longs Peak Conference Room, Hyatt Place Hotel, Denver
- Agenda Review.**
- Review results from Wednesday's discussions and overview of Today's Agenda
- 8:45 a.m. **Performance Measures Update**  
Deborah Milks, CPA
- Review the progress of the IGFOA performance measurement project. Discuss which measures are still appropriate, which new measures should be added and select a standard dashboard format for reporting.
  - Panel discussion on performance measure successes. How do performance measures focus on problem areas and motivate the finance office to address those problems?
- 9:45 a.m. **⌚ Morning Break.**
- 10:00 a.m. **Performer & GASB Updates**  
Frank Crawford, CPA
- FY15 Insular Government Performer Review (in Brief), Tax Abatement Disclosures, and the New Financial Reporting Model
- 12:00 p.m. **↑ Working Lunch (Hosted.)**
- Finalize government action planning to address:
- Audit Improvement
  - Finance Office Performance Measures
  - GASB Updates
- 2:00 p.m. **Government Report-Outs**
- 3:00 p.m. **Conference Wrap-up**
- Advancing the plans
  - Summary of progress during this session
  - Next steps
  - Conference evaluations
- 3:30 p.m. **Adjourn Day Three.**

# Government of Guam Status Update



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## GovGuam's FY2016 Audit Status

Describe the current status of your FY16 audit.

***Expected Issuance Date: 05-31-2017***

Describe any expected changes in your qualifications and findings from prior years.

***No expected changes***

Have you had any unusual challenges for the FY16 audit?

***None***

Have you made changes in the way your government addresses audit finding responses?

***Requested Single Audit Findings be provided earlier so adequate time is provided to resolve the Findings.***

## Status of GovGuam's action plans

Planning Area

Major accomplishments

Ideas you wanted to implement based upon the GFOA/IGFOA presentations

***Acquiring a new system – 10 hot tips for Software Selection***

Review and possible implementation of financial forecasting models

***Adopted the Cash Management template using our format***

Use of Financial Performance Measures

***Adopted for each branch: Measurement for number of invoices, bank reconciliation due dates and travel clearances.***

Implementation of OMB Uniform Grant Guidance

***Training provided to Agencies***

Implementation of GASB #72, 74 & 75, 77 (if applicable)

***Implementing GASB-74/75 in FY18 and early implementation of GASB-77 in FY16.***

Systems Planning

***Communications with Governor's Office & Office of Technology***

## GovGuam's Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.

**Bank Reconciliation**  
**Bounce Checks**  
**CMIA – Cash Management Improvement Act**

Which measure areas are most critical to you, as a finance manager?

**Bank Reconciliations – Remains Critical to Cash Management**

Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)

**No**

## GovGuam's Finance Office Challenges

What is the greatest challenge in your financial operations?

**1) Lack of Funding:**  
**a) Recruitment: Need for more Mid- to Upper-level Staff;**  
**b) Employee Retention: No opportunities for upward mobility;**  
**c) System Limitations: Improvements cost money.**

How could you resolve or improve that challenge?

**Enter into agreements with agencies to start charging for services performed. Funding will assist in staffing and systems improvements.**

How would you measure whether your improvement plan is working?

**Percentage of recovered costs: Goal is to fund no less than 20% of personnel costs.**

GovGuam's Performance Measures				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
Status of 3-31 bank reconciliations <b>Completed</b>	Physical inventory completed at 9-30-16? <i>Physical inventory completed on Jan-2016; next scheduled inventory is Jan-2018</i>	Average days to process an invoice FY17 <i>Data Entry: 4 days + Payment Aging: 3-10 Working Days depending on drawdown type</i>	Ratio of receivables to revenues for FY16 <b>8%</b>	% of SF425 reports submitted on a timely basis as of 12-31-16 <b>100% of the reports provided to the agencies for submission</b>
What is your target # days? <b>30 days after receiving bank statements</b>	Any fixed asset findings on the audit? <i>None expected for FY2016</i>	What is your target # days? <b>7 Days</b> <i>(Data Entry: 4 Days + Payment Aging: 3 Days after Drawdown)</i>	What is your target? <b>15%</b>	What is your target? <b>100% timely submission</b>
Compare to prior year <i>No changes; Continuing to average the same amount of days.</i>	Compare to prior year <i>With repeated findings for over 8 years, it has been a significant improvement. Continuous improvement is forecasted</i>	Compare to prior year <i>Payment Aging: increased due to slow drawdown</i>	Compare to prior year <i>FY15 was 16.8%, this was an improvement of 8.8%</i>	Compare to prior periods <i>No comparison to previous periods</i>
Do you have an improvement plan? <i>Cross-training of employees is on-going</i>	Completion plan? <i>Tagging of equipment is an on-going project; permanent personnel will be assigned to the Fixed Assets branch.</i>	Improvement plan? <i>Continue cross-training of staff</i>	Improvement plan? <i>Continue updating and enforcing policies and communicate with agencies.</i>	Improvement plan (if needed) <i>Continue to work with program managers to ensure that reports are submitted in the time period due. Centralizing FFR process to DOA to avoid delays and train program managers on how to properly prepare the SF425 timely.</i>

## GovGuam's Unspent Federal Funds

Year	All Grant Awards		Annual Grant Awards		Annual Awards < \$1M	
	2015	2016	2015	2016	2015	2016
Award Amount	199,735,901	<b>118,375,583</b>	85,137,033	<b>66,403,904</b>	16,150,657	<b>8,999,843</b>
Expend	170,172,901	<b>102,215,443</b>	77,885,742	<b>54,005,780</b>	13,074,318	<b>7,070,585</b>
Unspent (lost)	29,563,000	<b>16,160,140</b>	7,251,291	<b>12,398,124</b>	3,076,339	<b>1,929,258</b>
Unspent (lost) Percentage	15%	<b>14%</b>	9%	<b>19%</b>	19%	<b>21%</b>



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Why is this measure important?  
*To ensure compliance of grant requirements and improve performance measures.*

What is our plan to improve this measure?  
*Continue the enforcement of policies and follow-ups with agencies via email and phone.*

When do we expect to meet our goal?  
*Currently, we are keeping below our goal – less than 10%.*

February 03, 2017

MEMORANDUM

To: Attorney General, Office of the Attorney General  
 From: Director, Department of Administration  
 Subject: Request for Legal Opinion

Re: Does the Department of Administration have the legal authority to collect overdue travel-related accounts receivable from employees? And does the language on our forms comply with the local laws that govern travel and collection of advances paid to the traveler.

Buenaes yan Háfa Adial! We seek your legal opinion regarding the matter above and if we may apply the following statutes:

§ GCA §23108: Reporting and Accounting. "The Executive, Legislative and Judicial Branches of the government of Guam shall each have exclusive jurisdiction and control with regard to persons under their supervision or authority or cognizance authorized to travel at government expense and in all matters relating to travel of dependents, allowances, provisions for travel authorization, indirect travel, advancements (including recovery thereof), reporting and accounting for expenditures, and reimbursements of expenses of such persons. The members of the Legislature shall account to the Committee on Rules of the Legislature as to their expenditure of travel funds authorized by this Chapter in accordance with legislative rules and regulations."

§ GCA §23104: Per Diem Allowances. (c) "Within ten days following the return from official travel, an employee may submit an itemized statement of account supported by receipts, an affidavit, or both, of actual expenses incurred for lodging, meals and travel expenses actually incurred on official business during the period of official travel."

Your expeditious assistance in this matter is greatly appreciated.

*[Signature]*  
 CHRISTINE W. BAILEY

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## What is one recent finance office accomplishment you would like to highlight?

### ❖ SECURING ADDITIONAL FUNDING:

➤ *Entering into Memorandum of Understanding for Accounting Services performed for Semi-Autonomous and Autonomous agencies that fall under the purview of the Executive Branch of the Government of Guam*

✓ *MOU with Office of Public Accountability has been secured and finalized;*

❑ *MOU with Office of the Attorney General still pending; and,*

❑ *MOU with the Guam Visitors Bureau still pending.*

## FINANCIAL MANAGEMENT SYSTEMS ACQUISITION

### Systems Acquisition Process

- The Government of Guam has initiated the process to source a Financial Management Information System which is intended to modernize our current system which utilizes 1970's technology and practices.
- The focus is on the implementation of a new Enterprise Resource Planning system which will provide major advances in efficiency, transparency, and controls. It is also intended to improve access to information/reports that will assist management and elected officials in making good decisions.

### System History

- The original financial system was sourced in 1978 and used BACIS (Budget Accounting Information System). It was the first system used to modernize the Government's financial process.
- Prior to 2000, it was feared that a computer flaw, the so-called "Millennium Bug," Y2K (Year 2000) scare, would cause the system to crash. When complex computer programs were first written in the 1960s, engineers used a two-digit code for the year, leaving out the "19." As the year 2000 approached, many believed that the systems would not interpret the "00" correctly, therefore causing a major glitch in the system. A private Vendor developed its own version of BACIS on the IBM AS400. This became the common name used by government staff when referring to this upgraded program.
- In 1998, the government sourced and attempted to implement a new system called the Oracle, which had been sourced and chosen with little to no input from end users. The system was fully implemented in the year 2000 but a multitude of issues adversely affected the Government's ability to operate and manage the Government's finances.



## FINANCIAL MANAGEMENT SYSTEMS ACQUISITION

- After 2 years of unsuccessful implementation of the program, the government elected to go back to the BASIC system. However, since the parent company no longer provided technical assistance or support for the system, the government had to contract with the local systems support provider to provide a version of the program called FIRM 400 and restore the old system.

### Governance

- The Department of Administration has taken the lead and is considered the Project Sponsor.
- The Steering Committee is made up of key stakeholders in the Government.

These include:

1. Office of Technology
2. Division of Accounts
3. Department of Revenue and Taxation
4. Treasurer of Guam
5. Human Resources
6. Procurement

- Four Meetings have been held since the December 2016 conference.
- The Project Manager is the Chief Technology Officer for the Government.
- Technical Assistance Training on Best Practice and how to Avoid Big Mistakes was held in March 2017 by the Graduate School. The format was structured as a small group presentation that also facilitated information gathering from employees within the key stakeholder departments.
- The Steering Committee is comprised of the heads of each division/Department. Within their respective areas, they have identified and designated key staff to serve as the Core Team.



## FINANCIAL MANAGEMENT SYSTEMS ACQUISITION

- The Department of Administration has taken the lead and is considered the **Project Sponsor**.
- The **Steering Committee** is comprised of the heads of each Division/Department. These include:
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  2. Division of Accounts
  3. Department of Revenue and Taxation
  4. Treasurer of Guam
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- Within the respective areas above, key staff have identified and designated to serve as the **Core Team**.
- The **Project Manager** is the Chief Technology Officer for the Government of Guam.
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# Government of CNMI Status Update



**Commonwealth of the  
N. Mariana Islands**

GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)  
Summer Meeting, Denver, CO, May 21-26, 2017

# 3



CNMI FY 16 Audit Status	
Describe the current status of your FY16 audit.	Target set for June 30, 2017
Describe any expected changes in your qualifications and findings from prior years.	✓ Adverse + Disclaimer: Settlement Fund, CUC, CHCC ✗ Tobacco estimates; bank reconciliation;
Have you had any unusual challenges for the FY16 audit?	Uniform Guidance Sub-recipients Fixed Asset inventory incomplete
Have you made changes in the way your government addresses audit finding responses?	Committee established; multiple CAP Czars

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Status of CNMI action plans	
Planning Area	Major Accomplishment
Procurement Regulations	Comments closed; Re-drafting for promulgation
Cash Management Plan	Main section completed, schedules and supporting documents being updated
Create SOPs for Division of Finance and Accounting	Expected completion September 2017
Single audit committee	Established; role/function in infancy
Federal Program Compliance Staff	No Improvement
Systems Planning	Phase 2 to be implement FY 18

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CNMI Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	Revenue Estimates
Which measure areas are most critical to you, as a finance manager?	Collection of Travel Advances Communication of financial measures Insert your comments here
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	Grants Management Office & Office of Budget and Management

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CNMI Finance Office Challenges	
What is the greatest challenge in your financial operations?	<ul style="list-style-type: none"> <li>- Technical and Operational systems &amp; process</li> <li>- Personnel retention/training</li> </ul>
How could you resolve or improve that challenge?	<ul style="list-style-type: none"> <li>- Invest in new technology</li> <li>- Invest in human capital</li> <li>- Apply/enforce strict standards</li> </ul>
How would you measure whether your improvement plan is working?	<ul style="list-style-type: none"> <li>- Increased efficiency:                             <ul style="list-style-type: none"> <li>- personnel management;</li> <li>- processing times;</li> <li>- collections enforcement</li> </ul> </li> </ul>

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CNMI Performance Measures				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
March <b>28 days</b>	<b>83%</b> of Federal funds	<b>30 days</b>	<b>11%</b> of Expenses	<b>89</b> reports completed (4 annual)
Target <b>30 days</b>	<b>4</b> findings FY15 audit	Target <b>30 days</b>	N/A	<b>95%</b> completed on time FY 15 = 458
FY 15 = <b>63 days</b> FY 16 = <b>35 (G) &amp; 28 (F)</b>	Prior year <b>0%</b>	Prior year <b>34 days</b>	Prior year <b>17%</b>	<b>73</b> reports
Change processes	Hire more staff; Update lost records	Future target = 25 days	N/A	No improvements necessary

CNMI Unspent Federal Funds		
	Grants which expired 9-30-2015	Grants which expired 9-30-2016
Budgeted/Estimated	<b>\$121,790,379</b>	<b>\$116,167,012</b>
Expended (through 12-31)	<b>\$74,306,596</b>	<b>\$69,991,921</b>
Unspent (lost) funds	<b>\$47,483,783</b>	<b>\$46,175,091</b>
Lost funds/ budgeted amount = % lost	<b>39%</b>	<b>40%</b>



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### What is one recent finance office accomplishment you would like to highlight?

- Process change for timeliness in bank reconciliation and federal grant payments.
- Enforcement of Travel Advance policies and procedures for better collection of payments.

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# Government of American Samoa Status Update

## American Samoa Government

GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)  
Summer Meeting, Denver, CO, May 21-26, 2017

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ASG FY 16 Audit Status	
Describe the current status of your FY16 audit.	<ul style="list-style-type: none"> <li>• Completed May 11, 2017</li> <li>• Financials issued</li> <li>• Single Audit report yet to be issued</li> </ul>
Describe any expected changes in your qualifications and findings from prior years.	<ul style="list-style-type: none"> <li>• 4 qualifications – gov't activities, GF, Grants, CU</li> <li>• same financial findings</li> <li>• 4 single audit findings</li> </ul>
Have you had any unusual challenges for the FY16 audit?	Bonds & CU balance due confirmations
Have you made changes in the way your government addresses audit finding responses?	Need to reform resolution committee

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Status of ASG action plans	
Planning Area	Major Accomplishment
Use of Financial Performance Measures	Review again?
Working with departmental staff	BRT
Systems Planning	OneSolution – Live mid February 2017

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ASG Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	<p><b>CMIA</b> <b>Timely audits</b></p>
Which measure areas are most critical to you, as a finance manager?	<ul style="list-style-type: none"> <li>• <b>Timely GL account recons</b></li> <li>• <b>Grant receivables</b></li> </ul>
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	<p><b>No</b></p>

ASG Finance Office Challenges	
What is the greatest challenge in your financial operations?	<ul style="list-style-type: none"> <li>• <b>Cash flow</b></li> <li>• <b>Changing processes</b></li> </ul>
How could you resolve or improve that challenge?	<ul style="list-style-type: none"> <li>• <b>Cash flow – manage General Fund expenses, draw on grant receivables</b></li> <li>• <b>Changing processes – document and communicate; allow time for change</b></li> </ul>
How would you measure whether your improvement plan is working?	<ul style="list-style-type: none"> <li>• <b>Cash flow – daily cash report, decrease in AP outstanding</b></li> <li>• <b>Changing processes – ?</b></li> </ul>



ASG Performance Measures				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
current	Yes but not completed by 9/30/2016	5-10 days	14%	90%
Within 15 days after month end	Yes	5-7 days	Under 5%	100 %
current	Airport Fund capital assets - qualified	Sometimes longer than 12 days	13.8%	Significant decrease
Need improvement plan for GL recon	Yes	Need to measure difference now that purchasing process is paperless	Weekly grants receivable updates	Continue to remind programs about report due dates.

## ASG Unspent Federal Funds



	Grants which expired 9-30-2015	Grants which expired 9-30-2016
Budgeted		\$46,377,019
Expended (through 12-31)		\$43,537,337
Unspent (lost) funds		2,839,682
Lost funds/ budgeted amount = % lost		6.12%

Maybe we won't use this slide since we weren't able to gather enough data

# Government of USVI Status Update



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<b>GOVERNMENT OF THE VIRGIN ISLANDS - FY 16 Audit Status</b>	
Describe the current status of your FY16 audit.	<b><i>The 2016 Financial and Single Audit has begun with an expected issuance date of June 27, 2017.</i></b>
Describe any expected changes in your qualifications and findings from prior years.	<b><i>No major changes for 2016 audit. However, we are progressively working toward building a detail audit correction plan.</i></b>
Have you had any unusual challenges for the FY16 audit?	<b><i>Considering the ERP system upgrade, trouble shooting some of the unexpected errors was somewhat challenging.</i></b>
Have you made changes in the way your government addresses audit finding responses?	<b><i>Yes. GVI is in the beginning stages of forming an audit task force to review findings and compose detail corrective action plans.</i></b>

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<b>Status of Government of the Virgin Islands (GVI) action plans</b>	
Planning Area	<ul style="list-style-type: none"> <li>❖ More collaboration with various departments and agencies to improve timely and accurate reporting by enhancing modules and/or fully implementing modules. (i.e. Grants Management Module and Fixed Asset Module).</li> <li>❖ Continuous enhancement of Standard of Operating Policies and Procedures (SOPPs).</li> </ul>
Use of Financial Performance Measures	<ul style="list-style-type: none"> <li>❖ We are currently using Financial Performance measures, but are not monitoring as we should. However, we have identified them and the need to communicate in a more consistent and transparent manner.</li> </ul>
Working with departmental staff	<p>The needs identified would begin with developmental of staff beginning with the following:</p> <ul style="list-style-type: none"> <li>❖ Continuous cross training and regular meetings developing action plans</li> <li>❖ Creating a Liaison at different departments and agencies for more quick responses and updates.</li> <li>❖ Including key persons for building and establishing SOPPs</li> </ul>
Systems Planning	<ul style="list-style-type: none"> <li>❖ Full implementation of modules and customization of reports</li> </ul>
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## GOVERNMENT OF THE VIRGIN ISLANDS

### Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.

- ❖ Timely bank reconciliations

Which measure areas are most critical to you, as a finance manager?

❖ The Government of the Virgin Islands has developed a cash flow model to monitor and control **cash flow**, which is the most critical area of a finance manager. Given the current delicate liquidity issues, a five year cash flow model, utilized primarily by the Department of Finance (DOF) has been a very instrumental tool.

The model assist GVI in monitoring the following:

- ❖ Timely Federal Grants draw downs
- ❖ Enhancing revenue collection

Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)

- ❖ Yes, through the Governor's Executive Budget proposal

Monitor  
Cash flow

## GOVERNMENT OF THE VIRGIN ISLANDS

Example of Cash flow model (**Actuals Verses Budget**)

5 YEARS  
MODEL

Monthly Revenues and Expenses for FY2017 Expressed in \$000s	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Actual May-17	Forecast Jun-17	Forecast Jul-17	Forecast Aug-17	Forecast Sep-17
Cash Balance / (Deficit), Beginning of Month	27,706	16,917	22,225	1,051	6,393	1,818	(14,420)	29,050	15,683	26,142	8,533	(8,388)
<u>Revenues</u>												
Taxes & Other Revenue												
Individual Income Tax	22,710	18,832	19,462	35,715	20,948	23,978	73,892	24,180	30,641	21,751	21,140	39,429
Corporate Income Tax	1,887	1,116	7,173	1,675	403	3,587	13,288	1,898	10,061	2,046	883	10,944
Real Property Tax	3,738	1,673	1,348	1,714	1,193	1,554	1,359	5,000	7,000	17,333	17,333	16,333
Trade and Excise Tax	2,026	2,373	2,296	2,120	2,160	2,124	2,149	2,263	2,112	2,088	1,889	2,127
Gross Receipts Tax	8,872	11,470	17,064	16,715	14,540	14,093	12,158	15,394	13,411	12,968	11,953	13,721
Corporate Franchise Taxes	65	42	44	45	49	106	128	141	1,163	427	90	81

<b>Government of the Virgin Islands Finance Office Challenges</b>	
What is the greatest challenge in your financial operations?	<b>Cash flow</b> continues to be one of our greatest challenge. However, GVI five year cash flow model has been assisting GVI greatly.
How could you resolve or improve that challenge?	<ul style="list-style-type: none"> <li>❖ Continuous collaboration with our legislature to obtain new revenue initiatives through a five year plan</li> <li>❖ Continuous monitoring and reduction of overall expenditures</li> </ul>
How would you measure whether your improvement plan is working?	<ul style="list-style-type: none"> <li>❖ Monitor actual and projected expenditures against actual and projected revenues</li> <li>❖ Monitor the need to float bond and borrow</li> </ul>

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<b>Government of the Virgin Islands Performance Measures</b>				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
Status of 3-31 bank reconciliations 60 Days	Physical inventory completed at 9-30-16? No, one year behind	Average days to process an invoice FY17 10 (Dependent on the Cash flow)	Ratio of receivables to revenues for FY16 15%	% of SF425 reports submitted on a timely basis as of 12-31-16  \$655.7M was the estimated amount compared to \$763M Actuals, which is a 13% variance
What is your target # days? 60 Days	Any fixed asset findings on the audit? Yes	What is your target # days? 7	What is your target? 5%	What is your target 100%
Compare to prior year There has been 120 days improvement to prior year. It took 180 days to complete reconciliation of lack of staffing.	Compare to prior year Same	Compare to prior year 7	Compare to prior year Same	Compare to prior periods \$682M
Do you have an improvement plan? Given that additional staffing obtained. It allowed for monthly reconciliation from the previous target of quarterly reconciliation.	Completion plan? 2018	Improvement plan? Implement an email notification of item rejected for insufficient information.  Continuous training	Improvement plan? Continuous email notification to departments and agencies for emailing	Improvement plan (if needed) Full implementation of five year plan

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="background-color: #0056b3; color: white; padding: 5px; border: 1px solid white;">OMB</div> <div style="text-align: center;"> <h2 style="margin: 0;">Government of the Virgin Islands</h2> <h3 style="margin: 0;">Unspent Federal Funds</h3> </div> </div>		
	Grants which expired 9-30-2015	Grants which expired 9-30-2016
Budgeted	\$123,000,272	\$156,574,947
Expended (through 12-31)	\$113,276,174	\$146,464,425
Unspent (lost) funds	\$9,127,503	\$9,437,625
Lost funds/ budgeted amount = % lost	7.42%	6.03%

May 2017 Summer Conference

### GOVERNMENT OF THE VIRGIN ISLANDS

#### TRAVEL ADVANCES

***THE FINANCE DEPARTMENT HAS RECENTLY ESTABLISH ACCOUNT CODES TO CAPTURE AND MONITOR TRAVEL ADVANCES IN EFFORTS TO GENERATE A RECEIVABLE FOR ACCOUNTING PURPOSES.***

***CURRENTLY, THE TRAVEL ADVANCES ARE ON AN HONOR SYSTEM AND DOES NOT REQUIRE ANY RECEIPTS FOR PER DIEM, EXCLUSIVE OF HOTEL, TAXI, ETC.***

***THIS EFFORT IS IN ITS BEGINNING PHASE AND SHOULD BE FINALIZED AND FULLY IN EFFECT FOR FISCAL YEAR 2018.***

What is one recent finance office accomplishment you would like to highlight?

❖ Remove unfunded employees from payroll processing



THE END

# Government of FSM Status Update



**FSM NATIONAL GOVERNMENT**



Island Government Finance Officers' Association (IGFOA)  
Summer Meeting, Denver, CO, May 21-26, 2017

**GOVERNMENT  
STATUS UPDATE**

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FSM National Government FY 16 Audit Status	
Describe the current status of your FY16 audit.	<i>Compliance is 95% complete, financial is 95% and whole audit process is 95% complete. We do not expect any delay.</i>
Describe any expected changes in your qualifications and findings from prior years.	<i>Achieving our aim to eliminate or at least maintain the major federal program qualification (1), financial statements finding (1) and reduce the A-133 findings (5) in FY 16.</i>
Have you had any unusual challenges for the FY16 audit?	<i>The expectation of completing the audit by the end of April 2017 and it was not achieved due to some needed verifications. We are safe to expect completion no later than May 31, 2017.</i>
Have you made changes in the way your government addresses audit finding responses?	<i>We are trying to resolve potential audit findings before it become an official finding by communicating with the concerned department. We at the Department of Finance follow up to corrective action plans.</i>

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Status of FSM National Government action plans	
Planning Area	Major Accomplishment
GL Accounts Reconciliation	<i>Completed</i>
Development of Uniform Procurement Policy	<i>Ongoing</i>
Procurement of FMIS- Seek Technical Assistance for FMIS Procurement Preparation	<i>Ongoing</i>
Resolution of Prior Years' Questioned Costs	<i>FY14 and prior years are resolved, FY15- supporting documents were submitted to the auditor.</i>
Seek Assistance for Capacity Assessment for Accounting and Budget Staff	<i>Ongoing</i>

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FSM National Government Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	<i>Physical inventory of fixed assets.</i>
Which measure areas are most critical to you, as a finance manager?	<i>Timeliness of bank reconciliation and # of days to process an invoice .</i>
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	<i>Have not.</i>

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FSM National Government Finance Office Challenges	
What is the greatest challenge in your financial operations?	<i>Our financial operations' greatest challenge is the reconciliation of accounts particularly travel advances and cash (bank reconciliation). For both accounts, we already came up with a plan on how to improve them. Reconciliation is done on a monthly basis.</i>
How could you resolve or improve that challenge?	<i>We are monitoring such accounts and performing the reconciliation on a monthly. Trained the responsible staff. Monitor their performances. Required reviewing and approving of their work on a monthly basis.</i>
How would you measure whether your improvement plan is working?	<i>Accounts are reconciled on time and the balances are accurate.</i>

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FSM National Government Performance Measures				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
Status of 03-31 bank reconciliations All accounts are completed except General Fund, however, the finalization of recon as of 3/31 is about to be done.	Physical inventory completed at 09-30-16? Completed	Average days to process an invoice FY17 2-3 days	Ratio of receivables to revenues for FY16 20%	% of SF425 reports submitted on a timely basis as of 12-31-16 10%
What is your target # days? To complete the reconciliation process within 25 days.	Any fixed asset findings on the audit? There was no fixed asset finding on the audit of FY15 and we are aiming the same in FY16.	What is your target # days? To complete the process within three (3) days.	What is your target? To collect the receivables on a timely manner and ensure that receivables are not outstanding for more than ninety (90) days.	What is your target To submit the reports on or before the due date.
Compare to prior year Bank reconciliations are completed on time except General Fund due to the volume and further verifications need to be done	Compare to prior year There was fixed asset finding on the audit of FY14.	Compare to prior year Invoices were processed within three (2-3) days.	Compare to prior year Prior year's receivables ratio to revenues was 4%.	Compare to prior periods Improved
Do you have an improvement plan? To monitor cash receipts and disbursements on a daily basis. Set deadline to complete deadline for all bank recon.	Completion plan? To complete physical inventory, tagging and processing of documents for transfer before the end of each fiscal year.	Improvement plan? Invoices should adequately be supported to avoid delay in processing. Verification of invoices is now improved.	Improvement plan? To reconcile and monitor federal grant receivables on a monthly basis.	Improvement plan (if needed) To liquidate encumbrances on time. To make program personnel understand the financial reporting requirements.

## FSM NATIONAL GOVERNMENT UNSPENT FEDERAL FUNDS

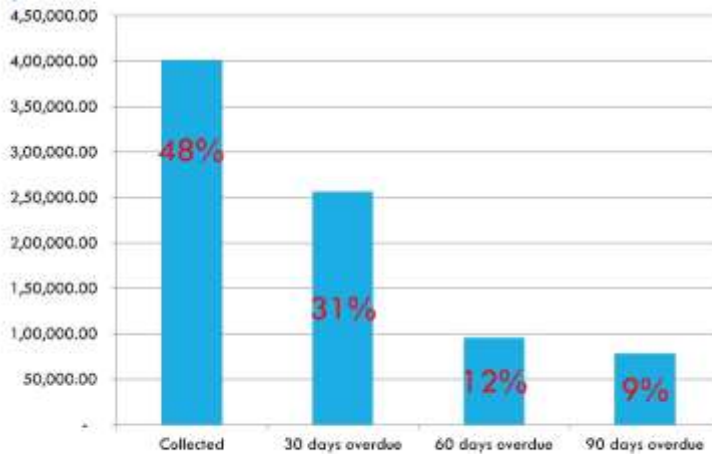


	Grants which expired 9-30-2015	Grants which expired 9-30-2016
Budgeted	\$2,070,871	\$1,804,139
Expended (through 12/31)	\$1,726,550	\$1,679,436
Unspent (lost) funds	\$344,321	\$124,703
Lost funds/ budgeted amount = % lost	17%	7%

### FSM NATIONAL GOVERNMENT TRAVEL ADVANCES

Total issued Jan – Mar '17 = \$832,762

Overdue as of April 30 = \$431,336



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**Why is this measure important?**

*It is important because it shows how the travel regulation is being followed.*

**What is our plan to improve this measure?**

*Strictly implement the travel regulation.*

**When do we expect to meet our goal?**

*Before the end of FY17.*

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### What is one recent finance office accomplishment you would like to highlight?

*The Department of Finance and Administration of FSM National Government resolved prior years questioned costs about \$4.3 million and now is at \$ 27K. We are in the process of taking different approaches to have the individual travelers personally liable for the cost of their unauthorized travels. This is how serious we are in clearing QC. We will take any possible approach to clear the \$27K.*

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MAY 2017 SUMMER CONFERENCE

***THANK YOU AND PLEASE FEEL FREE TO ASK  
QUESTIONS?***



# Government of Pohnpei Status Update

## POHNPEI STATE GOVERNMENT

GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)  
Summer Meeting, Denver, CO, May 21-26, 2017

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Pohnpei State Government FY 16 Audit Status	
Describe the current status of your FY16 audit.	<b><i>Our FY 2016 audit is still ongoing. Our Final Trial Balance was transmitted.</i></b>
Describe any expected changes in your qualifications and findings from prior years.	<b><i>The audit is still ongoing.</i></b>
Have you had any unusual challenges for the FY16 audit?	<b><i>Account reconciliations started last month. Auditor's requested schedules are being expedited .</i></b>
Have you made changes in the way your government addresses audit finding responses?	<b><i>Corrective action plans for each prior year finding will be implemented strictly.</i></b>

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Status of Pohnpei State Government action plans	
Planning Area	Major Accomplishment
Use of Financial Performance Measures	<b><i>Up-to- date current year bank reconciliations.</i></b>
Working with departmental staff	<b><i>Completed bank reconciliations for FY 2016 up to April 2017.</i></b>
	<b><i>Continue to monitor and follow up account reconciliations.</i></b>
Systems Planning	<b><i>FSMNG advised that procurement of the new system is in process.</i></b>

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## Pohnpei State Government Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.

*Timely processing of invoice.*

Which measure areas are most critical to you, as a finance manager?

*Federal grant documentation and compliance with program requirements. Inventory and monitoring of fixed assets.*

Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)

*A tentative plan for internal finance division workshop in June and subsequently to other departments and agencies.*

## Pohnpei State Government Finance Office Challenges

What is the greatest challenge in your financial operations?

*Our challenges lie in the resolution of prior year questioned costs, cash flow and personnel turnover.*

How could you resolve or improve that challenge?

*We need to ensure complete documentation prior to processing program requests.*

How would you measure whether your improvement plan is working?

*No audit findings.*

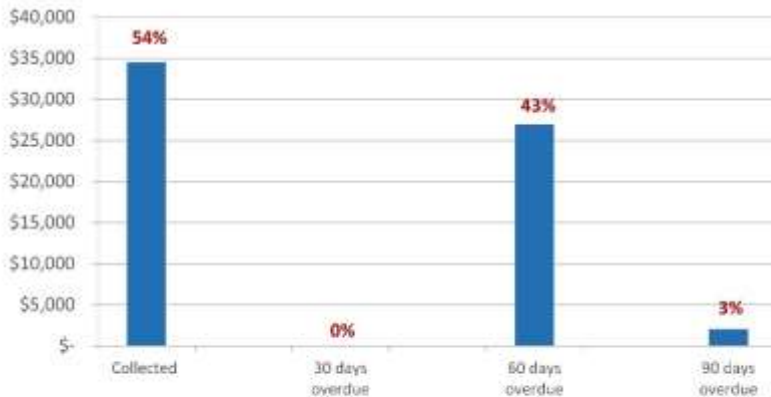


Pohnpei State Government Performance Measures				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
Status of 3-31 bank reconciliations <b>Completed</b>	Physical inventory completed at 9-30-16? <b>Completed</b>	Average days to process an invoice FY17 2 - 3 days	Ratio of receivables to revenues for FY16 94%	% of SF425 reports submitted on a timely basis as of 12-31-16 100%
What is your target # days? To complete the reconciliation process within 5 days upon receipt of bank statements.	Any fixed asset findings on the audit? <b>Audit is still ongoing.</b>	What is your target # days? 24 hours	What is your target? 15 days	What is your target? 15 days
Compare to prior year Lack of review and supervision from prior year.	Compare to prior year Asset maintenance activities should be documented and monitored.	Compare to prior year 3 days	Compare to prior year 30 days	Compare to prior periods 30 days
Do you have an improvement plan? Ensure timely supervision and monitoring of staff.	Completion plan? Implemented the Fixed Asset Module.	Improvement plan? 24 hours upon receipt of complete documentation.	Improvement plan?	Improvement plan (if needed)

## Pohnpei State Government Unspent Federal Funds

	Grants which expired 9-30-2015	Grants which expired 9-30-2016
Budgeted	<b>\$1,755,910</b>	<b>\$3,210,418</b>
Expended (through 12-31)	<b>\$1,618,127</b>	<b>\$2,787,951</b>
Unspent (lost) funds	<b>\$137,783</b>	<b>\$422,467</b>
Lost funds/ budgeted amount = % lost	<b>8%</b>	<b>13%</b>

Pohnpei State Travel Advances  
Total issued Jan- Mar '17 = \$63,457  
Overdue as of April 30 = \$28,937



Why is this measure important?  
**Timely liquidation of travel vouchers facilitate collection of advances from travelers.**

What is our plan to improve this measure?  
**Hiring a permanent staff for travel to strictly enforce travel regulations.**

When do we expect to meet our goal?  
**August 2017**

## What is one recent finance office accomplishment you would like to highlight?

- Hiring of our Financial Advisor
- Our plan to have a workshop for the entire Department to start mid to end of next month
- Followed by workshops for the entire executive branch with the legislative and judiciary branches at a later date.



# Government of Kosrae Status Update

**Kosrae State**Government  
GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)  
Summer Meeting, Denver, CO, May 21-26, 2017

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KOSRAE STATE GOVT FY 16 Audit Status	
Describe the current status of your FY16 audit.	<ul style="list-style-type: none"> <li>• FY 16 Audit fieldworks completed, awaiting issuance of 1<sup>st</sup> Daft.</li> <li>• There is open item in the audit that can be resolved once the audit of Kosrae Housing Authority is completed.</li> <li>• Draft is expected by last week of May or first week of June</li> </ul>
Describe any expected changes in your qualifications and findings from prior years.	<ul style="list-style-type: none"> <li>• Outcome of the Kosrae Housing Authority's audit might affect the opinion on the State's primary government audit. Although it is too early to determine at this point.</li> </ul>
Have you had any unusual challenges for the FY16 audit?	<ul style="list-style-type: none"> <li>• The application of the New Super Circular on the auditors fieldworks increased the number of samples they reviewed particularly the review of the subsequent disbursements.</li> </ul>
Have you made changes in the way your government addresses audit finding responses?	<ul style="list-style-type: none"> <li>• No major changes in the way we address the findings. We prioritize the handling of the findings to ensure that any questions from the auditors are addressed.</li> </ul>

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Status of Kosrae State Government action plans	
Planning Area	Major Accomplishment
Use of Financial Performance Measures	Update and follow-ups done. Dashboard was updated and shared to budget and other offices that requested.
Working with departmental staff	Procurement Section held a meeting with Property Custodians from all Departments and other Government Agencies to discuss new inventory procedures.
Systems Planning	Awaiting FSM National
GASB Update	Statement 72 is in effect for FY 2016 Audit and such resulted in the increase in valuation of Grants Assistance Investment by more than \$600K
Measure % on Unspent FG	Implemented for Compact Sector Grants

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May 2017 Summer Conference

## Kosrae Performance Measures

List the IGFOA performance measures where your office consistently achieves your target.

*Timely Reconciliation of bank accounts*

Which measure areas are most critical to you, as a finance manager?

*Revenue estimates within target*

Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)

*Yes, to the Governor and Cabinet Members, budget office, etc.*

## Kosrae State Gov't. Finance Office Challenges

What is the greatest challenge in your financial operations?

• The greatest challenge in Kosrae State's financial operations is the limited cash flow.

How could you resolve or improve that challenge?

- Recommend that the FSM Revenue shares of additional 20% per FSM Law 18-107 be given to the State temporarily to assist subsidize the general Fund operations.
- Request funding through the CFSM Funds for special projects instead of funding through general fund operations.
- Encourage foreign investments.

How would you measure whether your improvement plan is working?

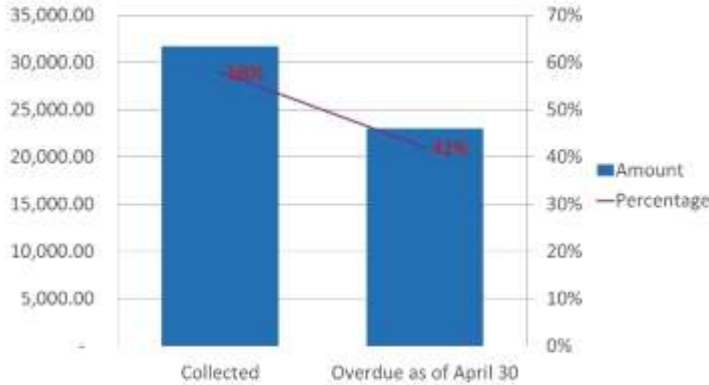
• Quarterly monitoring of the actual revenues and current revenues by comparing to the same period of previous years.

Kosrae State Gov't. Performance Measures				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
Status of 3-31 bank reconciliations <b>All 4 accounts completed 2 to 3 days after date received statements</b>	Physical inventory completed at 9-30-16? <b>Ongoing - started on March 16, 2017</b>	Average days to process an invoice (FY17) <b>General Fund - 98% on target Federal Funds - 99% on target</b>	Ratio of receivables to revenues for FY 16 <b>100%</b>	% of SF425 reports submitted on a timely basis as of 12-31-16 <b>100%</b>
What is your target # days? <b>15 days after statement received</b>	Any fixed asset findings on the audit? <b>None</b>	What is your target # days? <b>Within 3 days after all documents are received</b>	What is your target? <b>100%</b>	What is your target? <b>100%</b>
Compare to prior year <b>Same</b>	Compare to prior year <b>None</b>	Compare to prior year <b>Same</b>	Compare to prior year <b>Same</b>	Compare to prior periods <b>Same</b>
Do you have an improvement plan? <b>No need</b>	Completion plan? <b>Status is half-way. Scheduled for July 14 but due to RSL Budget Hearing, extended 1 week</b>	Improvement plan? <b>Work closely with departments to ensure complete documentation</b>	Improvement plan?	Improvement plan (if needed)

## Kosrae State Government Unspent Federal Funds

	Grants which expired 9-30-2015 (ext. through 12/31/2015)	Grants which expired 9-30-2016 (ext. through 02/28/2017)
Budgeted	<b>\$7,155,854.00</b>	<b>\$6,672,331.00</b>
Expended (through 12-31)	<b>\$6,997,742.90</b>	<b>\$6,430,133.32</b>
Unspent (lost) funds	<b>\$158,111.10</b>	<b>\$242,197.68</b>
Lost funds/ budgeted amount = % lost	<b>2%</b>	<b>4%</b>

**Kosrae State Government Travel Advances**  
 Total Issued Jan-Mar '17 = \$54,707.65  
 Overdue as of April 30 = \$22,991.20



**Why is this measure important?**

- To ensure compliance with FMR and show how effective the Finance Office enforce the FMR

**What is our plan to improve this measure?**

- Finance will recommend to the Governor that on a quarterly basis, a listing of the outstanding travel advance will be distributed to all the department heads for appropriate action.

**When do we expect to meet our goal?**

- State Finance will assign one staff to follow up with the departments' administrative officers the submission of the travel vouchers.

**What is one recent finance office accomplishment you would like to highlight?**

**Procurement**

- Significant drop in the number of "after the fact" purchasing
- Proper purchasing procedures are strictly endorsed to help eradicate this purchase procedure violations.

**Property Management**

- Custodial areas are now defined within the accountability area and property custodians identified and appointed in writing.
- Property Management and Property Custodians met and collaborated to put into place guidelines and procedures to properly account for property, whereas a Hand Receipt Procedure was introduced and approved by all present for implementation.





# Government of RMI Status Update

**RMI** Government  
GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA)  
Summer Meeting, Denver, CO, May 21-26, 2017

9

RMI GOVT FY 16 Audit Status	
Describe the current status of your FY16 audit.	<b><i>On Schedule!</i></b>
Describe any expected changes in your qualifications and findings from prior years.	<b><i>No major changes. Qualification expected to remain the same. Anticipate same audit findings with some resolution.</i></b>
Have you had any unusual challenges for the FY16 audit?	<b><i>No USUAL Challenges just recurring issues particularly limited supporting documentations or lack thereof</i></b>
Have you made changes in the way your government addresses audit finding responses?	<b><i>Establishment of the Audit Resolution Committee and Corrective Action Plans are incorporated into final recommendations.</i></b>

IGFOA Denver

May 2017 Summer Conference

Status of RMI GOVT action plans	
Planning Area	Accomplishments
Use of Financial Performance Measures	Timely Bank Reconciliation
Working with departmental staff	Procurement Training & Monthly Reconciliations
Systems Planning	Progressing with World Bank
Employee Engagement	Accounting Divisions Fully Staffed
Financial Forecasting System	Technical Assistance Secured - PFTAC

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Status of RMI GOVT action plans	
Planning Area	Challenges
Uniform Grant Guidance	No Training Since 2015
Finance Office Outreach (communicating on island)	Development Ceased due to reprioritization
Cash Management Plan	Turn Over

RMI GOVT Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	<b>Bank reconciliation</b>
Which measure areas are most critical to you, as a finance manager?	<b>Federal Grants Receivables &amp; Fix Assets Inventory</b>
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	<b>No Current Schedule</b>

RMI Government Finance Office Challenges	
What is the greatest challenge in your financial operations?	Inefficient Procurement Process
How could you resolve or improve that challenge?	Revise the current process to eliminate unnecessary duplication – Lean Process
How would you measure whether your improvement plan is working?	Weekly Reporting

RMI Government Performance Measures				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
Status of 3-31 bank reconciliations	Physical inventory completed at 9-30-16?	Average days to process an invoice FY17	Ratio of receivables to revenues for FY16	% of SF425 reports submitted on a timely basis as of 12-31-16
Updated as of April	Any fixed asset findings on the audit? Yes	No data to support	What is your target? Data not compiled in form of report to reflect the ratio but target is weekly	What is your target?
Compare to prior year- Significant improvement	Compare to prior year No improvement	Invoice to PMT currently same day of receipt (if all supporting document sufficient)	Compare to prior year Not addressed in prior years	Compare to prior periods
Do you have an improvement plan? Bi-weekly reconciliation as opposed to monthly and daily for transactions beyond MGF system i.e. bank generated transactions	Completion plan? Fill Senior past within Procurement & Supply then dedicate Asset Manager to Fixed Asset Inventory	Official Monitoring Program to Commence - Based on compact mapping process.	Improvement plan? In the process   Improve collaboration between Budget & Accounting	Improvement plan (if needed)

## RMI Government Unspent Federal Funds



	Grants which expired 9-30-2015	Grants which expired 9-30-2016
Budgeted		\$14,270,699
Expended (through 12-31)		\$9,370,974
Unspent (lost) funds		\$1,553,389
Lost funds/ budgeted amount = % lost		11% Lost

### What is one recent finance office accomplishment you would like to highlight?

AUDIT on Schedule to Meet Deadline

PFM Improvement Plans



# Government of Palau Status Update



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Republic of Palau FY 16 Audit Status	
Describe the current status of your FY16 audit.	<ul style="list-style-type: none"> <li>Submitted Financial statements and supporting schedules on March 14, 2017.</li> <li>Compliance fieldwork is on going.</li> <li>Pending Financial statement <u>New</u> Board and Authority- Belau Submarine Cable Corporation (BSCC) ROP by end of May 2017.</li> </ul>
Describe any expected changes in your qualifications and findings from prior years.	Less findings and questioned cost.
Have you had any unusual challenges for the FY16 audit?	<i>Late submission of financial statements and schedules.</i>
Have you made changes in the way your government addresses audit finding responses?	<ul style="list-style-type: none"> <li>We created an audit committee in 2015;</li> <li>Need to revise the committee's responsibilities and appoint new members.</li> </ul>

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Status of Republic of Palau action plans	
Planning Area	Major Accomplishment
Use of Financial Performance Measures	<ul style="list-style-type: none"> <li>Performance based management system report to the OEK, quarterly management and staff meetings;</li> <li>Presidents 100 days report;</li> <li>Presidents Leadership meeting in May 2017.</li> </ul>
Working with departmental staff	<ul style="list-style-type: none"> <li>Continuous Training, Monitoring, and Meetings with departments;</li> <li>Work with Personnel/BPSS to identify and coordinate technical trainings.</li> </ul>
Bank reconciliation	<ul style="list-style-type: none"> <li><i>Hired additional staff. Bank recon is now current and reconciled on a monthly basis.</i></li> </ul>
Travel section	<ul style="list-style-type: none"> <li><i>Hired additional staff;</i></li> <li><i>Travel policy revised and implemented on Feb.1, 2017;</i></li> <li><i>Continue to collect through payroll deduction.</i></li> <li><i>Reduced travel vouchers submission to 15 days.</i></li> </ul>
Grant drawdowns	<ul style="list-style-type: none"> <li><i>Training staff to ensure drawdown completed on a timely manner.</i></li> </ul>
Systems Planning	<ul style="list-style-type: none"> <li>Developing procurement plan;</li> <li>Major need - requesting DOI to fund Project Manager i.e. Debbie Milks ☺</li> </ul>
Training (Developing Effective Corrective Action Plans) Feb.27- March 3, 2017	<ul style="list-style-type: none"> <li>The training was very helpful on how we will respond to audit findings.</li> <li>Incorporating the corrective action plan template when we respond.</li> </ul>

(Republic of Palau) Performance Measures	
List the IGFOA performance measures where your office consistently achieves your target.	Budget vs. Actual
Which measure areas are most critical to you, as a finance manager?	Bank reconciliation
Have you presented your performance measures to any other entity (the Governor or President, the Legislature, an NGO, the budget office?)	Budget office, Legislature, Media

(Republic of Palau) Finance Office Challenges	
What is the greatest challenge in your financial operations?	<ul style="list-style-type: none"> <li>• Personnel turnover</li> </ul>
How could you resolve or improve that challenge?	<ul style="list-style-type: none"> <li>• Hire the right people</li> <li>• Engage and provide more development and capacity building opportunities</li> <li>• Cross Training</li> <li>• Managers/Supervisors to provide more frequent performance review</li> </ul>
How would you measure whether your improvement plan is working?	<ul style="list-style-type: none"> <li>• Annual employee engagement survey</li> <li>• Annual performance evaluation/review PD</li> </ul>

<b>(Republic of Palau) Performance Measures</b>				
<b>Timeliness of Bank reconciliation</b>	<b>Fixed Asset Inventory</b>	<b># days to process an invoice paid through a federal grant</b>	<b>Federal Grant Receivables</b>	<b>Timeliness of SF425 reports</b>
<b>Status of 3-31 bank reconciliations</b> <ul style="list-style-type: none"> <li>• 30% met the target days</li> </ul>	<b>Physical inventory completed at 9-30-16?</b> <ul style="list-style-type: none"> <li>• No, as mandated by ROP RPPM Policy, Section 203.8, Inventory is conducted every 2 Years.</li> <li>• Physical inventory is taking place this year 2017.</li> </ul>	<b>Average days to process an invoice FY17</b> <ul style="list-style-type: none"> <li>• 35 days</li> </ul>	<b>Ratio of receivables to revenues for FY16</b> <ul style="list-style-type: none"> <li>*96%</li> <li>(4% outstanding)</li> </ul>	<b>% of SF425 reports submitted on a timely basis as of 12-31-16</b> <ul style="list-style-type: none"> <li>*96%</li> </ul>
<b>What is your target # days?</b> <ul style="list-style-type: none"> <li>• Within 30 days-closing month end</li> </ul>	<b>Any fixed asset findings on the audit?</b> <ul style="list-style-type: none"> <li>• FY16 mainly on reconciliation.</li> </ul>	<b>What is your target # days?</b> <ul style="list-style-type: none"> <li>• 30 days</li> </ul>	<b>What is your target?</b> <ul style="list-style-type: none"> <li>*100%</li> <li>(\$0 receivables)</li> </ul>	<b>What is your target?</b> <ul style="list-style-type: none"> <li>*100%</li> </ul>
<b>Compare to prior year</b> <ul style="list-style-type: none"> <li>• Improved</li> </ul>	<b>Compare to prior year</b> <ul style="list-style-type: none"> <li>• Repeated finding</li> </ul>	<b>Compare to prior year</b> <ul style="list-style-type: none"> <li>• No improvement; last year 34 days</li> </ul>	<b>Compare to prior year</b> <ul style="list-style-type: none"> <li>*Steady improvement</li> </ul>	<b>Compare to prior periods</b> <ul style="list-style-type: none"> <li>*same</li> </ul>
<b>Do you have an improvement plan?</b> <ul style="list-style-type: none"> <li>• To continue to monitor and provide assistance to recon team</li> </ul>	<b>Completion plan?</b> <ul style="list-style-type: none"> <li>• MEMO was sent to all departments to identify fixed asset custodian to work with Division of Property &amp; Supply to reconcile fixed assets.</li> </ul>	<b>Improvement plan?</b> <ul style="list-style-type: none"> <li>• Work with vendors to submit invoices on a weekly basis</li> </ul>	<b>Improvement plan?</b> <ul style="list-style-type: none"> <li>*drawdowns twice a month or on a daily basis</li> </ul>	<b>Improvement plan (if needed)</b> <ul style="list-style-type: none"> <li>**Work with departments on a monthly basis to clear encumbrances prior to FFR submission</li> </ul>

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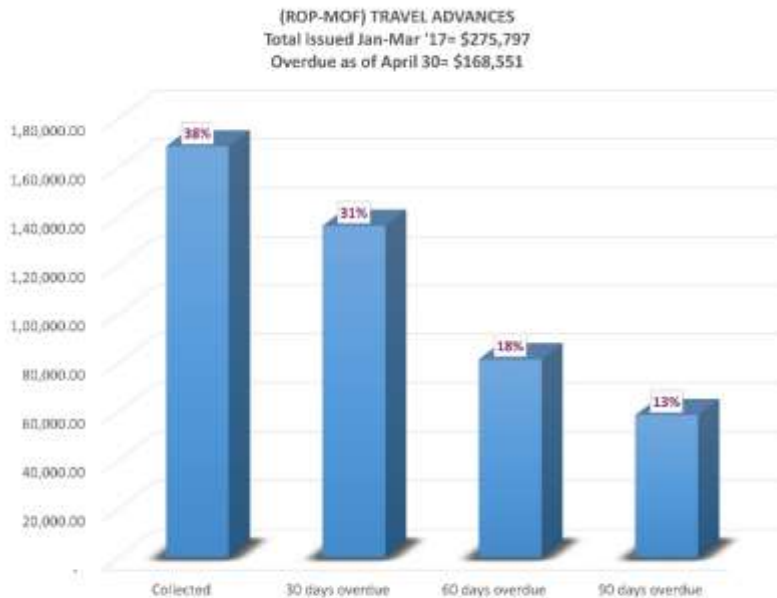
## Republic of Palau Unspent Federal Funds

	<b>Grants which expired 9-30-2015</b>	<b>Grants which expired 9-30-2016</b>
<b>Budgeted</b>	7,564,053	5,484,816
<b>Expended (through 12-31)</b>	6,290,593	4,478,954
<b>Unspent (lost) funds</b>	1,273,460	1,005,862
<b>Lost funds/ budgeted amount = % lost</b>	17%	18%

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**Why is this measure important?**

- To improve cash flow and fairness in collecting travel advances.

**What is our plan to improve this measure?**

- We will hire additional staff and we continue to collect through payroll deduction.

**When do we expect to meet our goal?**

- January 2018

**What is one recent finance office accomplishment you would like to highlight?**

- Fixed asset management training that was held on March 2017
  - Accountable officers to understand their roles and identify their custodians to work with MOF (Supply) to reconcile fixed assets.
  - Disposition of inoperable/un-located assets
  - Reconciliation of asset list
  - Part of corrective action plan

## SPECIAL MESSAGE TO THE RETIREES...OLDIES BUT GOODIES!

- Retirement of Director Ruth Wong
- For over some decades, Director Wong have **managed to improve policies and procedures, processes, and continuous unmodified audit reports.**
- Her **dedication and commitment** serves as a vital link in the chain which drives the ministry.



We (The Ministry) don't want her to leave but she deserves to enjoy her retirement. Although she will retire, her contribution to the Ministry will not be forgotten as she has passed it on to her staff to continue the successes she has achieved. She will be missed.



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## SPECIAL MESSAGE TO THE RETIREES...OLDIES BUT GOODIES!



We want to take this opportunity to express our gratitude to the Graduate School for helping ROP-MOF throughout the years for many technical assistance that you have provided to us and because of your help we have tremendously improved over the years.

We want to personally thank Mr. Stephen Latimer who was our advocate/mentor who was able to assist us with trainings and provided consultants to help us improve our processes. We wish him success in all his future endeavors.



Ke kmal Mesulang!!

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**SULANG, THANK YOU!!!**

**QUESTIONS**



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[www.domein.com](http://www.domein.com)

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# City of Arvada



Presentation to  
Island Government Finance Officers  
Association

May 24, 2017



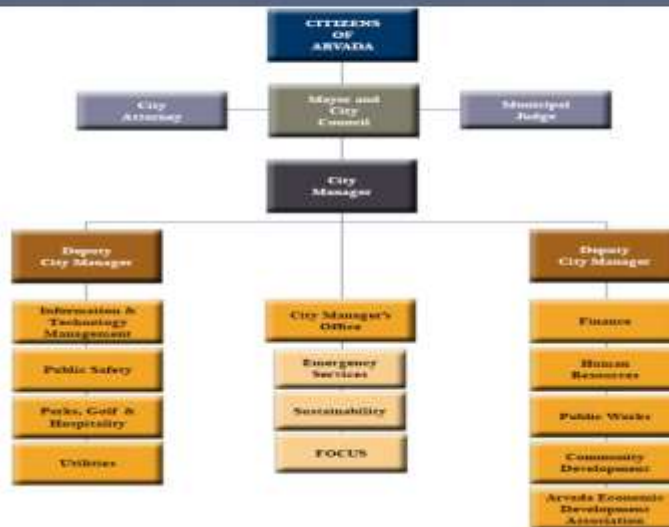
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## Community Profile



## City of Arvada Organizational Chart



## City of Arvada

- 2017 budget = \$197,615,000
- Police, Parks, Public Works, Water, Wastewater Stormwater
- Housing Authority
- Two golf courses
- Banquet services



## Transparency Initiatives



## Financial Transparency

- Comprehensive Annual Financial Report
- 2-Year Budget, 10-Year Financial Plan
- Quarterly Financial Reports and presentations to City Council
- Revenue Manual
- Future Plans



## Financial Transparency Portal

- Financial information available for citizens
- Query by fund, program, vendor or expenditure type
- Personnel, transfers and journal entries not included

 CITY OF ARVADA Version 1.1 [Return to City of Arvada Transparency page](#)

### City of Arvada Financial Transparency

Please choose dates after January 1, 2010. Start and End Dates are required fields.

- Start Date (MM/DD/YYYY): 01/01/2018
- End Date (MM/DD/YYYY): 05/16/2017

You may narrow your search by filling in any portion of a Vendor, Fund, Location, or Account Number below that you are interested in viewing. \*\* These are optional fields.

Vendor:

Fund: no fund selected

Location: no division selected

Expenditure Type: no expenditure type selected

[Submit](#)

## FOCUS

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Performance management system started in 2013

2013-2015: Department business plans created, including performance measures

July 2016: Established new Vision, Mission and Values

2017: Citizen performance dashboard launched



## FOCUS

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✓ VISION  
We Dream Big and Deliver



✓ MISSION  
We are dedicated to delivering superior services to enhance the lives of everyone in our community

## FOCUS

### ✓ VALUES

- INNOVATION – We excel in creativity, flexibility and the use of best practices while valuing diverse backgrounds, ideas and perspectives
- PASSION – We are a high performing inclusive team inspiring each other to pursue excellence
- OPPORTUNITY – We value our diversity, embrace possibilities, face challenges, persevere and take action to deliver quality results

## FOCUS Dashboard

- City Council Strategic Plan
- Created in 2013 and updated every year
- Status of each goal



## Finance Performance Measures

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- Maintain a AA or better bond rating
- Obtain GFOA Budget and CAFR awards
- 50% of grant proposals will be awarded
- 100% of p-card audits are performed within 60 days of the statement date
- 80% of p-card audits are compliant with the policy
- 75% of invoices paid by due date
- 99% of invoices sent out within 5 working days after month end



## Finance Performance Measures

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- By 2015, 90% of contracts for services will contain specific performance measures and by 2017, 85% of contracts for service will be awarded or renewed based partially upon performance results
- 60% of businesses will file sales and use tax returns online by end of 2017
- 80% of audits completed within timeframes specified by industry standards
- 90% of revenues received are deposited with 2 business days
- By 2017, total at fault auto physical damage and auto liability claims excluding police department will be reduced by 10% in frequency and severity

## Citizen Capital Improvement Project Committee

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- Committee formed in 2008 and 2015 to prioritize capital projects and recommend strategies to fund the projects
- Committee announcement and invitations to apply posted in local newspaper and on the City's website
- Committee selected by City Council
- Nine-month duration
- Directed by outside facilitator



## Citizen Capital Improvement Project Committee

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- All departments (excluding Enterprise funds) listed their proposed projects and the cost of the project for the next ten years
- All projects presented to the committee, including a tour of many sites
- Committee could propose their own projects
- Estimated revenue for the next ten years
- Committee created ground rules and evaluation criteria

## Citizen Capital Improvement Project Committee

### Criteria

- Replacement or improvement of existing assets
- Economic impact and return on investment
- Quality of life
- Safety
- Service to underserved populations
- Increased connectivity
- Included in Council goal or staff recommendation
- Included in the Comprehensive Plan

## Citizen Capital Improvement Project Committee

- All projects evaluated and ranked
- Recommendations published in a report and presented to City Council
- City Council made changes to the plan, but followed most of the recommendations
  - 2008 - 18 of 20 approved & completed
  - 2015 - 19 projects recommended; Council accepted & funded 15





## Final Thoughts

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- Transparency didn't change processes
- Transparency did change how we present information to make it easier to understand
- Education is key
- Citizens can be your best advocates



## Questions

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# City of Denver



12



## Same Old Song

- Consistent gap between revenues and expenditures
  - 2009 = \$86MM
  - 2010 = \$160MM
  - 2011 = \$100MM
  - 2012 = \$100MM
- \$446MM reduction in spending over *four* years
- At the time, economist believed this was the new norm and the public sector needed to make permanent changes to ensure revenues met expenditures
- The Budget and Management Office (BMO) projected 30 years of revenue and expenditures and realized the City and County of Denver had a problem

FOR CITY SERVICES VISIT | CALL  
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## The Problem

After reviewing historical revenues and expenditures, and projecting future revenues and expenditures, we identified a gap

The problems to be solved include:

- Permanently closing a gap between rev. and exp. of approximately \$30m per year.
- Permanently adjusting the growth rates of expenditures or revenues or both, so that a gap doesn't recur (and grow over time) within 3-4 years.

Monetary Gap – No expansion of services or reinstatement of previous reductions – average each year over 17 years: \$30M

Growth Rate Gap

Revenue:	3.37%
Expenditure:	4.74%
Net:	-1.37%

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## What do we do?

- In 2011, Mayor Guillermo Vidal requested community and business leaders to develop ideas to solve the structural imbalance
- In public meetings, the Task Force analyzed more than 60 proposals as part of their recommendation process
- Proposals were submitted by Task Force members, city employees, and the citizens of Denver
- Task Force focused on expenditure reductions/efficiencies prior to examining revenue or fee increases
- The Task Force developed both revenue and expenditure recommendations for the Mayor and City Council - recommendations were scalable to allow flexibility
- All proposals were vetted by city employees and Denver citizens

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## Expenditure Recommendations

- Process Improvement - reduce costs and increase efficiency- PEAK Performance and PEAK Academy
- Data Driven System - use dashboards and other types of data to drive financial decision making
- Pension - share contribution increase between employee and employer
- Health Benefits - implement a high deductible plan and share the costs between employee and employer
- Contractors - use contractors when appropriate
- Consolidate - merge agencies and services when appropriate

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**DENVER**  
THE MILE HIGH CITY

## Revenue Recommendations

- Ballot Initiative 2A – generated \$35.5 million to \$42 million in additional annual revenue since 2013
- Medical Marijuana Tax – Denver did not raise the medical marijuana, but did increase the retail marijuana tax (3.5% = \$10 million)
- Provide Services to Other Communities – DPD provides fire protection services to Englewood, Glendale, Sheridan, and Skyline
- Review Fees and Fines – review fees and fines to ensure the City is capturing its costs

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**DENVER**  
THE MILE HIGH CITY

**DENVER**  
**PEAK**  
ACADEMY

CHANGING THE WAY  
GOVERNMENT OPERATES TO  
IMPROVE YOUR EXPERIENCE.

*People & with*

*To be part  
of something  
big that makes  
a difference*



**SINCE 2012...**  
Denver Peak Academy has trained

**5,977** PEOPLE who have saved **\$22.5** MILLION Denver taxpayers over



## INNOVATION, EVERYWHERE

In addition to the more than 5,000 City & County of Denver employees who have gone through Peak's classes, **we have trained**

**382** from other towns, districts, cities, counties, states, and nations  
PUBLIC SERVANTS

**100** who are helping to build our communities  
NON-PROFIT STAFF

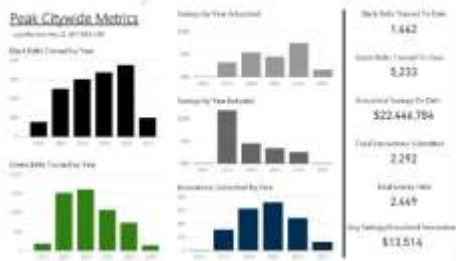
**9** from the private sector who want to improve their organizations  
INNOVATORS

Our trainees work in 22 states and Washington, D.C.



 **DENVER**  
THE MILE HIGH CITY

# Denver Data Lab & Power BI Training



Peak Dashboard



DOF Dashboard

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# Internal Controls



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

## Internal Controls

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**Beth Schubert**  
Office of Inspector  
U.S. Department of the Interior

Views expressed are those of the presenter, and may or  
may not fully reflect the official position of the Office of Inspector General

# 13



## What is the Office of Inspector General?

### Mission:

To promote excellence, integrity, and accountability in the programs, operations, and management of the Department of the Interior.



## What is our relationship to the islands?

- DOI is responsible for administering and overseeing U.S. federal assistance to the islands
- Insular Areas Act of 1982 – DOI IG serves as the “government comptroller” for the U.S. Insular Areas
- Compact of Free Association – OIG has audit responsibilities in the compact nations



## Objectives

- Understand the importance of internal controls
- Understand the meaning of internal controls
- Understand the consequences of not following internal controls



So, let's talk about  
*CONTROLS...*





## What is internal control?

Processes used by management to help an entity achieve its objective



## Who Commits Fraud?

- Government Employees
- Government Contractors
  - Prime Contractors
  - Subcontractors
- Financial assistance recipients
  - Sub-recipients
  - Contractors

**Everyone!**



## Components of Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- Information & Communication
- Monitoring



### Control Environment

1. Commitment to Integrity and Ethical Values
2. Oversight of the Internal Control System
3. Defined Structure, Responsibilities, and Authorities
4. Competence
5. Accountability



## Control Environment

### I. Commitment to Integrity and Ethical Values

Look for evidence of the  
**“Tone at the Top”**



Wells Fargo

Then-CEO in 2015:

**“It is absurd that we are  
investing that kind of  
money on compliance”**

CNBC



Wells Fargo in 2016:

**Wells Fargo fined \$185M  
for fake accounts**

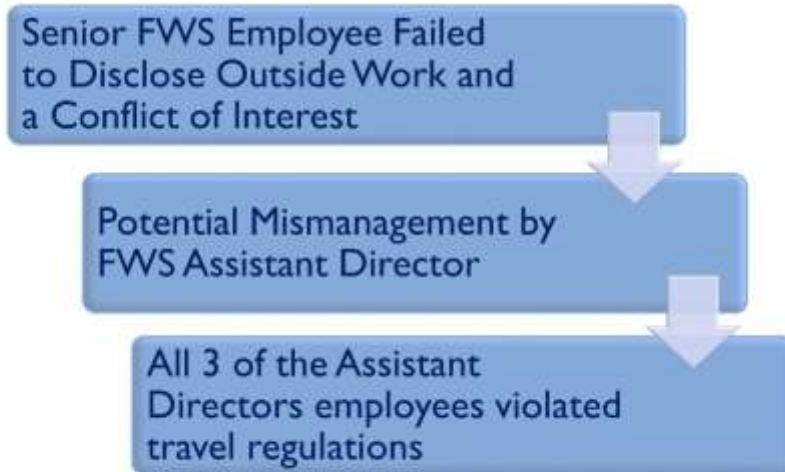
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*5,300 were fired*

USA Today

A blue scroll graphic with rounded corners and a shadow, containing the text above.

U.S. Fish and Wildlife Service







## Deputy Director, in Congressional Testimony

- [FWS] took immediate action to address the specific situation and is working to ensure it will not be replicated in the future.
- At present, the Service is undertaking a separate, comprehensive review to ensure that internal controls...are sufficient to detect and avoid similar occurrences...
- We are also using this incident as an opportunity to underscore training and ethical responsibilities...



## Control Environment

### 4. Competence

Management should demonstrate a commitment to recruit, develop, and retain competent individuals.

Contingency plans address the entity's need to respond to sudden personnel changes that could compromise the internal control system.



OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

## Components of Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- Information & Communication
- Monitoring



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Risk is the chance that things might not go your way.

Controls improve your odds of success.

paraphrased from internet user "Alasdair"  
commenting on IIA's "Marks on Governance" blog



## **Risk Assessment**

6. Clear Objectives that Enable Risk Assessment and Identification of Risk Tolerance
7. Risk Analysis as a basis for Risk Management
8. Consideration of Fraud Risk
9. Response when Changes impact the Control System



## **Risk ... in a Nutshell**

- “What could go wrong?”
- “How can we prevent that bad stuff from happening?”
- “What controls can we devise to improve this project’s odds of success?”



## Which crown has better controls?



United Kingdom Crown Jewels  
in the Tower of London

Disney Queen Elsa Tiara  
at Target



## Our risk tolerance will be much different ...





## Exercise:

Campgrounds are geographically dispersed. When people want to camp, they put the fee in a cash box at the facility. A couple of times a week an employee collects and counts the cash. It totals about \$25,000 per year.



## Consideration of Fraud - Fraud Triangle





## **Rationalization . . .**

2011 – Marshall Islands Cabinet Minister charged with grand larceny, misconduct in public office and others (10 counts total)

His defense – he believed he was entitled to the money



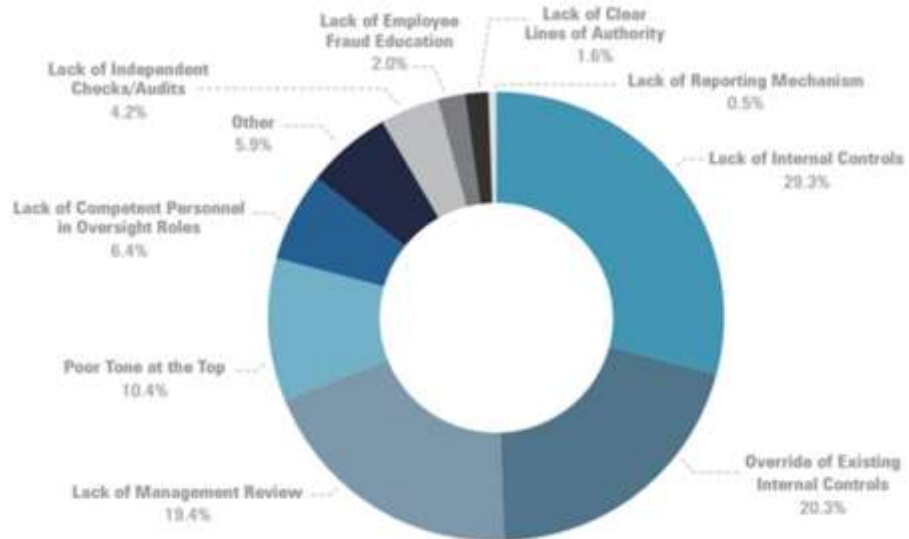
## **Pressure . . .**

2015 – A couple from American Samoa pled guilty to “taking government property for personal use”. They took \$400,000 to pay off credit card debt, a condo in Hawaii, and fund other business.



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## Opportunity ...



2016 ACFE Report to the Nation



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### Components of Internal Control

- Control Environment
- Risk Assessment
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- Information & Communication
- Monitoring



## **Control Activities**

### **10. Design Controls that:**

- support the achievement of objectives; and
- respond to risk appropriately

### **11. Control Data and Information Systems**

### **12. Implement Controls**



## **What are Control Activities?**

### **Common examples:**

- Segregation of duties
- System of authorizations
- Physical Safeguards
- Documents and records
- Independent Checks





## No Internal Controls ...

- Great Sand Dunes NP employee Lydia White was responsible for 3<sup>rd</sup> party draft checks...and reconciliation
- 870 checks later...\$731,009.52 embezzled



## What are Segregation of Duties?

One person should not be able to:

- Initiate
- Approve
- Record
- Reconcile
- Handle assets
- Review reports/statements



## American Samoa School Bus

- 3 people involved
- Over \$700,000
- Pay Vendors for “phantom” school bus parts
- Lack of segregation of duties
- Found by a review of random sampling of purchase orders



## Control Activities

### I. Design Controls that:

- support the achievement of objectives; and
- respond to risk appropriately

### II. Control Data and Information Systems

#### 2. Implement Controls ... **as Designed!**



## Deputy Director, in Congressional Testimony

- [FWS] took immediate action to address the specific situation and is working to ensure it will not be replicated in the future.
- At present, the Service is undertaking a separate, comprehensive review to ensure that internal controls...are sufficient to detect and avoid similar occurrences...
- We are also using this incident as an opportunity to underscore training and ethical responsibilities...



### Components of Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- **Information & Communication**
- Monitoring



## Information & Communication

- I3. Use Valid Information
- I4. Communicate Internally
- I5. Communicate Externally



## Information & Communication

- I4. Communicate Internally
  - The Auditors –  
*We found that the employees responsible for implementing the procedure were unaware of the new requirement.*



## Information & Communication

### 14. Communicate Internally

- The Auditors We found that employees responsible for implementing the procedure were unaware of the implementation.

*What we've got here is: failure to communicate!*



## Components of Internal Control

- Control Environment
- Risk Assessment
- Control Activities
- Information & Communication
- Monitoring



## Monitoring

16. Evaluate the Control System

17. Take Corrective Action



## Pop Quiz!

### True or False?

- CONTROLS get your ducks in a row...



...and MONITORING keeps them that way.



**False!**

*The truth is:*

CONTROLS get the ducks in a row...

...and CONTROLS keep them that way.

---

MONITORING isn't about the ducks.

MONITORING is about the Controls!



“If angels were to govern men,  
neither external nor internal  
controls on government would  
be necessary”

-James Madison, 4<sup>th</sup> President of the USA

# Performer & GASB Updates

*2015 Performer*® and  
A.F.T.E.R Analysis Update,  
followed by the GASB Update

Presentation to IGFOA 2017  
Prepared and Presented by Frank Crawford, CPA  
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## Topics for today

- ▶ A brief review of what the *Perfometer and A.F.T.E.R Analysis* is (and what it is not...)
- ▶ Review of factors and circumstances contributing to the 2015 scores and causes
- ▶ Provide an update on the most recent 2015 *Perfometer* scores and A.F.T.E.R. findings for 2015
- ▶ GASB update



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## A brief review...

- ▶ The *Perfometer* measures the **financial health and success** of a government using a scale that all users (including decision makers) can understand, 0-10, with 0 = poor, 5 = satisfactory, and 10 = excellent
- ▶ Uses financial ratios for the evaluation
- ▶ The evaluation is only as **reliable** as the information found in the annual audited financial statements, and most **relevant** when the information can be used in a timely manner
- ▶ Relevance and reliability are the key concepts in accountability



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## A brief review...

- ▶ The A.F.T.E.R. Analysis is very simple analysis of the status of audit findings, the timeliness of the submission of the audit and the resolution of certain audit exceptions; this analysis can be used to track a government's progress towards eliminating its most significant findings and exceptions, along with tracking the timeliness of submission to the Federal Clearinghouse.



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## Factors and Circumstances for 2015

- ▶ For most, the fiscal year ending September 30, 2014 was not a good one from the standpoint of the overall Performer reading
- ▶ It was a tough year for the Flag Territories, with 3 of the 4 showing declines in their overall Performer reading, with the lone exception posting its highest score in 10 years
- ▶ A similar outcome for the FSM and States. While the FSM National score remained stagnant, 3 of the 4 States had declining scores, while Chuuk was the lone State to actually increase their score. This outcome is the exact opposite of what happened in 2014
- ▶ Palau also suffered a decline, just one year after reaching a 5 on their score; they were done in by the effect of recognizing the unfunded liability related to the government's pension plan



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## Factors and Circumstances for 2015

- ▶ The RMI remains the model of consistency, with slight improvements in each year since their lowest score in 2008. They posted their highest score in 2015, and have been above a 5 now for five consecutive years
- ▶ For all governments except the FSM States and the RMI, the impact of GASB 68's pension requirements took its expected toll; however we have adjusted the Performer benchmark model in order to not "over-penalize" the various governments with single employer pension plans
- ▶ For the FSM National Government, the RMI, and to some extent Palau, the Social Security programs offered by the government are at some of their lowest funding levels in the 10 years of analysis



## Factors and Circumstances for 2015

- Most governments, even when considering component units, are receiving unmodified (formerly known as unqualified or clean opinions) on their financial statements, with only a few exceptions still remaining
- Only one government received unmodified (clean) opinions on both their Financial Statement audit and the audit of compliance with federal program monies (Single audit)
- A few even have no questioned costs, or very little questioned costs still remaining
- Nobody posted a quadruple single this year (clean opinions on both their financial statement audit and their compliance audit, had zero findings of internal control and zero findings of compliance and questioned costs. One government missed it by one finding



# THE PERFORMETER

Current Scores Based on FY15 Audit Data

**A 7-10 SCORE INDICATES:**

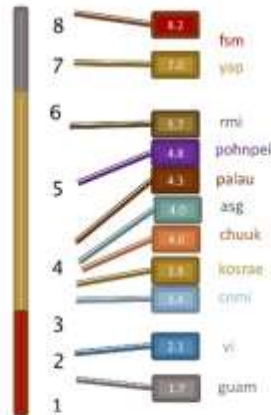
- repetitive positive performances for several years
- sufficient cash flows to pay vendors and employees
- relatively low tax and debt burdens per capita
- ability to consistently live within their means

**A 4-6 SCORE INDICATES:**

- lower than satisfactory levels of reserves
- satisfactory capital asset useful lives remaining
- moderate levels of tax and debt burdens per capita
- and the beginnings of cash flow issues that often delay on-time payments to vendors

**A 0-3 SCORE INDICATES:**

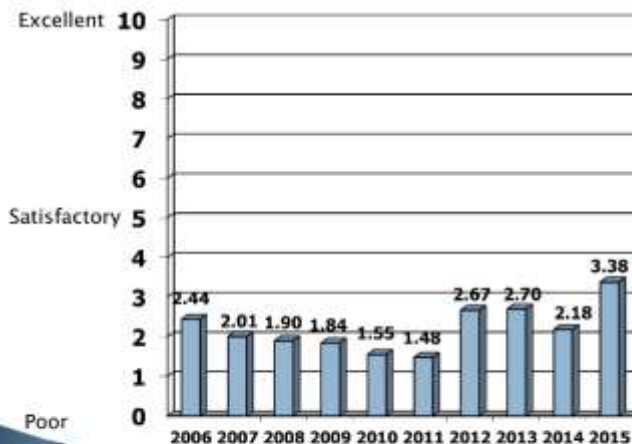
- significant unrestricted net position deficit and/or a deficit in their general fund unassigned fund balance
- a significant tax and/or debt burden per capita
- severe cash flow issues
- Making the deficit worse by incurring more expense than earning in revenue



## CNMI Performer® Reading

**DRAFT**

**Overall Reading**



The 2015 reading of 3.38 indicates the evaluator's opinion that the CNMI's overall financial health and performance improved during FY 2015, however the reading continues to remain below satisfactory as of and for the fiscal year ended September 30, 2015.

The Commonwealth rebounded from a down year last year where the net position was downwardly affected by the transfer of assets to the Hospital Corporation. Many operational ratios actually improved during FY 2015, and the resulting improvement in the reading resulted from such improvements. However, several of the ratios, such as the total net position deficit, the unrestricted net position deficit, and the General Fund unassigned fund balance deficit were still large enough to negatively impact the overall score.



# CNMI A.F.T.E.R.

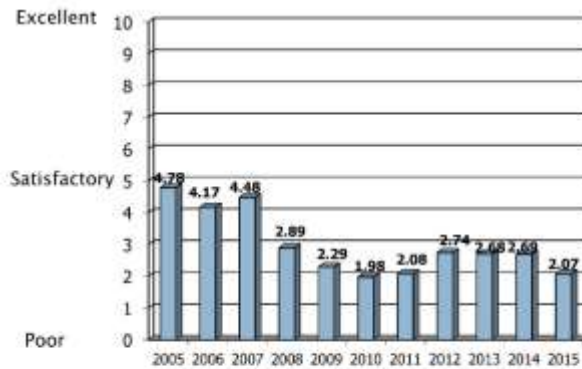
**DRAFT**

	2008	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	4	2	1	6	3	7	2	5
Number of Major Federal Program Qualifications/Exceptions	5	5	8	8	8	7	8	8
Number of F.S. Findings								
A. Internal Control and Compliance	-	-	-	-	2	2	2	1
B. Internal Control Only	15	18	15	19	18	11	13	12
C. Compliance Only	1	1	1	3	-	0	0	0
TOTAL	16	19	16	22	20	13	15	13
Percentage of Findings Repeated	62.5%	78.9%	100%	72.7%	72.7%	100%	60%	85%
Number of A-133 Findings								
A. Internal Control and Compliance	41	37	37	22	28	0	2	22
B. Internal Control Only	-	-	-	-	-	29	26	0
C. Compliance Only	-	-	-	2	-	1	3	5
TOTAL	41	37	37	25	28	30	31	27
Percentage of A-133 Findings Repeated	56%	75.7%	51.4%	56%	50%	50%	38.5%	59%
Number of months Y/E the F.S. were Released	8	9	20	20	17	9	9	7
Number of Qualifications/Exceptions Related to C.I.	4	2	1	6	2	7	2	4
\$ of Questioned Costs-Current Year	\$7,165,461	\$4,817,031	\$5,483,038	\$4,223,661	\$6,520,602	\$10,288,891	\$3,754,204	\$3,206,953
\$ of Questioned Costs- Cumulative	\$7,249,314	\$19,231,826	\$24,714,864	\$28,938,525	\$35,559,217	\$45,848,108	\$26,187,584	\$29,333,011
\$ of Questioned Costs Resolved - Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$23,414,727	\$55,526



# USVI Performer® Reading

## Overall Reading



The 2015 reading of 2.07 indicates the evaluator's opinion that the VI's overall financial health and performance declined during the year. The government's continued decline in its overall net position coupled with an increase in the size of the unrestricted net position deficit, an increase in the size of the General Fund unassigned fund balance deficit, worsening debt per capita numbers and a lowered current ratio are the primary causes for the overall decline in the rating. However, much of the government's decline was due to the impact of the implementation of GASB Statement 68 related to pension accounting, and the recognition of approximately \$2.3 billion of net pension liabilities for the first time.

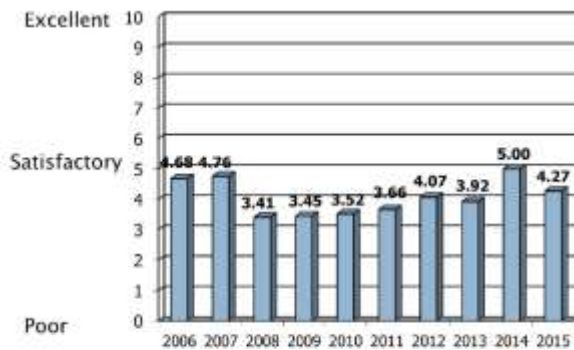


### USVI A.F.T.E.R.

	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	0	0	9	7	6	9	10
Number of Major Federal Program Qualifications/Exceptions	8	6	5	2	3	5	9
Number of F.S. Findings							
A. Internal Control and Compliance	1	1	1	-	0	0	0
B. Internal Control Only	30	6	7	6	6	12	12
C. Compliance Only	0	0	0	0	0	2	3
TOTAL	31	7	8	6	6	14	15
Percentage of Findings Repeated	100% (estimate)	100% (estimate)	100% (estimate)	100% (estimate)	100% (estimate)	100% (estimate)	100% (estimate)
Number of A-133 Findings							
A. Internal Control and Compliance	12	26	7	13	14	46	57
B. Internal Control Only	34	0	19	-	0	0	0
C. Compliance Only	0	0	9	-	0	0	0
TOTAL	46	26	26	13	14	46	57
Percentage of A-133 Findings Repeated	56.5%	65.4%	Unable to determine	Unable to determine	Unable to determine	100%	84%
Number of months after F/E the F.S. were Released	22	26	24	16	9	12	9
Number of Qualifications/Exceptions Related to C.U.	3	4	5	5	4	3	6
\$ of Questioned Costs-Current Year	\$17,293,304	\$74,880	\$2,490,612	\$3,328,464	\$0	\$1,172,427	\$348,348
\$ of Questioned Costs- Cumulative	\$60,104,177	\$59,957,932	\$3,235,497	\$5,738,775	\$0	Unable to determine	Unable to determine
\$ of Questioned Costs Resolved - Current Year	\$8,944,995	\$891,130	\$57,721,398	\$83,186	\$5,730,775	Unable to determine	Unable to determine

## Palau Performer® Reading

### Overall Reading



The 2014 reading of 4.27 indicates the evaluator's opinion that the Palau Government's overall financial health and performance decreased during the fiscal year ended September 30, 2015, to a level just below a satisfactory reading.

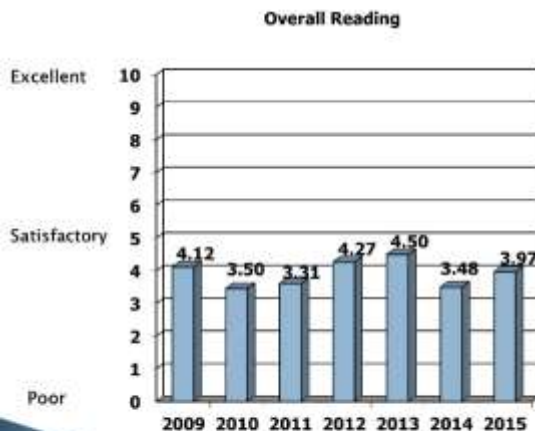
Palau has maintained a relatively consistent level of scoring over the past eight years. However, the implementation of GASB Statement 68 related to the recognition of net pension liabilities has turned downward what would have been a positive upward trend. The severe unfunded status of the Palau Government Civil Service Pension Plan may well hamper cash flows and the financial health of the government in future years.

## Palau A.F.T.E.R.

	2008	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	6	8	8	7	7	7	6	8
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	3	8	7	5	3	3	3	1
C. Compliance Only	3	6	3	0	8	0	1	0
TOTAL	6	12	10	5	11	3	4	1
Percentage of Findings Repeated	33%	25%	80%	80%	90%	0%	50%	0%
Number of A-133 Findings								
A. Internal Control and Compliance	16	33	25	5	18	19	9	17
B. Internal Control Only	1	0	2	1	0	0	0	0
C. Compliance Only	0	0	1	1	0	0	1	0
TOTAL	17	33	28	7	18	19	10	17
Percentage of A-133 Findings Repeated	59%	48%	83.1%	57%	57%	47%	80%	29%
Number of months after Y/E the F.S. were Released	9	14	22	17	13.5	18	9	9.5
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$577,977	\$967,950	\$1,868,099	\$338,302	\$753,348	\$183,008	\$72,875	\$394,018
\$ of Questioned Costs- Cumulative	\$801,692	\$2,352,870	\$3,214,866	\$3,550,368	\$2,754,258	\$2,490,163	\$826,527	\$753,136
\$ of Questioned Costs Resolved - Current Year	\$1,379,669	\$0	\$557,949	\$557,949	\$1,558,418	\$247,141	\$1,936,511	\$427,409

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## Chuuk Performer® Reading



The 2015 reading of 3.97 indicates that in the evaluator's opinion, Chuuk's overall financial health and performance is considered less than satisfactory as of and for the fiscal year ended September 30, 2015, but does represent an improvement from the reading of the prior year.

Chuuk's improvement in reporting a positive change in net position and improved intergenerational equity contributed to the improvement in the overall score. However, the size of the unrestricted net position deficit, the size of the General Fund unassigned fund balance deficit, low revenue dispersion, and insufficient current and quick ratios remain the primary reasons for the less than satisfactory reading of the current year.

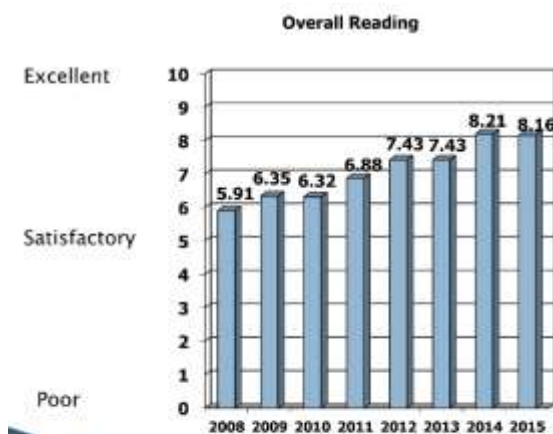
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## Chuuk A.F.T.E.R.

	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	3	1	1	1	2	2	2
Number of Major Federal Program Qualifications/Exceptions	1	1	0	0	1	1	0
Number of F.S. Findings:							
A. Internal Control and Compliance	0	0	0	0	0	0	0
B. Internal Control Only	3	1	5	4	5	2	2
C. Compliance Only	0	0	0	0	0	0	0
TOTAL	3	1	5	4	5	2	2
Percentage of Findings Repeated	67%	0%	20%	50%	60%	100%	100%
Number of A-133 Findings:							
A. Internal Control and Compliance	2	1	1	1	3	2	4
B. Internal Control Only	0	0	0	0	1	1	0
C. Compliance Only	0	0	0	0	0	0	0
TOTAL	2	1	1	1	4	3	4
Percentage of A-133 Findings Repeated	50%	100%	100%	100%	25%	20%	25%
Number of months Y/E the F.S. were Released	0	0	0	0	0	0	0
Number of Qualifications/Exceptions Related to C.U.	1	1	1	0	0	0	0
\$ of Questioned Costs-Current Year	\$0	\$0	\$0	\$0	\$194,238	\$114,918	\$55,252
\$ of Questioned Costs- Cumulative	\$1,055,719	\$0	\$0	\$0	\$194,238	\$309,156	\$364,448
\$ of Questioned Costs Resolved - Current Year	\$1,000,607	\$1,055,719	\$0	\$0	\$0	\$0	\$0

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## FSM Performer<sup>®</sup> Reading



The 2015 reading of 8.16 indicates the evaluator's opinion that the FSM National Government's overall financial health and performance remained relatively the same as the prior period, with a slight adjustment downward from the past period, and continues to be considered well above satisfactory.

The FSM's continued consistency and improvements in unrestricted net position, revenue dispersion, low tax and debt per capital amounts, high levels of current and quick ratios are the significant factors in the well above satisfactory reading of the current period.

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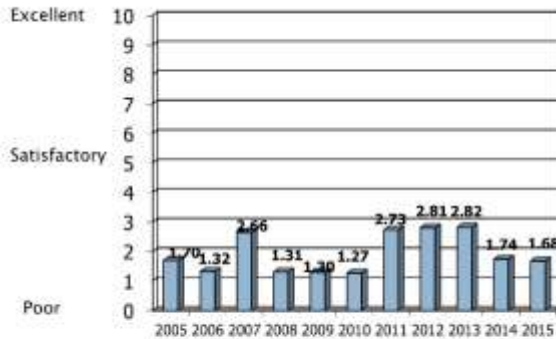
## FSM A.F.T.E.R.

	2008	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	10	9	9	9	9	9	9	9
Number of Major Federal Program Qualifications/Exceptions	4	3	4	3	3	3	4	1
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	3	4	3	2	2	1	1	1
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	3	4	3	2	2	1	1	1
Percentage of Findings Repeated	0%	25%	100%	50%	100%	100%	100%	100%
Number of A-133 Findings								
A. Internal Control and Compliance	15	20	12	12	9	7	12	5
B. Internal Control Only	0	0	0	0	0	2	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	15	20	12	12	9	9	12	5
Percentage of A-133 Findings Repeated	0%	70%	98%	41.7%	77.7%	77.7%	16.7%	0%
Number of months (Y/E) the F.S. were Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	6	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$2,372,041	\$2,964,400	\$2,045,222	\$301,014	\$789,783	\$2,665,578	\$580,807	\$28,936
\$ of Questioned Costs- Cumulative	\$7,315,085	\$6,079,079	\$6,366,882	\$5,211,836	\$3,060,019	\$1,642,795	\$4,223,602	\$4,257,596
\$ of Questioned Costs Resolved - Current Year	\$2,085,841	\$3,993,937	\$2,621,418	\$1,196,066	\$2,861,600	\$2,082,802	\$0	\$33,580



## GovGuam Performer® Reading

### Overall Reading



The 2015 reading of 1.68 indicates the evaluator's opinion that GovGuam's overall financial health and performance declined slightly when compared to the reading of the previous year.

The government's continued decline in its overall net position coupled with an increase in the size of the unrestricted net position deficit, an increase in the size of the General Fund unassigned fund balance deficit, worsening debt per capita numbers and lowered current and quick ratios are the primary causes for the overall decline in the rating. However, much of the government's slight decrease was due to the impact of the implementation of GASB Statement 68 related to pension accounting, and the recognition of approximately \$846 million of net pension liabilities for the first time.



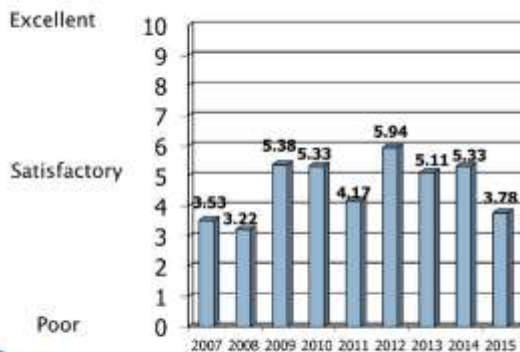
## GovGuam A.F.T.E.R.

	2008	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	10	9	6	5	5	4	7	4
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	0	0	3	6	4	3	3	1
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	0	0	3	6	4	3	3	1
Percentage of Findings Reported	0%	0%	0%	0%	100%	100%	33%	0%
Number of A-133 Findings								
A. Internal Control and Compliance	21	10	6	3	3	5	5	8
B. Internal Control Only	0	0	0	0	0	0	1	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	21	10	6	3	3	5	7	8
Percentage of A-133 Findings Reported	4.7%	10%	16.7%	33.3%	0%	0%	14%	12.5%
Number of months Y/E the F.S. were Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$1,881,430	\$0	\$3,734	\$41,790	\$35,293	\$18,178	\$46,203	\$58
\$ of Questioned Costs- Cumulative	\$7,837,719	\$4,616,404	\$2,313,361	\$1,428,837	\$45,376	\$53,471	\$99,764	\$14,708
\$ of Questioned Costs Resolved - Current Year	\$1,120,090	\$3,221,315	\$2,306,577	\$926,514	\$1,418,760	\$18,077	\$0	\$85,314



## Kosrae Performer® Reading

Overall Reading



The 2015 reading of 3.78 indicates the evaluator's opinion that Kosrae's overall financial health and performance decreased from the previous period and is now below the satisfactory reading.

Kosrae's current year decrease and below satisfactory reading is due primarily to declines in both total and unrestricted net position, the increase of the size of the unassigned fund balance deficit of the General Fund to total revenue ratio, low intergenerational equity and low current and quick ratios.



## Kosrae A.F.T.E.R.

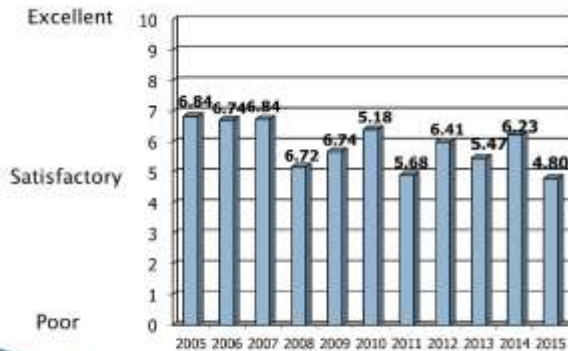
	2008	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	2	0	0	0	0	0	0	0
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	1
B. Internal Control Only	2	2	1	1	1	1	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	2	2	1	1	1	1	0	1
Percentage of Findings Repeated	50%	100%	0%	100%	100%	100%	0%	0%
Number of A-133 Findings								
A. Internal Control and Compliance	2	0	0	0	1	0	0	0
B. Internal Control Only	0	0	0	0	0	0	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	2	0	0	0	1	0	0	0
Percentage of A-133 Findings Repeated	50%	0%	0%	0%	0%	0%	0%	0%
Number of months Y/E the F.S. was Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs- Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$
\$ of Questioned Costs- Cumulative	\$463,367	\$0	\$0	\$0	\$0	\$0	\$0	\$
\$ of Questioned Costs Received - Current Year	\$1,205,963	\$463,367	\$0	\$0	\$0	\$0	\$0	\$



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## Pohnpei Performer® Reading

Overall Reading



The 2015 reading of 4.80 indicates the evaluator's opinion that Pohnpei's overall financial health and performance has declined when compared to the prior period and is slightly below satisfactory rate.

Although still considered near satisfactory, Pohnpei's overall financial health declined during the 2015 fiscal year due to declines in the amount of unassigned fund balance and unrestricted net position, and also declines in the current and quick ratios. However, the low tax and debt burdens per capita, and its low debt to assets ratio are the more significant positive ratings, and the primary reasons for the near satisfactory reading.



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## Pohnpei A.F.T.E.R.

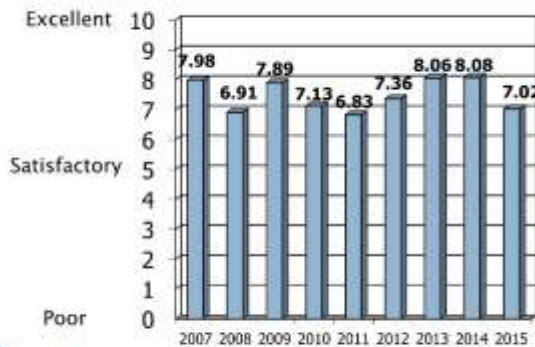
	2008	2009	2010	2011	2012	2013	2014	2015
Number of P.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	0	0	0	0	0	1	1	1
Number of P.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	0	0	0	0	0	1	1	1
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	1	1	1
Percentage of Findings Repeated	0%	0%	0%	0%	0%	0%	0%	0%
Number of A-133 Findings								
A. Internal Control and Compliance	2	1	1	1	1	3	4	4
B. Internal Control Only	0	0	0	0	0	1	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	2	1	1	1	1	4	4	4
Percentage of A-133 Findings Repeated	90%	100%	100%	100%	100%	25%	25%	25%
Number of months V/E the P.S. were Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$541,593	\$368,539
\$ of Questioned Costs- Cumulative	\$0	\$0	\$0	\$0	\$0	\$121,682	\$663,275	\$910,130
\$ of Questioned Costs Resolved - Current Year	\$0	\$0	\$0	\$0	\$0	\$121,682	\$0	\$0



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## Yap Performer® Reading

### Overall Reading



The 2015 reading of 7.02 indicates the evaluator's opinion that the Government of Yap's overall financial health and performance remains well above satisfactory but did experience a decline from the reading of the prior year.

Yap's overall unrestricted net position, the General Fund's level of unassigned fund balance, low tax and debt burdens per capita, an excellent debt-to-asset ratio, and excellent current and quick ratios are the primary reasons for the continued favorable reading. The decline in the score was primarily due to declines in both total net position and intergenerational equity related to a reduction in total revenues.



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## Yap A.F.T.E.R.

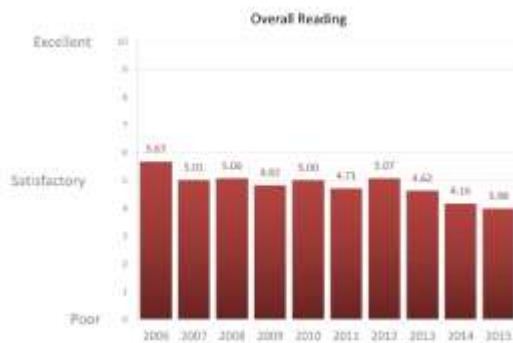
	2008	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	2	0	0	1	2	2	2	2
Number of Major Federal Program Qualifications/Exceptions	5	4	5	5	5	3	2	1
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	3	4	2	3	4	1	1	1
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	3	4	2	3	4	1	1	1
Percentage of Findings Repeated	33%	30%	100%	100%	0%	0%	100%	100%
Number of A-133 Findings								
A. Internal Control and Compliance	11	0	4	3	2	3	5	3
B. Internal Control Only	0	2	0	0	0	0	0	0
C. Compliance Only	0	5	0	0	0	0	0	0
TOTAL	11	7	4	3	2	3	5	3
Percentage of A-133 Findings Repeated	18%	57%	100%	67%	50%	0%	0%	67%
Number of months after YOE the F.S. were Released	9	8	8	6	9	9	9	9
Number of Qualifications/Exceptions Related to C.I.	2	0	0	1	2	2	2	2
\$ of Questioned Costs-Current Year	\$1,862,194	\$376,295	\$150,534	\$222,065	\$3,660	\$45,778	\$129,385	\$30,354
\$ of Questioned Costs- Cumulative	\$1,376,248	\$2,494,249	\$1,729,116	\$818,463	\$822,143	\$864,259	\$993,644	\$1,023,998
\$ of Questioned Costs Resolved - Current Year	\$552,389	\$681,936	\$915,667	\$1,115,668	\$0	\$3,660	\$0	\$0



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## ASG Performer® Reading

How Was Our Overall Financial Performance?



The 2015 reading of 3.98 indicates the evaluator's opinion that the American Samoa Government's overall financial health and performance decreased slightly during the year, and remains at a level below satisfactory.

The current year reading is a result of improvements in most of the ratios, however the improvements were offset by the impact on the net position of ASG of the addition of the net pension liability of the ASG's pension plan in the amount of \$84.2 million, which now reports a funded ratio of 63.5%, the lowest funded ratio in the 10 years reported in this analysis.



FY 15 Overall Performer® Reading:

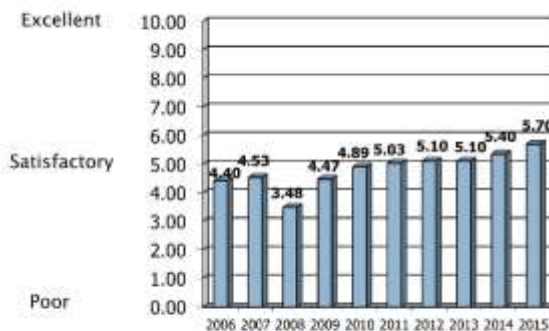
**3.98**

## ASG A.F.T.E.R.

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	7	7	6	7	2	1	1	4	8
Number of Major Federal Program Qualifications/Exceptions	8	8	18	38	15	9	11	10	4
Number of F.S. Findings									
A. Internal Control and Compliance	7	7	6	6	0	2	3	1	1
B. Internal Control Only	0	0	0	0	3	3	4	7	6
C. Compliance Only	0	0	0	0	3	0	0	0	0
TOTAL	7	7	6	6	6	5	7	8	7
Percentage of Findings Repeated	100%	100%	100%	100%	83%	80%	57%	87.5%	96%
Number of A-133 Findings									
A. Internal Control and Compliance	15	13	15	6	5	11	5	5	2
B. Internal Control Only	0	0	0	0	0	7	5	3	4
C. Compliance Only	0	0	0	0	1	0	0	0	0
TOTAL	15	13	15	6	6	18	10	8	6
Percentage of A-133 Findings Repeated	Unable to determine	100%	Unable to determine	100%	50%	22%	90%	50%	33%
Number of months after Y/E the F.S. were Released	11	9	9	10	11	11	9	9	7
Number of Qualifications/Exceptions Related to C.U.	3	1	1	1	0	0	1	0	2
\$ of Questioned Costs - Current Year	\$297,069	\$100	\$0	\$1,785	\$2,377,962	\$2,608,662	\$0	\$279,912	\$0
\$ of Questioned Costs - Cumulative	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine
\$ of Questioned Costs Resolved - Current Year	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine

## Performer<sup>®</sup> Reading

### Overall Reading



The 2015 reading of 5.70 indicates the evaluator's opinion that the RMI's overall financial health and performance increased slightly during the year, and represents the highest rating of any year in this analysis.

The continued consistency related to the increase in overall net position, the decrease of the overall unrestricted net position deficit, and the return to a positive position of the General Fund unassigned fund balance are the primary reasons for most ratios being slightly better than prior year scores. This becomes the fifth consecutive year that the RMI has scored above a 5.



## RMI A.F.T.E.R.

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	1	1	1	1	1	2	2	2	2
Number of F.S. Findings									
A. Internal Control and Compliance	0	0	0	1	0	0	0	0	1
B. Internal Control Only	1	1	1	4	2	4	7	6	6
C. Compliance Only	0	0	0	0	0	0	1	3	1
TOTAL	1	1	1	5	2	4	8	9	8
Percentage of Findings Repeated	0%	0%	0%	20%	50%	75%	75%	78%	88%
Number of A-133 Findings									
A. Internal Control and Compliance	12	0	11	4	12	7	3	4	12
B. Internal Control Only	0	3	0	1	0	0	4	0	0
C. Compliance Only	0	3	0	0	0	0	0	0	0
TOTAL	12	6	11	5	12	7	7	4	12
Percentage of A-133 Findings Repeated	0%	12.5%	0%	24%	40.7%	100%	100%	100%	42%
Number of months after Y/E the F.S. was Released	9	6	9	4	17	13	11	17	14
Number of Qualifications/Exceptions Related to C.A.	0	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$710,185	\$045,810	\$1,260,234	\$2,043,261	\$3,196,810	\$35,857	\$71,294	\$310,311	\$028,240
\$ of Questioned Costs- Cumulative	\$1,395,477	\$1,777,362	\$2,738,837	\$4,245,163	\$7,495,963	\$7,495,820	\$7,565,604	\$7,873,325	\$8,297,331
\$ of Questioned Costs Resolved - Current Year	\$5,042,079	\$263,733	\$421,158	\$712,185	\$1,190,066	\$3	\$5,108,118	\$0	\$2,680



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**Do you think that your Performer score for FY 2016 will be better, worse or about the same as your Performer score for FY 2015?**

When poll is active, respond at [PollEv.com/fcrawford041](https://www.poll-ev.com/fcrawford041)

Text **FCRAWFORD041** to **22333** once to join

Better  
Worse  
About the same

Total Results: 0

## GASB Update



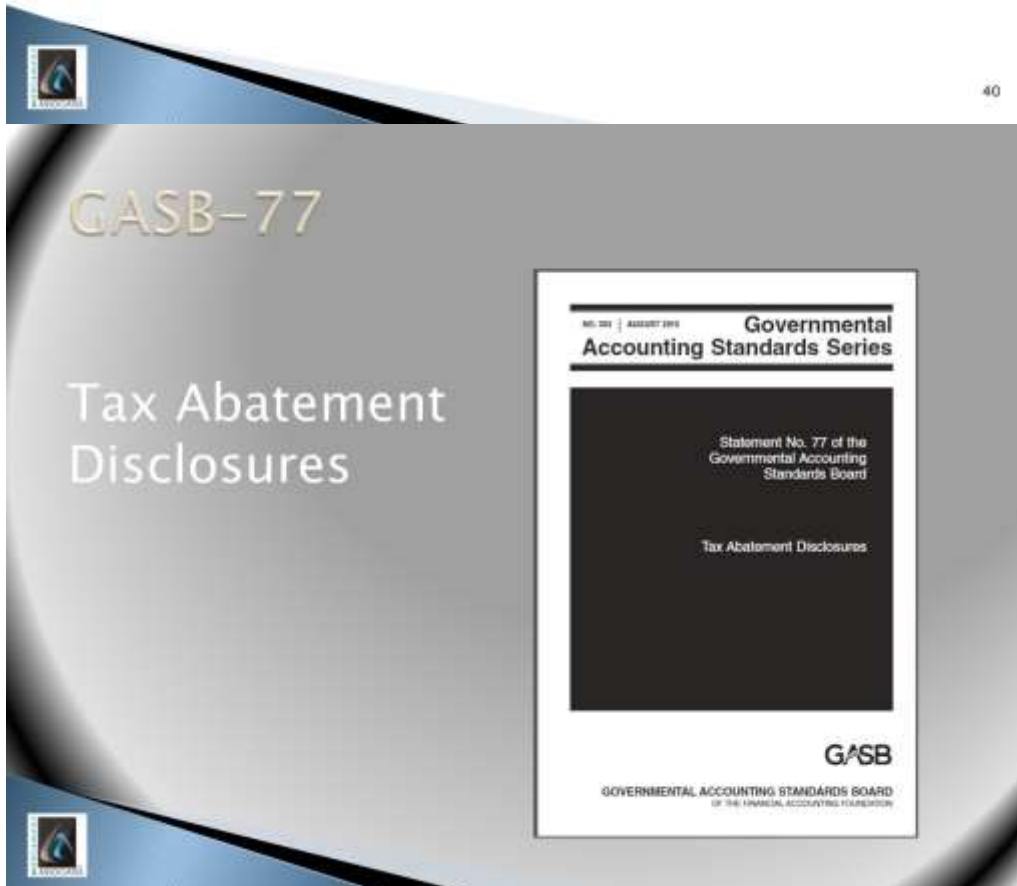
**Pronouncements  
Currently Being  
Implemented**





## Effective Dates—Sept 30

- ▶ 2017
  - Statement 73—pensions not within the scope of 67/68
  - Statement 74—OPEB (plans)
  - Statement 77—tax abatement disclosures
  - Statement 78—certain multiple-employer pension plans
  - Statement 79—certain investment pools and participants<sup>+</sup>
  - Statement 80—blending requirements
  - Statement 82—pension issues<sup>+</sup>
  - Implementation Guide 2016-1
- ▶ 2018
  - Statement 75—OPEB (employers)
  - Statement 81—irrevocable split-interest agreements
  - Statement 85 - Omnibus 2017
- ▶ 2019—Statement 83—certain asset retirement obligations
- ▶ 2020—Statement 84—fiduciary activities



## Tax Abatement Disclosures

- ▶ **What:** The Board issued Statement 77, which requires disclosures about a government's tax abatement agreements
- ▶ **Why:** Information about revenues that governments forgo is essential to understanding financial position and economic condition, interperiod equity, sources and uses of financial resources, and compliance with finance related legal or contractual requirements
- ▶ **When:** Effective for periods beginning after December 15, 2015



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## Objectives of GASB-77

- ▶ GASB-77 may provide financial statement users with essential information about tax abatement programs in order to better gauge:
  - Whether current-year revenues were sufficient to pay for current-year services
  - Compliance with finance related legal or contractual requirements
  - Sources and uses of financial resources
  - Financial position and economic condition
- ▶ Recognition of accounting events not being considered (e.g.: when abatements occur)



## Definition and Scope

- ▶ Tax Abatements v. Other Tax Transactions
  - Transactions that result in a government reducing the amount of taxes a business or individual would otherwise owe take many forms and often incorporate interchangeable language
    - Tax expenditure, tax credit, tax deduction, tax abatement, tax exemption
  - Consider where you see this most in practice and most likely areas of disclosure



## Definition and Scope

- ▶ GASB-77 applies *only* to transactions meeting this definition:

A tax abatement is a **reduction in taxes** that results from an agreement between one or more governmental entities and an individual or entity in which

- One or more governmental entities promise to forgo tax revenues in which they are otherwise entitled *and*
- The individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments

- Transaction's substance more important than form
- Scope is very limited - could be mostly related to economic development



## General Disclosure Principles

- ▶ Disclosures should be in 2 categories
  - Agreements entered into by reporting government
  - Agreements entered into by other governments that reduce the reporting government's tax revenues
- ▶ Abatement disclosures could be individually or aggregated based upon a quantitative threshold set by the government (example: all over \$5,000)
  - Organized by major tax abatement program (economic development, television, film etc.)
  - Abatements entered into by other governments organized by specific tax being abated
- ▶ Disclosure starts when agreement is entered into and ends when abatement expires



## Tax Abatement – Disclosures

- ▶ Primary Disclosures
  - Name and purpose of tax abatement program, specific taxes abated
  - Authority under which abatements are entered
  - Criteria for eligibility of abatement/recipient
  - Mechanisms of how taxes are abated
    - How amount is determined
    - Basis of how taxes are reduced (e.g. reduction of assessed value)
  - Provisions for recapturing abated taxes
  - Amount of current year abatements (during year and in effect at YE)
  - Dollar amount the reporting govts tax revenues were reduced during reporting period



## Tax Abatement – Disclosures

- ▶ If amounts are received or are receivable from other governments:
  - Names of the govts
  - Authority under which amounts were or will be paid
  - \$ amount received or receivable from other governments
- ▶ If the govt made commitments other than reducing taxes for the abatement, include a description of:
  - Type of commitments
  - Most significant individual commitments made
  - Continue disclosure until commitments have been fulfilled



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## Tax Abatement – Disclosures

- ▶ If abatements are disclosed individually:
  - Description of quantitative threshold to determine which agreements to disclose
- ▶ If disclosure information is omitted due to legally prohibition, disclose the nature of the information omitted and source of legal prohibition.



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## Tax Abatement – Disclosures

- ▶ Disclosures made if Abatements are entered into by other governments:
  - Brief description, including name of governments entering into the agreement and specific taxes abated
  - Gross \$ amount, accrual, the govt's tax revenues where reduced during the period
  - If amounts are received or receivable from other govts related to the forgone tax revenue:
    - Name of the governments
    - Authority under which amounts were or will be paid
    - \$ amount received or receivable



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## Tax Abatement – Disclosures

- ▶ Disclosures made if Abatements are entered into by other governments:
  - If abatements are disclosed individually:
    - Description of quantitative threshold to determine which agreements to disclose
  - If disclosure information is omitted due to legally prohibition, disclose the nature of the information omitted and source of legal prohibition.



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## Disclosures Based on Facts & Circumstances

	Government Makes Abatement	Government Required to Abate by Other Government (ex: State - City)
Name of program	Yes	
Purpose of program	Yes	
Name of government		Yes
Tax type abated	Yes	Yes
Authority to abate tax	Yes	
Eligibility criteria	Yes	
Abatement mechanism	Yes	



## Disclosures Based on Facts & Circumstances

	Government Makes Abatement	Government Required to Abate by Other Government (ex: State - City)
Abatement mechanism	Yes	
Recapture provisions	Yes	
Type of <i>recipient</i> commitments (ex: 200 jobs by X day)	Yes	
Dollar amount of taxes abated	Yes	Yes
Amounts received / receivable from other governments	Yes	Yes
Other commitments made by government	Yes	
Quantitative threshold for individual disclosure	Yes	Yes
Information omitted due to legal restrictions	Yes	Yes

*For Component Units that Abate – judge whether disclosure is essential*

## Example – Small Town Abatements for Year

<u>Purpose</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Grocery store chain purchases empty building and opens store	40%	\$ 97,500
Relocate hardware store	50	13,225
Retain health and fitness facility	30	5,100
Increase size and employment of restaurant/catering business	50	21,750
Open gas station and convenience store	40	8,905

- Each negotiated under state Economic Development Law
- Law allows abatements within jurisdiction up to 50% of annual property taxes
- No commitments made by town and town is not subject to any other government's abatements
- Quantitative threshold is 10% of total dollars abated during year – minimum



## Example – Small Town Abatements for Year

### Note X. Tax Abatements

The Village enters into property tax abatement agreements with local businesses under the state Economic Development Opportunity Act of 20X1. Under the Act, localities may grant property tax abatements of up to 50 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Village.

For the fiscal year ended June 30, 20X7, the Village abated property taxes totaling \$146,480 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A 40 percent property tax abatement to a grocery store chain for purchasing and opening a store in an empty storefront in the business district. The abatement amounted to \$97,500.
- A 50 percent property tax reduction for a local restaurant increasing the size of its restaurant and catering facility and increasing employment. The abatement amounted to \$21,750.

*More abatements and commitments = more complex disclosure but can aggregate*





## Effective Date & Transition

- ▶ The disclosure requirements applied to the current period and all prior periods presented.
- ▶ If application for all prior period presented is not practical, the reason for not applying the standards to prior periods presented would be explained.
- ▶ Became Effective for periods *beginning* after December 15, 2015



## Some Common Questions

- ▶ Does GASB-77 apply to TIF's (Tax Increment Financing)?
- ▶ A business commits to open 10 stores in a state and the agreement meets the definition of a tax abatement, except it doesn't involve a reduction in taxes. The business may retain 40% of the sales taxes from the new stores for 5 years. Does GASB-77 apply?
- ▶ A business is relocating to a City. The City agrees to forgo all property taxes for 10 years if the business hires and maintains 200 workers. Construction begins, but the facility is not open by the end of the year. The City abates \$21,000 in taxes for the year. Is disclosure required?



## Some Common Questions – what do you think?

1. A state government revenue shares gas taxes with local governments. The state enters into agreements with companies to retain a portion of the gas taxes to install clean air equipment. Abatements reduce the gas tax collected. What is the required disclosure under GASB-77?
2. A City with 25 tax abatement agreements has 3 major tax abatement programs encompassing 20 of the agreements. What about the other 5?
3. If abatements are disclosed above a certain dollar threshold, is the same amount applied every year?
4. A state law restricts disclosure of aggregated tax information if it relates directly or indirectly to a taxpayer's income or earnings. How can the government meet the requirement of GASB-77?



## Some Common Questions – what do you think?

5. A government enters into an agreement with a company in which the company agrees to relocate to the government's jurisdiction and the government agrees not to levy taxes on the company's office building for 10 years. The government is subject to a property tax cap that limits the growth of its total property tax levy to 2% per year and it levies on properties that are not subject to the agreement the full amount under the cap. Is the agreement subject to GASB-77?



## Some Common Questions – what do you think?

6. A local government enters into an agreement with a real estate developer for the purpose of stimulating economic growth. Under the terms of the agreement:
- a. the developer will construct a building,
  - b. A baseline for property tax revenues for the specific geographic area in which the building will be constructed will be established prior to the start of the project, and
  - c. The developer will receive an amount from the additional property tax revenues over the baseline, based on certain costs incurred by the developer related only to the developer's building.

Does this agreement meet the definition of a tax abatement in Statement 77?



## Implementation Issues

- ▶ Completeness will be a key
  - Where do I gather the information?
  - What about 'pass-through' abatements?
  - Do my systems capture this information?
  - What about recapture provisions for non-performance from recipients?
  - What about commitments made by our government / forced on by other governments related to abatement?
  - Is my government subject to a non-disclosure law / agreement?



## Areas of Focus to Implement GASB-77

- ▶ Data Gathering – Do I Have it All?
  - Include abatements made by other governments forced on your government
  - May need time to clarify the terms / conditions of the abatement
- ▶ Someone needs to be in charge – could be
  - Controller / comptroller / treasurer / CFO
  - Likely not the auditor (unless preparer) nor economic development entity
- ▶ Focus on the definition of abatement, legal restrictions
- ▶ Focus on accrual basis for numbers in disclosure



## Statement 74 & 75, and some of 85 – OPEB

- ▶ Addresses both OPEB Plans Administered through trust & not administered through trust
  - Same trust criteria
- ▶ Requires reporting of liability in the F.S.
  - Trust: Total OPEB Liability or TOL – FNP (fiduciary net position) = NOL (net opeb liability)
  - Not trust: Total OPEB liability or TOL = NOL (net opeb liability)
- ▶ Effective Date:
  - 74 – fiscal years beginning after June 15, 2016
  - 75 – fiscal years beginning after June 15, 2017
  - 85 – fiscal years beginning after June 15, 2017



## Statement 74 & 75, and some of 85 – OPEB

### ▶ OPEB

- Other postemployment benefits – all postemployment benefits promised to employees other than pensions
  - Medical, dental, vision separately or through a pension plan.
- Principally, retiree health insurance – but also life insurance, disability, legal services, and other benefits
  - Provided separately from a pension plan.

### ▶ Includes:

- Payments made to insurance companies on behalf of retirees,
- Payments directly to retirees, and
- Subsidizing retiree premiums by allowing them to be insured in the same group as active employees



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## Questions?



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# Performance Measures

## IGFOA TRANSPARENCY PROJECTS PERFORMANCE MEASURES & THE POPULAR ANNUAL FINANCIAL REPORT (PAFR)

*“Change doesn’t begin with Vision; it begins with Facts”*

May 2017  
Denver, CO

# 15

## AGENDA

- Review and agree on which measures to report
- Look at options for a dashboard format
- Set a goal to present your dashboard
- Consider options for publishing a PAFR

## WHY MEASURE?

### Quality Improvement

- share your successes
- reveal areas where you need to make adjustments.
- tells you whether you are achieving your goal of improving outcomes
- better management

### Transparency

- Stakeholders outside of the organization--politicians, funders, auditors, citizens--want to know about the quality and efficiency of the services being provided.

<b>IGFOA CURRENT MEASURES</b>	<b>FOCUS</b>
<b>1. Number of days to process an invoice (general and federal)</b>	Grant & Cash Management
<b>2. Reduction in overdue travel advances</b>	Cash Management
<b>3. Completion of fixed asset inventory</b>	Fixed Assets
<b>4. Bank reconciliations completed on a timely basis</b>	Internal Controls
<b>5. Revenue Estimates within target %</b>	Budget & Cash Mgmt
<b>6. Timeliness of SF425 reports</b>	Grant Management
<b>7. Reconciliation and Reduction in Federal Grant Receivable balance</b>	Grant & Cash Mgmt
<b>8. Completion of comprehensive Cash Management Plan</b>	Cash Management
<b>9. % of unspent federal funds</b>	Grant Mgmt


<b>IGFOA PROPOSED MEASURES</b>	<b>VOTES</b>	<b>FOCUS</b>
<b>Completion of Personnel Evaluations</b>	6	Capacity Building
<b># training hours per finance employee</b>	5	Capacity Building
<b>Collection of General Accounts Receivable</b>	5	Cash Management
<b># of days to close (quarterly)</b>	4	Internal Controls
<b># days of cash on hand</b>	4	Cash Management
<b># employees clearing advances</b>	3	Cash Management
<b>% of unspent federal funds</b>	1	Grant Management
<b>Time to process notice of personnel actions</b>		
















# FAST Perspectives

Financial Management Perspectives	Desired Outcome
A. % of CRs submitted within one week of the deposit date	Timely reporting of revenue to the general ledger
B. % of encumbrances outstanding 60 days after the end of the fiscal year as a % of total encumbrances for the year	Department close out old purchase orders; department do not encumber funds at year-end to use next fiscal year
C. % of payment requests entered into financial system with no errors	Departments process payments correctly
D. % of invoices submitted within 21 days	Prompt payment by departments to vendors
E. Annual inventory reports submitted by the prescribed timeframe	Timely receipt of the annual inventory report
F. % of out of cycle payroll checks requested annually	Timely & accurate execution of payroll
G. % of travel expense reports submitted within 10 business days from returning from the trip	Timely submission of expense reports



**ISLAND GOVERNMENT FINANCE OFFICERS' ASSOCIATION**

### Unspent federal funds

	FY 2016	Percent
 AMERICAN SAMOA	<b>Not reported</b>	
 CNMI	\$46M	40%
 FSM: NATIONAL	\$125K	7%
 FSM: KOSRAE	\$242K	4%
 FSM: POHNPEI	\$422	13%
 FSM: CHUUK	<b>Not reported</b>	
 FSM: YAP	<b>Not reported</b>	
 GUAM	\$2M	21%
 MARSHALL ISLANDS	\$1.5M	11%
 PALAU	\$1M	18%
 US VIRGIN ISLANDS	\$9M	6%

ISLAND GOVERNMENT FINANCE OFFICERS' ASSOCIATION		
Collections of second quarter travel advances		
	April 2017	Percent
 AMERICAN SAMOA	<b>Not reported</b>	
 CNMI	\$71,536	11%
 FSM: NATIONAL	\$431,336	52%
 FSM: KOSRAE	\$22,991	42%
 FSM: POHNPEI	\$28,937	46%
 FSM: CHUUK	<b>Not reported</b>	
 FSM: YAP	<b>Not reported</b>	
 GUAM	\$23,036	7%
 MARSHALL ISLANDS	<b>Not reported</b>	
 PALAU	\$168,551	62%
 US VIRGIN ISLANDS	<b>Not reported</b>	

## WHAT TO INCLUDE IN A GOOD DASHBOARD

### Summarized dashboard

- Target or Goal
- Context
- Trends

### Additional information

- Purpose of the measure (if not obvious)
- Corrective action (if needed)

Kosrae State Gov't. Performance Measures				
Timeliness of Bank reconciliation	Fixed Asset Inventory	# days to process an invoice paid through a federal grant	Federal Grant Receivables	Timeliness of SF425 reports
Status of 3-31 bank reconciliations All 4 accounts completed 2 to 3 days after date received statements	Physical inventory completed at 9:30-16? Ongoing – started on March 16, 2017	Average days to process an invoice FY17 General Fund – 96% on target Federal Funds – 99% on target	Ratio of receivables to revenues for FY 16 100%	% of SF425 reports submitted on a timely basis as of 12-31-16 100%
What is your target # days? 15 days after statement received	Any fixed asset findings on the audit? None	What is your target # days? Within 3 days after all documents are received	What is your target? 100%	What is your target? 100%
Compare to prior year Same	Compare to prior year None	Compare to prior year Same	Compare to prior year Same	Compare to prior periods Same
Do you have an improvement plan? No need	Completion plan? Status is half-way. Scheduled for July 14 but due to KSL Budget Hearing, extended 1 week.	Improvement plan? Work Closely with departments to ensure complete documentation	Improvement plan?	Improvement plan (if needed)

### KOSRAE STATE GOVERNMENT FINANCE OFFICE DASHBOARD

Message	Goal	Current Message	Trend FY2012 - FY2014	Status
Number of days to process an invoice (general fund)	Within 3 days upon receipt	Within 3 days upon receipt	Continue to meet Goal	
Number of days to process an invoice (Federal funds)	Within 3 days upon receipt	Within 3 days upon receipt	Continue to meet Goal	
Reduction in overdue items/stratex	0% reduction in overdue items	0% Achieved as total overdue items 00-00-2015	Slight change (down)	
Completion of fixed asset inventory	Physical inventory error free to be completed 120 days after the end of the fiscal year	Completed the inventory on 10-18-2015	Steady Improvement	
Bank reconciliations completed on a timely basis	12 days after receipt of bank statements	All bank account reconciliations are completed prior to the 15 day target.	Continue to meet Goal	
Revenue Revenues within target % (General Fund)	Meeting the allocated amount	All of 06-30-2015, the annual revenues were 12% below the target.	Steady growth	
Timeliness of SF425 reports	Every 15th of the month following the end of the quarter	March 24, 2016 reports were submitted April 21, 2016	Steady improvement	
Reconciliation and Reduction in Federal Grant Receivable Issues	Submit reports on average 7 to 15 days of being FSI Part through Grants	Due to continue follow-up with support from FSI training, the Fed grant receivable is down.	Steady Improvement	

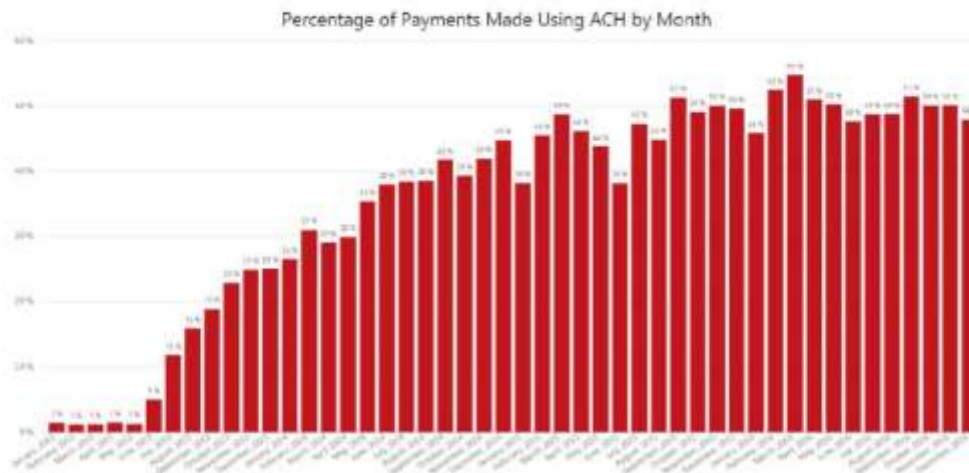
Completion of Cash Management Plan	Expected FY16 or FY17 in cash account	Status
Government Cash Policies Documented?	YES	
Bank Account Templates Completed?	YES	
Federal Cash Disbursement Process Documented?	YES	
Federal Grant Disbursement Process Documented?	YES	
Other cash procedures documented (bank reconciliation, deposit, retained checks)?	YES	
Treasury fees agreement filed on file (if applicable)?	Not Applicable	
Internal Control Checklist Completed?	YES	



# Controller's Office

## Controller's Office: ACH Progress

January 2013 to December 2015



**Why is this goal important?**

The "days to pay" measure indicates whether the City is complying with its contractual obligations and state law. State law requires municipalities to pay invoices within 35 days of invoice date or according to contract terms. Also the ability of the city to take early pay discounts is driven by this measure. Data in the chart above is based upon all payments processed by the City, with the exception of employee's payroll.

**What will it take to make progress?**

The Central Requisitions and Receiving group was implemented in February 2011 to help support departments procure the goods and services they need to do business, and ensure that proper approvals are received prior to making purchases. Despite efforts of this group, Finance continues to see invoices after the goods or services have been received and lacking necessary information for charging back the purchase to the appropriate department. This results in impacts to the "days to pay" measure as it takes more time to track down this missing information and then process the payments in the financial system. The Accounts Payable Manager has been meeting with departments to facilitate communications to work more collaboratively with each other to find ways to meet the needs of both Accounts Payable and City

### Department of Finance: 2015 Budget Review

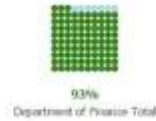
Department of Finance - 2015 Budget vs Actuals



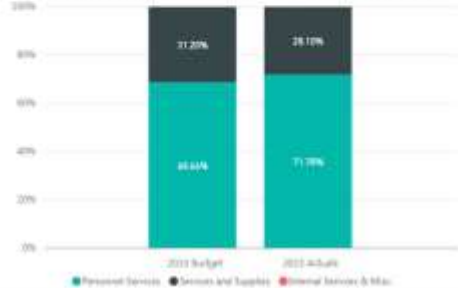
2015 Department Actual Spend



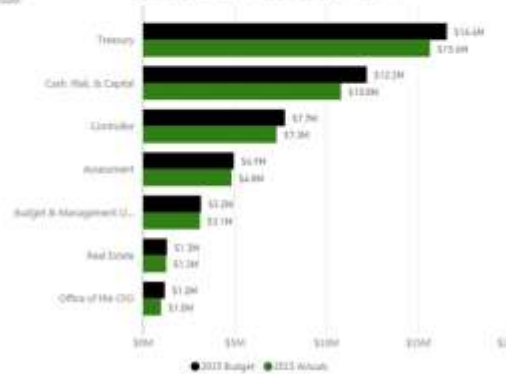
% of Budget Spent



Percentage of Budget & Actuals By Account Type



2015 Budget vs Actuals By Division



Microsoft Power BI - Embedded content

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## Long-Term Fiscal Health Snapshot

ITEM	CURRENT STATUS	FUTURE OUTLOOK	TREND
<b>Long-Term Liabilities</b>			
PERS	●	●	Negative, unfunded liability is growing
FPD&R	●	●	Improving capacity, continue to monitor
Other Post-Employment Benefits	●	●	Stable, continue to monitor
<b>Infrastructure</b>			
Utilities (Water & BES)	●	●	Stable, continue to monitor
Transportation	●	●	Negative, needs significant additional resources
All Other (Parks, Public Safety, Civic)	●	●	Negative, needs increased investment
Legacy Liabilities	●	●	Negative, costs still unknown for Portland Harbor and Columbia River Levee projects
<b>Employee Costs</b>			
	●	●	Negative, costs are growing faster than revenues

Indicators of Performance and Quality		Target Month	Actual Month	Target YTD	Actual YTD	Trend	Target Red Measure Blue
<b>Infections</b>							
Hand Hygiene		95%	97%	95%	97%		
Mandatory Reportable Infections		0	0	0	0		
Other Reportable Infections		1	2	TBC	12		
<b>Delivering Safe care</b>							
Serious Incidents		6	3	48	39		
Patient Safety Incidents		120	78	600	538		
New Pressure Ulcers		0	1	0	6		
WHO Surgical Checklist - Compliance (1month delay in reporting audit results)		100%	100,0%	100%	100,0%		
WHO Surgical Checklist - Completion (1month delay in reporting audit results)		98%	98,8%	96%	98,8%		
<b>Safety Indicators</b>							
YTE Risk Assessment		95%	97,4%	95%	96,4%		
I/QQR detection - Quarterly		35%	38,0%	35%	38,5%		

## INVESTIGATE LACK OF PERFORMANCE

- **Root cause analysis**

Looks below the immediate cause of under-performance to the root cause.

- **Process mapping**

Process mapping tools are used to visualize the steps in a process and draw analysts' attention to potential points of failure such as bottlenecks, hand-offs of work between people, and non-value adding process steps

- **Set variance tolerances**

Establish upper and lower parameters for what constitutes acceptable, normal variation in a measure.

## PAFR

- The financial information contained in the PAFR must be derived from the actual GAAP data
- Disclose the scope of the financial information.
  - Selected funds? Component units?
  - Denver included only their central government funds
- Other data to consider including:
  - Demographics of the island
  - Planned or completed capital projects
  - Financial health—budget deficit, cash ratios
  - Debt—policy, ratings
  - Current economic activity
- Format
  - Short
  - Colorful
  - Understandable terms





## Capital Assets

The city's capital assets totaled \$6,344,860,000 at December 31, 2015. This investment in capital assets includes buildings and improvements, infrastructure and other improvements (including streets, alleys, bridges, etc.), land, various equipment and collections, and construction in progress. The business-type capital assets, which include Denver International Airport (DEN), Waterworks, Environmental Services, and GWR, account for 58.7% of all city capital assets. DEN assets comprise almost 95.4% of all business-type capital assets.



The complete Mayor's Budget and Comprehensive Annual Financial Report are available at the City and County of Denver's Department of Finance website at [www.denvergov.org/Finance](http://www.denvergov.org/Finance).

## PAFR EXAMPLES TO CONSIDER

Maricopa County, AZ

<http://www.maricopa.gov/ArchiveCenter/ViewFile/Item/3066>

Fort Collins, CO

<http://www.fcgov.com/finance/pdf/pafr-2015.pdf>

Boulder, CO

[https://www-static.bouldercolorado.gov/docs/2015\\_PAFR](https://www-static.bouldercolorado.gov/docs/2015_PAFR)

Pittsburg, PA

<http://apps.pittsburghpa.gov/co/2015-City of Pittsburgh PAFR,Controllers Page.pdf>

GFOA Standards

<http://gfoa.org/preparing-popular-reports-0>

## GOOD STUFF TO REMEMBER

- Signature of mediocrity is inconsistency
- Distinguish between values and practices
- Prepare for uncertainty
- Figure out what works, THEN scale up
- Ignite movement by looking at the facts

# Chuuk Government Action Plan

# 16

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	Transparency	Chief of P&D	Monthly	Updte info to the public about the department based on data
02	Conduct Ethics Training	Director / Ex. Committee	Mid/End of FY	Training will be conducted two times a year to all employees
03	Fraud Conference	Director / Ex. Committee	End of Aug-2017	Conduct a fraud conference to all staffs
04	Create Performance Measures	Director / Ex. Committee	By Aug-2017	Each division should mapped out their performance measures
05	Do Employee Evaluations	Director / Chiefs / Supervisors	By end of FY	Each division should do evaluation on their employees.

# American Samoa Government Action Plan

# 17

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	GFOA Conference Highlights Internal Controls			
	Update Organizational Chart	Ueli & Tina	Jul 31, 2017	Clarify Roles and duties of all involved
	Update SOP (Finance)-Incorporate Uniform Guidance	Carri & Levi	Aug 31, 2017	Grants, AP and Revenue
02	Performance Monitoring & Citizen Capital Improvement: Arvada, Colorado)	Brian Archer, Lisa Yagi		...
	Revisit ASG Website/Consider posting ASG's financial information such revenues sources and expenditures	Tina/Grace ( IT Manager)	Sep 30, 2017	
03	Insular Government Presentations	...	...	...
04	Citizen-Centric Reporting: Denver, Colorado	Beth Machann, Steve Bohn, Kate May		
	Peak Academy - Research into how Peak Academy improves ASG's process	Carri	Sep-2017	
05	Insular Government Fraud, DOI-OIG	Beth Schubert	...	...
	Internal Controls - Revisit Controlling Environment	Tina / Carri / Levi		
06	Finance Office Performance Measures	Debbie Milks		
	A) 30% removal of financial findings	Tina & Levi	...	Taxes Revenues & A/R, Grants Adv, Timely Closing
	B) 25% decrease of Grant Receivables	Becca	...	Weekly Update of Grants
	C) 100% SF425 Reporting	Becca / Carri	...	...
	D) % of unspent grant funds	Becca / Carri	...	...
	E) # of Days for Quarterly Closing	Levi / Tina	...	*Levi gets rid of DOH Grant Programs, fulfill as CAO

# American Samoa Government Action Plan

# 17

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
07	GASB Updates and Performer Review	Frank Crawford		
	Collect Data on Tax Abatement Items	Tina / Vaai	Dec 2017	...
	Seek Crawford Consultation on reporting/disclosures	...	...	...

# CNMI Government Action Plan

# 18

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	PAFR			
	Propose PAFR production	OMB, Jazmin / Nadia	Jun 15, 2017	...
	Establish PAFR Task Force	OMB, Jazmin / Nadia	Jun 30, 2017	...
	Publish PAFR	OMB, Jazmin / Nadia	Nov 30, 2017	...
02	Cash Management			
	Update Cash Mgmt. Details	...	...	...
	Publish Cash Mgmt.	...	...	...
03	Create IGFOA Dashboard	IGFOA Steering Committee, Ryan	Jun 30, 2017	...
04	Review Travel Advance Policy	DOF, Bobbie	...	Completed
05	Enforce strict Collection	DOF, Bobbie	Jun 30, 2017	
06	Personnel Training	OPM, Ami / Frannie	Jul 30, 2017	

# FSM Government Action Plan

# 19

## For FY 2017

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	GL and Bank Accounts and Reconciliation	Accounting Advisor	Dec 31, 2017	To ensure that balances are timely reconciled and accurate
02	Collection of Travel Advances	Acting Asst. Secretary-Treasury	Continuous	To comply with the travel regulations, travel section should consistently remind send billing statements to the travelers
03	# of Employees Clearing Travel Advances	Acting Asst. Secretary-Treasury	Continuous	To monitor the travelers who are not complying with the travel agencies
04	Timely submission of SF425 Report	Asst. Secretary-Investment	Jan 31, 2018	To inform the program managers and make them aware of the liquidation of encumbrances and due date of the reports.

## For FY 2016

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	GL Accounts Reconciliation	Accounting advisor	Mar 2017	For FY2016, completed
02	Development of Uniform Procurement Policy	Secretary	May 2017	Ongoing
03	Procurement of FMIS	Secretary	Jan 2019	Ongoing
	Seek technical assistance for FMIS procurement preparation		Sep 2017	Ongoing
04	Resolution of prior years' questioned costs	Audit Resolution Committee	Mar 2017	Partly completed
05	Seek technical assistance for capacity assessment for accounting and budget staff	Asst. secretary- BEM	Mar 2017	Ongoing

# FSM Government Action Plan

# 19

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	GFOA Conference Highlights	...	...	...
	Conduct training about Code of Ethics	...	...	...
	To develop policy about transparency in government	...	...	...
	To develop budget modules	...	...	...
02	Insular Government Presentations	...	...	...
	To present the performance measures to the departments	...	...	...
03	Insular Government Fraud, DOI-OIG	...	...	...
	Reassessment of existing internal control	...	...	...



# GUAM Government Action Plan

# 20

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	Government Presentations	Kathy	Ongoing	GASBs, Performance Measures
02	Transparency	Ken Borja	May 2018	Identify what information and how/where to put online.
03	Performance Measures	Grace/Mike	Ongoing	Trends for these measures are increasing - will monitor on quarterly basis
04	Travel A/R	Mike	Ongoing	Trends for these measures are increasing - will monitor on quarterly basis
05	Federal A/R	Armilynn	Ongoing	Trends for these measures are increasing - will monitor on quarterly basis
06	GASB 77 – Abatements	Goody	Dec 2017	Identify potential issues or challenges. Any issues with information release
07	FMS acquisition prep	Core Team	May 2018	Updated chart of accounts layout; business process redesign
08	Review SOPs for updates	...	...	A/P ACH policies; PII SOPs

# Pohnpei Government Action Plan

# 21

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	GL & Bank Accounts Reconciliation	Accounting Advisor / Chief of Finance	Dec 2017	This should be an ongoing activity, daily and weekly.
02	Development of Uniform Procurement Policy	Director/Fin. Advisor/Chief of Fin.	Sep 2017	To be in line with the Uniform Grant Guidance
03	Collection of Travel advances	Chief, Div. of Finance	Monthly	Will follow our FMR
04	Resolution of prior years' questioned costs	Fin. Advisor/Chief of Finance	Oct 2017	...
05	Fixed Assets	Chief Div. of Fin./Fin. Advisor	ASAP	Reconcile monthly and quarterly for Sectors and Gen. Fund
06	Internal Control	Director/Fin. Advisor	Aug 2017	To conduct a workshop by Director and Fin. Advisor
07	Prior Years Question Cost	Director/Fin. Advisor	Aug 2017	...

# RMI Government Action Plan

# 22

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	GFOA Conference Highlights			
	Develop an ethics training program for MOF	Gloria	TBD	Update then conduct training, Subject to Secretary's approval
02	Performance Monitoring & Citizen Capital Improvement			
	Complete asset inventory for Majuro FY16	P&S	Dec 2017	Prioritize Compact & Federal Grants
03	Insular Government Presentation			
04	Citizen-Centric Reporting			
05	Insular Government Fraud, DOI-OIG			
	Conduct WorkFlow Mapping Sessions	Ywao	Dec 2017	
06	Finance Office Performance Measures			
	Implement	Ywao / Spencer	Dec 2017	
07	GASB Updates and Performances Review			
	Identify Businesses and individual with tax abatements	Itibo	Dec 2017	

# Palau Government Action Plan

# 23

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	Performance Measures	MOF Mgmt Team	Sep 2017	Prioritize & improve performance on key indicators
	• Travel Section	Chief-DFA	...	...
	*Need to hire replacement-Senior Accountant resigning		Jan 2017	Hired a new staff, need further training Need to hire supporting staff
	• Bank Reconciliation	Chief-DFA		
	*Recruitment in process-potential employee		Mar 2017	Hired a new staff, need further training
	• Fixed Assets	Chief-DPSO		Adhere to Procurement Policy, survey unlocated assets
	1. Develop checklist			
	*Review and modify procurement checklist			
	2. Meet with agencies		Mar 2017	Met with all departmental heads
	*Meet with agencies twice a year, first meeting before the end of January 2017			Identified accountable officers and property custodians
	3. Update property list			
	*Provide agencies with property list to reconcile and update list		Apr 2017	Departments reconciling list with PSO
	*Identify unlocated assets that have exceeded useful life		Apr 2017	Survey Board approving property disposition
	4. Review & update property management policy		Ongoing	Draft complete, pending Procurement Law amendment from OEK
	*Raise threshold			
	*Review asset class useful life			
	*Include bidding list online-MOF website		Mar 2017	Online bidding announcement site live

# Palau Government Action Plan

# 23

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
	<ul style="list-style-type: none"> <li>Federal Grant Receivables</li> </ul>	Chief-DGM		...
	1. Review & improve drawdown procedure			
	2. Request Additional Access to PMS		Mar 2017	Need to train on the drawdown process.
	*Emailed to HHS PMS for additional access - 1/9/17		Done	Obtained additional access to PMS
	3. Train Program Managers on new procedures		Ongoing	Continuous Training, Monitoring, and Meetings with departments.
	<ul style="list-style-type: none"> <li>Implement On-line Requisitioning</li> </ul>	ISSS	Pending	Pending until new system acquisition
	1. Document workflow process			
	*Review and update COA maintenance procedures			
	2. Identify additional reporting requirements-BBP			
	3. Produce draft COA			
02	Strengthen Utilization of Performance Measures	MOF Mgmt Team	Sep 2017	Establish framework for consistent review & evaluation
	<ul style="list-style-type: none"> <li>Establish framework for consistent review &amp; evaluation</li> </ul>			
	1. Identify key "Users"		Ongoing	Improve performance based on measures
	2. Mainstreaming performance measures in staff meetings		Ongoing	
	*Management team meet monthly, quarterly with Minister, and weekly with staff			
	3. Expand Performeter		Ongoing	
	*BBP will have draft by the end of February 2017			

# Palau Government Action Plan

# 23

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
	-Include GF and Special Revenue Funds			...
	-Incorporate economic indicators			
	*BBP will take lead and include other indicators			
03	Improve Resolution of Audit Findings	ARC	Sep 2017	Audit Review Committee-reporting/monitoring on audit findings
	Establish framework for consistent review & evaluation		Ongoing	Need to revise the committee's responsibilities and appoint new members.
	*Monthly meeting with Management and quarterly with Minister		Ongoing	
	Develop ARC procedures			Include periodic reporting-not less than every 2 months
04	Standardize Financial Forecasting Model	BBP	Sep 2017	Formalize procedures
	Document financial forecasting framework		Pending	Pending until new system acquisition
	*BBP will complete by the end of January 2017			
	Develop standard reports and deadline dates utilizing FMS			
05	HR Module	BPSS	Sep 2017	Develop & utilize full staffing plans for FMIS budget control module
	Develop full staffing plans for MOF and another ministry as pilots		Pending	Pending until new system acquisition
	Utilize full staffing plan for budget control			

# Palau Government Action Plan

# 23

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
06	Identify and secure financing for new FMS	MOF/BBP	FY 2018	Begin Planning Process possibly with DOI TA
	Establish 'governance structure'			
	*Report on governance structure		Jan 2017	
	*Attended demo for 3 different systems			
	Develop New System Acquisition Plan		Ongoing	
	*Review system requirements checklist		Ongoing	
	Seek support from MLS/MIF			Possible Joint Proposal
	Request assistance for project management services	MOF	Dec 2017	
07	Tax Abatement	Umerang	Dec 2017	
	Abatement			
08	PAFR	BBP	Dec 2017	
	*Develop Community Report Sample			

# USVI Government Action Plan

# 24

#	What needs to be done?	Department, Who will be responsible	When it will be done?	Comments and Notes
01	To have the current features fully implemented for the Grants Module operational	OMB-FGMU,DOF, Anita Roberts	Oct 01, 2017	This is scheduled for testing in June
02	Close period within 30 days of quarter and 30 days within end of fiscal year	DOF, Ebony Serrano	Nov 01, 2017	On target
03	Cancel Purchase Orders over 90 days after end of fiscal year	DOF, Ebony Serrano	Oct 01, 2017	On target
04	Review and make a proposal for travel regulations and processes	DOF, Ebony Serrano	Oct 01, 2017	conduct meeting with all stakeholders
05	Capital Asset Management cross training	DOF, Ebony Serrano	Oct 01, 2017	Beginning phase
06	Maintain an 85% draw down status	DOF, Laurel Payne	Oct 01, 2017	Monitoring agencies not meeting the 85%
07	Make a proposal to enhance federal receivables through updated SOPP	DOF, Laurel Payne	Oct 01, 2017	Finalizing SOPPs
08	Complete 1st phase of importing fix asset into the ERP	P&P /DOF, T. Lake / K.Henry	Dec 31, 2017	Work in progress
09	Conduct at minimum one meeting per quarter on Capital Asset Management	P&P/DOF, C M Elliott	Dec 31, 2017	Work in progress
10	Delegate a Research Analyst to investigate any possible Tax Abatement Issues	DOF, C M Elliott	Aug 01, 2017	Schedule to begin this summer
	Employee Evaluation	DOP, M.Potter		Completed
	Cash Management Plan	DOF, L. Payne		Completed
	Bank Reconciliation	DOF, C. Birmingham		Completed
	Performance Reviews	OMB, N. Bowry		Completed
	OMB Uniform Grant Guidance Training for Fiscal Year 2017	OMB-FGMU, A. Roberts		Completed
	Fixed Asset Management			On Target
	Create detail corrective plan for Audit Findings			On Target





# IGFOA Denver 2017 Evaluations Summary



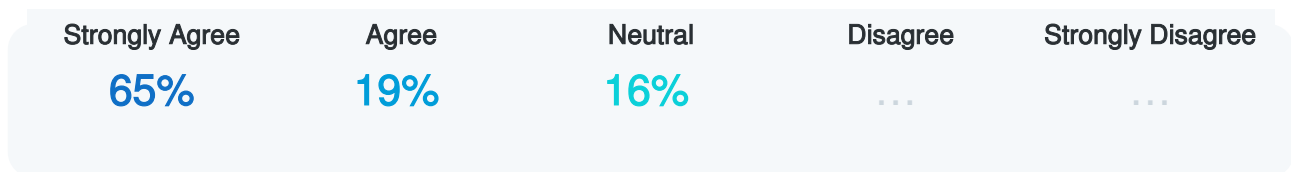
25

To ensure that conferences and meetings that the Graduate School USA conducts for the PITI and VITI programs are as responsive as possible, please take a few minutes to fill out this evaluation. Your input and comments will be very useful to us in planning future events.

On a scale of 1 - 5, with 5 being the highest score and 1 being the lowest score, please rate the GFOA Conference and IGFOA Meeting by circling the appropriate number.

## GFOA CONFERENCE

01. The GFOA Conference meeting sessions were relevant and timely



**Score: 4.5**

02. What sessions of the GFOA Conference would you suggest should be followed up by PITI-VITI through training and/or other activities?

- Ethics and Time Management
- Ethics, how to measure a finance office, transparency-what to share and how to share, one week a time: strategies for time management
- All were conducted in a very professional way.
- Ethics, Fraud
- Peak Academy and Performance Measures
- Uniformed Grant Guidance
- Transparency and fraud in the government
- Best practices related to the categories of internal controls, auditing, and financial reporting. Identifying fraud. Peak Academy, GASB Updates for the one effective in 2017
- PAFR, Peak Performance
- Performance measures, help finance departments with improving their performance measures
- Transparency, Dash Boards
- Transparency and Budgeting
- UGG, internal controls, recruiting, performance measuring and ethics
- Revenue analysis forecasting
- Transparency / public relations and engagement. Working with political leaders
- Time Management

- Internal controls, budget and management office
- Performance Measures initial process
- Cash Management
- Ethics, Transparency, ways to prevent hacking

## IGFOA MEETING

03. The IGFOA meeting sessions were relevant and timely.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
<b>81%</b>	<b>19%</b>	...	...	...

**Score: 4.8**

04. The meeting's objectives were substantially met.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
<b>59%</b>	<b>41%</b>	...	...	...

**Score: 4.6**

05. Logistics for bringing participants to and from Denver were handled satisfactorily.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
<b>59%</b>	<b>41%</b>	...	...	...

**Score: 4.6**

06. The IGFOA meeting site (Hyatt House) was comfortable and conducive to the meeting.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
<b>75%</b>	<b>22%</b>	<b>03%</b>	...	...

**Score: 4.7**

07. Support services by the Graduate School USA staff during the meeting were handled well and in a timely manner.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
87%	13%	...	...	...

**Score: 4.9**

08. What sessions of the IGFOA Meeting were the most relevant and meaningful to you?

- Performer and Fraud
- GFOA conference highlights, performance monitoring and citizen driven capital
- What and how it applies to our daily tasks at work.
- Performance measures, performeter, GASB updates
- The whole session well prepared and tailored to all countries
- Presentation by various cities of Colorado and the corrective action plan session
- Performance measures and guest speakers presentation
- Frank Crawford's presentation on Performeter and tax abatement and also Debbie Milks presentation on dashboard
- All of it. Performance measures, internal control, GASB?? Implementation
- Presentation by Frank and Debbie were relevant and meaningful
- Frank Crawford and Debbie Milks presentations. The Peak performance by Denver Government
- GASB. Performance Measures, PAFR, Internal Controls
- Performeter
- Internal controls
- Transparency and Budget programming
- Internal Controls
- Arvada's session on performance measures/cost caving. Denver City session by Ms. Beth on PAFR and Peak Academy
- Presentations from the City of Denver, Peak Academy and the PAFR. Performance measures
- Island government presentations, Arvada presentation, Frank's presentation
- Internal controls.
- Interesting
- Cash management, fraud, small government
- GASB, Performance Measures
- All

- Aravada citizen capital improvement project
- Internal Controls
- Internal Controls, Uniform Guidance, Fraud
- All the sessions
- Performance Measures, Internal Controls
- Internal Controls
- Insular government presentations

09. What are the two most important items that you learned during the week, and how will you apply each when you return home?

- PAFR / PEAK academy, GFOA conference highlights
- Listening to all speakers which they present a very important topics
- Performance measures, GASB updates
- Monitoring and evaluation. Action to plans in specific areas within government to enhance efficiency and effectiveness
- Preparing a PAFR and following through on the corrective action plan
- Our own performance measures and action plan as it is only done and discussed with superiors. Implement what action plan was stated
- Performance measures, internal control
- Internal control, timely closing of financial reports, transparency
- Learn from data, follow-up and make decisions
- Internal controls – evaluate current controls and either strength or revise
- Performance Measures, Internal Controls
- Transparency-identify frequent FOIA requests and place info on-line
- PAFR – will initiate the process of collecting info and data from our audited reports and compile a report / PAFR report. Dash Boards - will start to collect info for Debbie to setup a draft to showcase during IGFOA, Maui in December 2017
- Enjoyed the Peak Academy presentation. I would implement this so we can have a more effective and efficient government
- From Debbie: Get outside help for implementing a system
- UGG-I learned much more about grants management that will help our island improve the grants office and empower its staff to perform more as compliance officers to ensure grants money is being used appropriately. The importance of getting community involvement
- PAFR / Dash Board – Begin with the collection of data
- Revenue analysis and budget review. Peak Academy (performance, transparency)
- Ethics – morals / values. Time management – dedicating specific time to particular works. Also how to budget using new money

- Internal Controls, Transparency
- GASB and PAFR
- Internal Control and Revenue Forecasting
- Fraud, internal control
- Components and internal control – training employees
- Internal Controls – to better control the office / government. Train employees to understand work
- Internal Control implementation. Leadership general sessions
- Pay more attention to policies and that it does keep people accountable. Adding “why” to performance measure
- Recruiting – conduct training. Cash management – develop. Internal Control – implement

10. What sessions or aspects during the week were the least relevant and meaningful to you?

- None
- GFOA provides directions and ideas that can improve outputs, but, not as detailed to suit countries
- Arvada to open on their community transparency
- All sessions are relevant and meaningful to the duties and leadership responsibilities I am in charge of.
- Tax abatement by Frank. Dashboard by Debbie
- None, all relevant
- Transparency and Budgeting
- GASB
- Cyber security risk
- Small government forum and the GFOA
- I happened to sit in for the Hallmark of Quality when it was least relevant
- I attended only the relevant sessions, so all of them are meaningful
- Performer
- Session on pension
- Denver Peak Academy presentation on how to improve processes

11. Please provide any other comments concerning the GFOA Conference and the IGFOA Meeting that will make future conferences and meetings more meaningful and enjoyable.

- Possibly have a session or feedback survey or include in your report about areas that each island government needs assistance on. This way PITI-VITI can really develop a plan that includes the actual needs of the island governments.
- Both brings very important topics
- Current setup is fine

- Given how relevant IGFOA sessions are to countries, include sessions in country.
- The conference was meaningful and enjoyable
- Job well done! Keep it up!
- So far this is my second experience for GFOA and third for IGFOA and coming to this conference and meetings is educating and I will like and hope to continue in this conferences and meetings.
- Offer services in areas that are lacking for participating members, so their health and financial performance for the benefit of those they serve might be improved
- How to plan /provide for a better financial management system. Open door communication with staff. Get them involve in decision making, so they understand the responsible areas
- Possible to find time to enjoy a site of the city hosting GFOA/IGFOA
- Great job Jason!!!...and Debbie and Frank
- None that comes to mind. It was well planned and delivered. Thank you.
- Enjoyed meeting people from all over and also the islanders. Hope to attend another GFOA/IGFOA again.
- Meet and greet before start of conference / meeting. White rice at food events
- If we can receive the booklet/program guide beforehand so we can arrange schedule
- Sight seeing
- Transparency
- Something fun so no one falls asleep. Sorry
- Great job and a lot of lessons learned
- In respect to what's going on in government with all the major change, implemented by GASB, I believe that GASB updates are always welcome.
- Jason was a rock star and an awesome host. Debbie is always so engaging and open to all of our questions. Thank you IGFOA





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# ABOUT THE IGFOA

The Island Government Finance Officers' Association (IGFOA) has met at least annually since 1999 to participate in professional development and networking activities and to establish an agenda for financial management improvement in the insular areas. The summer meeting of the IGFOA immediately follows the annual conference of the Government Finance Officers Association (GFOA). The theme for the 111th Annual Conference of the GFOA was "Measuring and Developing Your Workforce," a theme which was carried into the 2017 Summer IGFOA Conference.

The 2017 Summer IGFOA Meeting highlighted key issues presented during the GFOA Conference and discussion on applicability to insular governments; reviewed the progress of the insular governments' single audits and finance office performance measures; reviewed and discussed finance office best practices employed by the cities of Denver, Colorado and Arvada, Colorado; reviewed best practices in internal controls and fraud assessment; reviewed forthcoming GASB standards applicable to IGFOA members; and built government specific action plans to improve the quality and timeliness of single audits, enhance grants management, measure financial office performance, and prepare to implement new GASB standards.



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*A digital copy of this report, and additional information on IGFOA, is available online at*

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