

IGFOA

Island Government Finance Officers' Association

WINTER REPORT



Honolulu, Hawaii
December 4-6, 2018

Table of Contents

Table of Contents	2
List of Attachments	2
Executive Summary	3
Welcoming Remarks	4
Island Government Presentations	8
Insular Government FY 2017 Audit Improvement Update	10
Insular Government Performeters and After Analysis	12
Lessons Learned in Island Auditing	14
Budget Update From the Department of Interior, Office of Insular Affairs	15
Unfunded Pension Liabilities	17
Finance Office Performance Measures	18
Cybersecurity Readiness: Is Your Government Secure?	19
Developing a Cybersecurity Plan	20
Governmental Accounting Standards Board (GASB) Update	20
FMIS Status Update Panel Discussion	21
Government Action Planning	22
Conference Close-Out	22
Conference Evaluations	22

List of Attachments

01 IGFOA Honolulu 2018 Agenda	24
02 List of Conference Participants	29
03a American Samoa Government Presentation	32
03b Commonwealth of the Northern Mariana Islands Government Presentation	38
03c Guam Government Presentation	44
03d Federated States of Micronesia Government Presentation	51
03e Republic of the Marshall Islands Government Presentation	57
03f Pohnpei State Government Presentation	63
03g Chuuk State Government Presentation	70
03h Yap State Government Presentation	77

03i Republic of Palau Government Presentation	83
04 Audit Improvement Update, Debbie Milks, CPA	90
05 2017 Performeter and A.F.T.E.R. Analysis Presentation, Frank Crawford, CPA	98
06 Lessons Learned in Island Auditing, Les Kondo, Hawaii Public Auditor	116
07 OIA 2019 Budget Update, Tom Bussanich, DOI-OIA	155
08 Unfunded Pension Liabilities, Frank Crawford, CPA	167
09 Measuring our Measures, What are the Rules? Debbie Milks, CPA	184
10 Cybersecurity Readiness, Vincent Hoang, Hawaii Chief Information Security Officer	193
11 Cybersecurity Island Style, Debbie Milks, CPA	214
12 GASB Updates, Frank Crawford, CPA	220
13a Government Action Plan: American Samoa	240
13b Government Action Plan: Commonwealth of the Northern Mariana Islands	242
13c Government Action Plan: Guam	244
13d Government Action Plan: Federated States of Micronesia	247
13e Government Action Plan: Republic of the Marshall Islands	249
13f Government Action Plan: Pohnpei State	251
13g Government Action Plan: Chuuk State	254
13h Government Action Plan: Republic of Palau	256
14 Conference Evaluations Summary	259
15 Conference Participant Contact Information	267

Executive Summary

The Island Government Finance Officers' Association (IGFOA) has met at least annually every year since 1999 to participate in professional development and networking activities and to advance an agenda for financial management improvement. IGFOA Meetings also provide a forum for participants to discuss common issues and strategies, and to develop a shared agenda for training, organizational development, and technical assistance.

The 2018 IGFOA winter conference presented trainings on developing cybersecurity plans, the challenges of auditing in the insular areas, and identifying obstacles to measuring performance. In addition, participants were updated on new GASB accounting standards and FY17 Performer scores. Finally, the forum provided each participating government with the opportunity to update their government-specific action plans to address ongoing issues, including audit performance, new accounting standards, FMIS procurement and implementation, and finance office performance measurement.

The agenda for the conference was developed following feedback from previous conferences, and current issues in government accounting. The goals of the December 2018 IGFOA conference were to:

- Share the status of each government's single audits, finance office operations, performance measures, and other initiatives completed since the May 2018 IGFOA conference in St. Louis;
- Present and discuss best practices in single audit improvement, finance office performance improvement, unfunded pension liabilities, cyber-security plans, and FMIS systems acquisition;
- Exchange information on the latest Performer analyses;
- Build government-specific plans to address emerging GASB standards, enhance finance office performance measures, address unfunded pension liabilities, and continue corrective action planning for single audits.

The conference agenda has been included in this report as **Attachment 1**. A complete list of conference participants can be found as **Attachment 2**.

Welcoming Remarks



The Winter IGFOA Conference began the morning of December 4, 2018, with welcoming remarks on behalf of IGFOA delivered by Palau Minister of Finance, the Honorable Elbuchel Sadang. Minister Sadang shared the following:

Honorable Elbuchel Sadang

It is a great honor and privilege to welcome you all to the 2018 IGFOA Winter Meeting. A significant part of our time together will focus on finance operations and best practices. We have learned not to let events control us, not to rely on reaction, but rather to take our own actions. Like a boat without an engine or rudder, tide, winds, and rain can sweep us away and take us where we do not want to be. Instead, we should strive to use the outcome of this meeting to plan our course, working together to improve our governments. We must include all departments, working together like the tide, to raise our boats.

On behalf of IGFOA, I would like to take the opportunity to thank OIA, and especially Nik and Tom, who are here with us today. Thank you also to our resource consultants, Debbie, Diane, and Frank for their continued patience bringing out the best in our countries. Last but not least, we thank the Graduate School USA for their hard work to make this conference possible.

To everyone here, some of us have been here a long time and some are new. Let us work together in the next three days to set best practices, and commit ourselves to work hard for our people and our governments.



Following the Minister's welcoming remarks, Nikolao Pula, Director, Department of the Interior, Office of Insular Affairs welcomed the group.

Nikolao Pula

Aloha! I would like to take this opportunity to thank every one of you for making time to come here and I'd also like to thank the Graduate School for pulling this meeting together.

As I look through the list of people here today, I realize some of you have been here for many years like Minister Sadang and Tom Bussanich from my office. However, I also see a lot of new faces, like Ezra from the CNMI who I had the opportunity to talk with this morning. The IGFOA is a wonderful group of people.

Sometimes we come together annually and take this meeting for granted, but I was thinking this morning, if I were starting my career and could do it all over again, this would be a great way to begin, attending these meetings. So, thank you to the Graduate School for having this program.

When looking at the names on the program, Debbie Milks and Frank Crawford, they have been doing this for years, helping our islands become more fiscally responsible. Diane, I do not know personally, but I will make an effort to know you better. Kevin O'Keefe, our facilitator this morning, originally began his Pacific work as Peace Corps in Samoa. Tom Bussanich also started as Peace Corps in Chuuk. I would like to express gratitude for all they have done in our islands.

To highlight a few more familiar to me, Catherine Saelua from American Samoa, Feliciano Perman from FSM Pohnpei, and Tiser Reynold from FSM Chuuk. Thank you for being here. Each one of you here are important, not only in your governments but at Insular Affairs. You are our backbone.

My message for your today is a simple notion – depth perception. Why depth perception? Every time I parallel park, my wife says she is amazed, that I have great depth perception. So, now I have to do it to impress her. When I arrived here, I told the woman helping me that I did not want a minivan, but a mid-sized car, to ensure I could parallel park. My car arrived and she drove it around for me. Just then, a minivan came around and ran into her! I thought to myself, bad depth perception! So, now in doing work for the next few days, depth perception is going to be an important thing.

I look at my staff and ask who has good depth perception? Who is good at their work? As finance officers, ask yourself, how good is your depth perception in the work you do? Are you able to improve someone's career or move someone forward?

Thank you. In the next few days, please think about what you are going to bring back to your colleagues. I hope your depth perception will not end up as a car accident, but bring good results. Thank you!



Finally, following remarks from Director Pula, Graduate School USA Senior Program Manager Jason Aubuchon welcomed IGFOA participants to Honolulu:

Jason Aubuchon

Happy Tuesday everyone and happy holidays. I'd like to echo Nik's comments in welcoming everyone to Honolulu. While it's true that the IGFOA began in 1999, our organization has continued to innovate throughout the years to address emerging issues throughout the finance offices. The institutional knowledge that exists in this room—among participants, among resource instructors, and with Interior—presents a unique opportunity for all of us to share knowledge and work together. I thank the Department of Interior's Office of Insular Affairs, and thank each of the insular governments that have come here to share. I appreciate that it's not easy traveling to Honolulu from your home governments, and appreciate your participation as an indication of how you value the IGFOA.

For many insular governments, this is also a year of political transition, while other governments have been working on disaster recovery; USVI, CNMI and Guam.

It's hard to look around this room without noting that one of our longtime participants, Tom Bussanich, will be retiring at the end of this year. He will be deeply missed by all of us. As these transitions occur, we need to be strategic to take advantage of our time together, and to ensure we are moving forward with shared knowledge and a common agenda. Our meeting agenda for the next three days has been carefully designed to support ongoing issues and challenges throughout the insular areas. I'd especially like to highlight the Hawaii State Auditor, Les Kondo, who presented at the APIPA conference in Palau in August and will be joining us. We will also hear from Vincent Hoang, the Hawaii's Chief Information Security Officer, who will share his experiences regarding cyber security.

On behalf of Jack Mayksoki, and the Graduate School USA team, as well as our team of resource consultants who are here today, thank you all for coming and participating in this winter IGFOA conference. I'm excited for our next three days of training.

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 reported on the following:

- FY 2018 Audit Status
- Changes to prior year audit qualifications or findings
- Unusual challenges for FY 2018
- Effect of pension liability on financial statements
- Status of Action Plans
- Performance Measures
- Finance Office Challenges

Each of the insular government presentations have been included as **Attachments 3a-3i** of these proceedings. A question and answer (Q&A) session followed the island government presentations, which have been summarized below:

American Samoa



- Confirmed that the net pension liability has decreased between FY 2016 to FY 2017 from \$240 million to \$207 million. Net position grew overall, not pension liability government-wide.
- Also confirmed that standard operating procedures (SOPs) being done by ASG accounting staff with several people assigned to each division (e.g., payroll, accounts payable, revenue).
- Will report on cyber security plan/s at May IGFOA. Recently awarded a homeland security grant on cyber security training.

CNMI



- Noted improvements in the audits in getting component unit audit information submitted on time. The Office of the Public Auditor contracts component unit audit work out, and some of these units have been late getting their information in.
- The Graduate School also works to support component units in response to specific requests. As the CNMI identifies key issues, the Graduate School should be considered a resource.
- Additional follow-up with the OIA will also occur on this matter.

Guam



- Currently going through transition to a new administration including recruitment of new finance officer. Continuing to reduce the deficit in governmental funds; also a key performance measure.

FSM National Government



- Confirmed only one repeat audit finding for this past year.
- Also confirmed that component units help pay for the cost of the annual financial audit--\$500,000 for all five governments.

RMI



- The RMI's lack of an unfunded pension liability is partly because they manage their own Social Security system (instead of a government pension system.) RMI's social security system is underfunded, a concerted effort to address this issue is critical to the financial stability and viability of the RMI...as well as the FSM and Palau.

- Fixed asset inventory continues to be a problem for the outer islands due to transportation challenges.
- The RMI's newly formed ICT is comprised of department directors, but their mission not clearly known. It is hoped this team can help address cyber security issues/planning.

FSM Chuuk



- Confirmed the current audit is scheduled to be issued on time. (Past audits have been late.)

FSM Yap



- Yap indicated that they have completed 80% of finance office personnel evaluations. The drive to continuing to develop staff is critical to ongoing success and improvement.

Republic of Palau:



- Five repeat findings. Most of delinquent travel advances resolved. Fixed asset threshold increased to \$5,000 based on actual cost of asset which should improve performance of fixed asset inventory measure in the future.
- Pension actuarial study in process, awaiting recommendations and report.
- FMIS acquisition RFP issued, bids due February 5, 2019. Pre-conference vendor meeting in December 2018. Chart of Accounts under development.
- In the process of getting cyber security technical assistance regarding developing policy and plan.
- Expenditure reductions made recently to maintain balanced budget and meet cash flow/management needs.

General Comments/Requests:

The following general comments were also raised during the Island Government Updates session:

- Could we include the original date of each goal/performance measure so we can know where we started and are today? Our presentations should reflect this going forward.
- Qualified and/or experienced personnel and staffing issues are a common challenge across finance offices. The purpose of IGFOA is to share and learn from each other how performance of our finance office services can be improved.
- The OIA is interested in hearing and knowing about all island government challenges, and the Graduate School has institutionally knowledgeable and experienced human resources who can assist and support all governments in this regard.

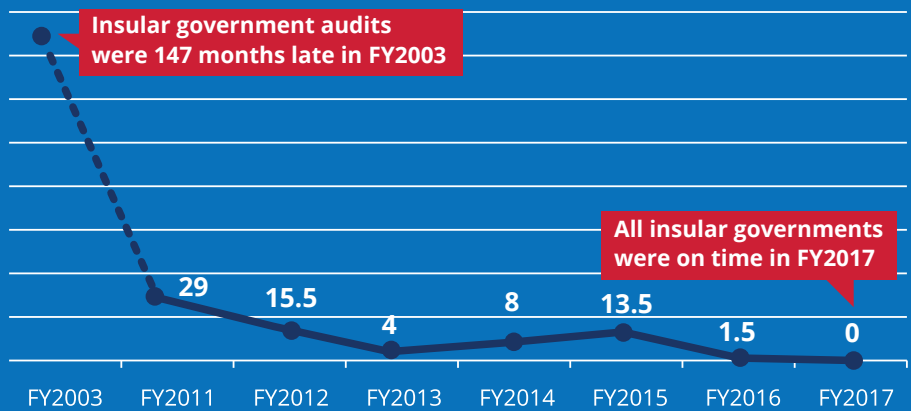
Insular Government FY 2017 Audit Improvement Update

Ms. Deborah Milks, CPA, delivered an FY17 Audit Improvement Update to IGFOA participants. Ms. Milks noted that the intent of the audit improvement program was to focus on the timeliness and results of the insular government audits. In FY2003, the governments were, as a group, a total of 159 months or over 13 years late with their audits. There were 139 audit report qualifications and hundreds of audit findings. None of the governments had “clean” audit opinions.

AUDIT RESULTS: TIMELINESS

Months Late (excluding the USVI) FY2003-FY2017

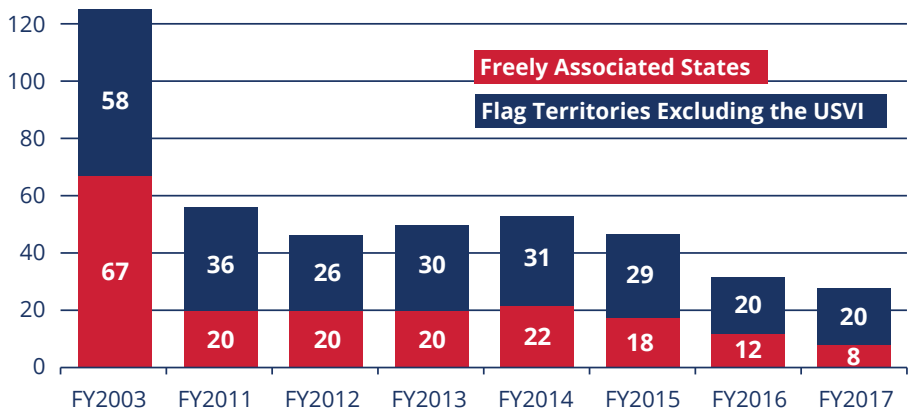
IGFOA has achieved many successes through the years, but perhaps the most striking is the insular governments' dramatic improvement in audit timeliness. In 2003, the ten insular governments were collectively 147 months late issuing their single audits. In 2018, for the first time, the same ten insular governments all submitted their audits on time.



AUDIT RESULTS: QUALITY

Total Modifications (excluding the USVI) FY2003-2017

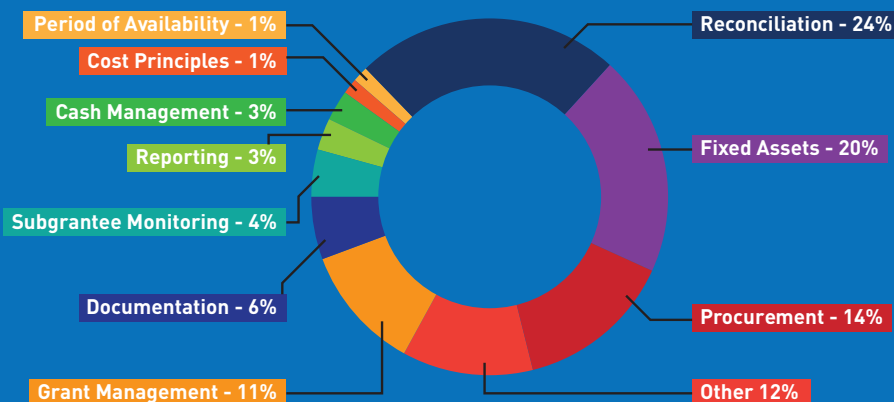
The audit improvement project began with 139 audit modifications across all of the insular governments in FY2003. In FY2017 there were a total of 28 modifications. Five governments have had zero financial statement modifications for the past 10 years!



TYPE OF AUDIT ISSUE AS PERCENT OF TOTAL FINDINGS

Insular Governments (excluding the USVI) FY2017

An analysis of the types of audit issues being found across the insular areas reveals that reconciliations, fixed assets, and procurement continue to be significant issues.



In FY2017, there is a total of 28 modifications. Five governments have had no financial statement modifications for ten years.—a wonderful achievement.

Several of the governments continue to have findings associated with: fixed assets, reconciliation, and procurement. An analysis of the types of audit findings indicates that most of the governments continue to have issues with reconciliation including bank reconciliations, reconciliation of federal SF425 reports with the government's financial management system and long-term liabilities.

Findings related to recording and maintaining fixed assets continue to be an issue for eight (8) of the governments. The number of findings has decreased substantially, and the severity of the findings has declined quickly and completely.

The majority of audit findings concern or are due to the following:

- The general ledger is not reconciled to subsidiary ledgers or source documents on a monthly basis, nor is it closed or summarized in such a manner to accurately portray the accounts and activity on a monthly basis.
- Several governments do not have processes or procedures in place to analyze and implement new accounting principles as promulgated by the Government Accounting Standards Board (GASB). For example, GASB Statement No. 77, Tax Abatement Disclosures, was not adequately addressed in FY2017. In addition, the journal entries required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions were not adequately prepared.

Additionally, the Commonwealth of the Northern Mariana Islands (CNMI) is in noncompliance with applicable equipment management requirements and should consider seeking technical and financial support from federal agencies to develop human resources and a financial management system that are capable of effecting compliance.

The presentation on Insular Government FY2017 audit Improvement Update has been included as **Attachment 4** of these proceedings.

Insular Government Performeters and After Analysis



Frank Crawford, CPA, developed the Performer and has presented Performer results to all of the insular governments.

**Frank
Crawford**

The Performer provides an independent assessment of each insular government's financial health and success, based on audited financial statements. Originally developed in 2001 to serve state and local governments within the United States, the scope and methodology of the Performer has been modified to provide relevant analysis for the Pacific and Virgin Islands governments. Today's Performer is a unique tool customized for the insular governments:

- The Performer now provides over fifteen years of data for each government to analyze financial trends—both positive and negative;
- Insular governments utilize the Performer to explain their overall financial health to non-financial stakeholders, especially members of legislative and executive branches;
- Because the Performer utilizes common metrics, scores are comparable across each of the insular governments;
- Each Performer contains an A.F.T.E.R. Analysis (Audit Findings, Timeliness and Exception Resolution), which details timeliness and accuracy of financial statements by tracking the number and type of single audit qualifications, and the timeliness of audit publication, for each government.

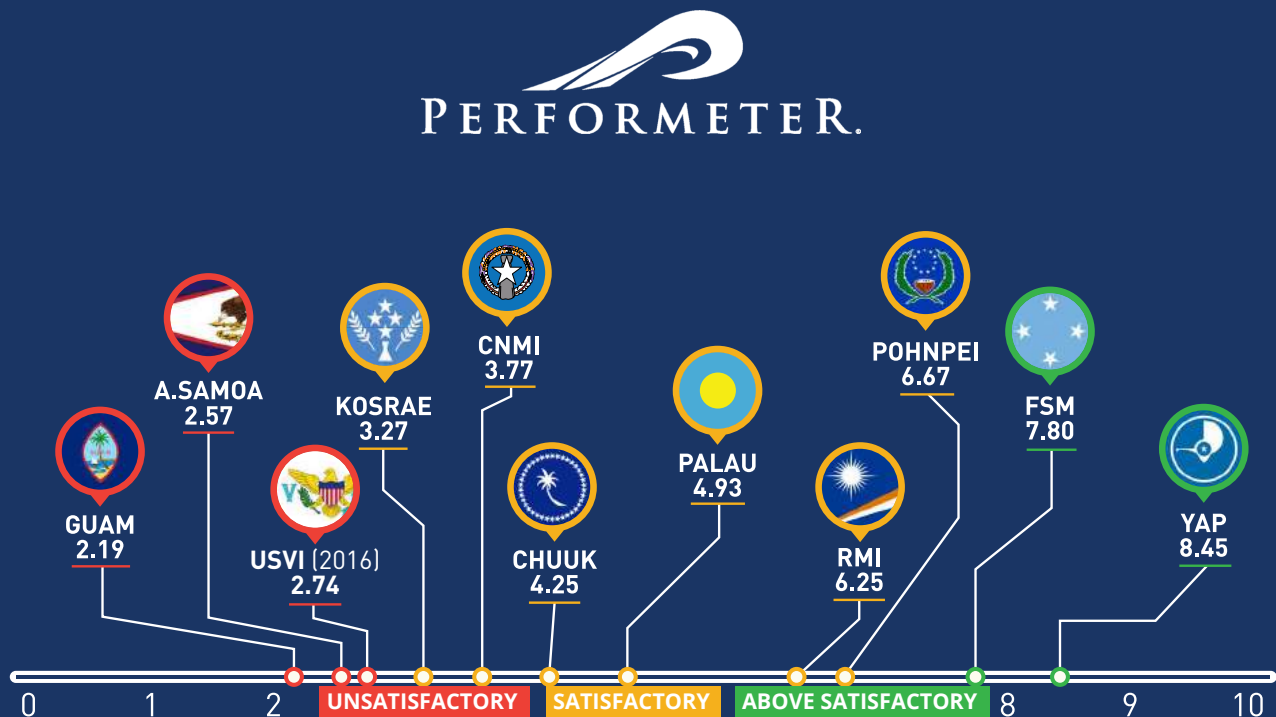
The Performer is utilized across all of the insular governments to improve public awareness of each government's fiscal health. At the outset of the Performer project, insular governments demonstrated high levels of unreliability, as audits were issued late with numerous qualifications. Today, Performeters are much more relevant as they reflect timely and accurate audits. Moreover, today's Performeters are used strategically by both finance officers and elected officials to contribute to better-informed decisions.

In 2018, Performeters were developed for ten of the eleven insular governments based on information in each government's FY2017 audited financial statements. A Performer was not developed for the U.S. Virgin Islands, as their FY17 audit has not yet been released following the devastation of Hurricanes Irma and Maria in late 2017. In addition, for the first time, the Performer was enhanced in 2018 to show not only an overall government score, but also disaggregated scores in three categories of financial position, financial performance, and financial capability. Thus, each government can determine which factors contribute to their overall score, and can, for example, score highly on their financial performance for the year, despite an overall poor financial position.

Highlights from the 2018 Performer reports and FY2018 audits include the following:

- Performer scores generally improved in 2018, with eight of ten governments posting higher overall scores. Only American Samoa and Kosrae posted lower scores than last year.
- Five governments received unmodified opinions (formerly known as unqualified or clean opinions) on their financial statements, with three additional governments issuing only one qualification each.
- Six governments posted \$0 of questioned costs in 2018, with three additional governments reporting less than \$200,000 current year questioned costs.
- For the second consecutive year, Kosrae posted a “perfect” AFTER analysis, with a clean financial statement opinion, clean single audit opinion, no financial statement internal control or compliance findings, no grant internal control or compliance findings, and zero current and cumulative questioned costs.
- Yap’s overall 2018 Performer score of 8.45 is the highest score ever achieved across the insular governments.
- Unfunded pension liabilities remain a significant negative factor in the overall health of nearly all insular governments. The collective liability across the insular areas now tops \$10 billion.
- The FSM, RMI and Palau Social Security programs are at their lowest funding levels in the 10 years of analysis.
- The RMI posted their highest score ever in 2017, and has improved steadily over the past ten years.
- Both the FSM National Government and Kosrae State received unmodified (clean) opinions on both their Financial Statement audits and the audits of compliance with federal program monies (single audits).
- Pohnpei received a clean single audit opinion with only one financial statement qualification.

The 2017 Performer and A.F.T.E.R. Analysis presentation has been included as **Attachment 5** of these proceedings.



Lessons Learned in Island Auditing

Les Kondo, Hawaii State Auditor, presented some of his notable experiences and lessons learned since becoming the State Auditor 2.5 years ago.

Les Kondo,
Hawaii State Auditor

Les Kondo



The State Auditor is appointed to a six-year term by leaders of the Hawaii State Legislature. The Office of the Auditor is responsible for performance and independent financial audits in the State of Hawaii.

Mr. Kondo said that his Office is a part of building and maintaining the public's trust in their government. He described several recent performance audits conducted by his office. Some of the recent performance audits conducted by the Hawaii State Office of the Auditor are related to:

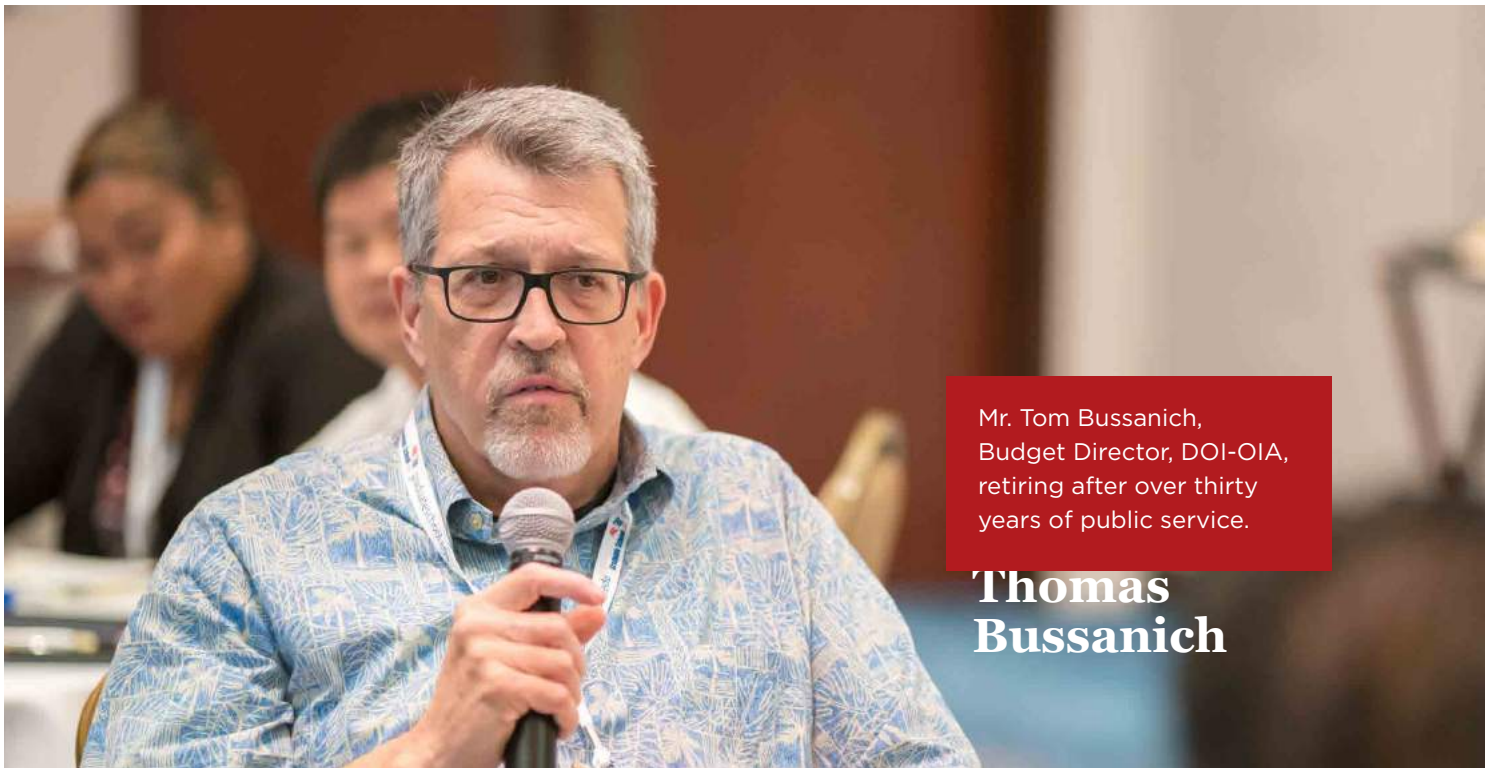
- Honolulu Authority for Rapid Transportation
- Hawaii Tourism Authority
- Office of Hawaiian Affairs
- Superferry
- Endangered and Invasive Species
- Infectious Diseases and Outbreaks
- Adult Care Facilities
- Midwives
- Office of Energy
- Special, Revolving and Trust Fund Reviews

Mr. Kondo also shared that he has learned that how information is presented and communicated to policy makers (legislators) and the public, is just as important as what is being recommended in the audits. Clearly and succinctly communicating about complex issues and concepts in performance audit reports, including having an executive summary and the use of graphics and charts to summarize key findings, is critically important to having policy makers, executive management and the public understand and be motivated to implement report recommendations.

The presentation of Lessons Learned in Island Auditing has been included as **Attachment 6** of these proceedings.

Budget Update From the Department of Interior, Office of Insular Affairs

Presented by Mr. Thomas Bussanich, Budget Director DOI-OIA, the budget update from the Office of Insular Affairs provided an update on the status of the 2019 budget, and specific relevance and impacts to the US Territories and FAS government.



Mr. Tom Bussanich,
Budget Director, DOI-OIA,
retiring after over thirty
years of public service.

**Thomas
Bussanich**

The OIA 2018 budget request totaled \$608 million, of which \$524 is permanent mandatory. Permanent mandatory means it will not be affected by any budget cuts and is fixed. This includes Compacts of Free Association and Fiscal Payments (for Guam and US Virgin Islands). Other components of the 2019 budget request are:

- Current Mandatory (CPI Grants)--\$27.7 million
- Directed Appropriations (American Samoa Operations)--\$21.5 million
- Discretionary Assistance --\$25 million
 - Technical Assistance--\$14.7 million
 - Maintenance Assistance Fund--\$1.0 million
 - Brown Tree Snake Control--\$2.8 million
 - Empowering Insular Communities--\$2.8 million
 - Coral Reef Initiative & Natural Resources--\$946,000
 - Federal Services--\$2.6 million
 - Enewetak--\$473,000
- OIA S&E--\$9.43 million

The Capital Improvement Program (CIP) for the US Territory component of the budget request is subject to competitive criteria including audit performance. There is more emphasis on effective financial management of budgeted funds. Established in 1996, the 2019 budget request remains unchanged at \$27 million for the past 22 years. There is a need to review and increase this CIP amount to reflect the impact of inflation over time on this.

Total discretionary assistance being requested is \$56.4 million that is lower by \$23.7 million over 2018 (CR) in the areas of: Technical and Maintenance assistance, Brown Tree Snake Control, Coral Reef Initiative & Natural Resources, Empowering Communities, and the Palau Compact Extension. \$13.2 million of the \$23.7 million reflects a one-time reduction due to the direct appropriation to Palau for the remaining seven years of the Compact of Free Association. Hence, the net decrease of discretionary assistance is \$10.5 million or 11 percent.

The Office of Insular Affairs is requesting proposals for its Technical Assistance Program (TAP) which provides grant funding for short-term projects intended to meet the immediate needs of the insular areas. Funding priorities include, but are not limited to, projects that foster the development of the insular areas in the following categories:

- Accountability
- Financial Management
- Economic Development
- Education
- Energy
- Production
- Management Control Initiatives
- Disaster Assistance
- Natural and Cultural Resources
- Capacity Building
- Public Safety/Emergencies
- Health Initiatives
- Invasive Species Management

An enumeration of migrants from Compact areas is scheduled to be completed in 2018. The outcome of this enumeration will affect Compact Impact distributions.

The following questions and comments were also raised and discussed:

Bipartisan spirit and cooperation in Congress is gone...WWII generation no longer in power, hence historical background, understanding and deep interest in the Pacific is gone.

Finally, Tom Bussanich, Budget Director, DOI-OIA shared that he will be retiring at the end of the year, and expressed his thanks and gratitude to all including Elbuchel Sadang, Minister of Finance, Republic of Palau, Debbie Milks, CPA from the Graduate School for a 30-year career serving the peoples of the Pacific. Mr. Bussanich also shared some memories of his early days in Chuuk and Pohnpei, and said that this region of the world excited him endlessly.

This presentation of the Budget Update from the Office of Insular Affairs has been included as **Attachment 7** of these proceedings.

Unfunded Pension Liabilities

Mr. Frank Crawford, CPA presented on unfunded government pension and social security liabilities that included historical and current information for each of the governments.

The presentation focused on ways to address reforming current practices and unfunded liabilities by addressing: contributions, investment returns and benefit payments. Also addressed were the different types of pension plans (e.g., defined benefit, hybrid, defined contribution), how these liabilities should be calculated, reflected and disclosed in government financial statements.

The presentation has been included as **Attachment 8** of these proceedings.

Conference attendees also met by jurisdiction to define, discuss and develop recommendations on how these issues could be addressed by their governments going forward, and shared their thoughts with all participants.

What follows is a brief summary of the governments' presentations and group discussions:

- Commonwealth of the North Mariana Islands (CNMI): There was discussion of recent litigation and the court settlement concerning approximately \$30 million pension benefits. The financial auditors believe these funds are a settlement trust fund versus a pension fund post-the court settlement, and how these funds should be recorded in the CNMI financial statements. CNMI has requested relevant court documents and is awaiting receiving them to clarify and before determining what and how these funds should be recorded.
- Republic of Palau (ROP): The Legislature has appropriated funds to conduct an actuarial study of the unfunded pension liability/funds. Palau is also developing hybrid pension plans to address the unfunded liability issue going forward. An increase in the environmental fee of \$25 per person entering Palau is being considered to increase funding of the government pension fund. Taking out a low interest (2%) loan and using the proceeds to make other more lucrative investments at around 7% is also being considered to increase the pension fund earnings. Yap in the FSM did something similar to this. Interest arbitrage was raised as a potential issue of this strategy.
- Palau is also considering including private sector pension fund/s that the government will not contribute into to potentially increase the amount of pension contributions hence returns for all.
- American Samoa: The group proposed increasing the employee contribution by 5% to address the current unfunded pension liability. It was suggested that an increase something less than 5% of the employee pension contribution amount (around 2%) would be more doable and have a higher probability of being approved. A hiring freeze would be another way of funding an increase of the employee share of the pension liability. Having another revenue stream to add to the funding of the current pension liability was also suggested.
- Guam: Senators have raised questions about this issue. Guam also has social security for government employees.
- The Republic of the Marshall Islands and the Federated States of Micronesia also presented similar alternatives to addressing their unfunded pension liabilities, and similar discussion occurred.

Finance Office Performance Measures

Ms. Debbie Milks, CPA, presented a brief history of this program effort, summarized current progress at toward improving performance, confirmed what is being measured and why, and how to calculate progress.

Performance measurement began in 2003 to decrease the types and number of audit findings and qualifications. In 2011, six measures were adopted by the IGFOA, and significant progress has since been made in these areas.

Five additional performance measures have been added to the original six measures since 2011. In May 2014, the IGFOA began using a standard dashboard presentation, and has modified it at the last meeting in May 2018. The following is the current eleven (11) performance measures of the IGFOA:

1. Number of Days to Process an Invoice
2. Reduction of Overdue Travel Advances
3. Completion of Fixed Asset Inventory
4. Bank Reconciliations Completed on a Timely Basis
5. Revenue Estimates within Target Percent (%)
6. Completion of Comprehensive Cash Management Plan
7. Timeliness of SF425 Report Submission
8. Reduction in Federal Grant Receivable Balance
9. Percent of Unspent Federal Funds
10. Completion of Personnel Evaluations
11. Number of Training Hours per Finance Employee

Ms. Milks also reviewed and summarized each government's performance measure updates prepared by each IGFOA government that were turned into her prior to the conference starting. Ms. Milks also provided a Performance Measure Calculation Worksheet to help guide each government in measuring, calculating and tracking each performance measure.

A general discussion and Q&A session occurred after Ms. Milks' presentation, and the following is a brief summary:

- There was discussion about the Reduction of Federal Grants Receivable Balance measure and how difficult it is to monitor multiple funds to insure timely grant/cash management per CNMI. In the case of Guam, Medicaid funds are mostly a budget not program management and timely use of funds issue as Guam does not have the funds needed to fully fund their Medicaid program.
- A question was raised regarding a guide/goal of the number of hours should be set as a goal for the Number of Training Hours per Finance Employee performance measure. In practice, each government has set a goal/target for measure, and some are recording the number of training hours by finance employee. Guam tracks this measure from training leave forms already required of staff to complete prior to attending training, and there is a specific account code associated with this activity.

The presentation of Measuring Our Measures, What are the Rules? Has been included as **Attachment 9** of these proceedings.

Cybersecurity Readiness: Is Your Government Secure?

Mr. Vincent Hoang, Chief Information Security Officer, State of Hawaii, presented information and shared experiences concerning what and how we are all at risk of cybercrime, and what can be done to improve government data security.

The following is a brief summary of Mr. Hoang's presentation and the group discussion on this subject:

- We live in an increasingly complex cybersecurity environment.
- There have been many very significant and damaging data security breaches over the last several years especially as electronic commerce has evolved and increased.
- Most recently, the Starwood chain of hotels discovered a data breach of their reservation database of over 500 million guests from 2014 to September 8, 2018 of names, credit card and payment information, addresses, passport numbers. The full extent of this has yet to be determined.
- Another recent cyberattack on the credit rating agency Equifax in 2017 may have affected 143 million people in the U.S.
- Data breaches result in a loss of trust and professional reputations being questioned.
- There are very heavy financial consequences and penalties associated with such failures including ongoing mediation effort costs.
- The single most common cause of data security breaches (63%) are weak user passwords.
- Passwords should be ten characters long or longer and more complex including several special characters/values/symbols to decrease the probability of being hacked.
- Multi-factor authentication (e.g., phone, access card, text) in addition to online passwords or pins can also be used to increase security.
- Only connect to internet sites you trust when using Wi-Fi in public spaces (e.g., Starbucks).
- A methodological approach to administering software patches on existing automated systems is better and more important than expedient patching.
- Described and explained a standard incident response method and life cycle.
- Applicable Hawaii State laws relating to cybersecurity were shared.
- Described cybersecurity training provided in Hawaii state government.
- Provided cybersecurity industry framework and resource information and websites.

Q&A Discussion:

- Cybersecurity is usually part of the information technology budget in government and is approximately 3 percent.
- Many governments already have the tools needed to improve security by using them better and investing in training staff to do so on an ongoing basis.
- Identify critical information to secure, safeguard, move infrastructure offsite (e.g., financial system and/or information).
- Doesn't see Hawaii moving towards cybersecurity framework per Center for Internet Security (CIS) standard for all systems since it would be very costly and doesn't always work. Goal is to operate from

Tier 2 or 3 for most, and Tier 4 for financial systems given the sensitive nature of the information in them.

- SMS is not the most secure however, it is still better than using a login and password.
- Use a data breach as an opportunity to update and move to more resilient technologies.

The presentation of Cybersecurity Readiness: Is Your Government Secure? has been included as **Attachment 10** of these proceedings.

Developing a Cybersecurity Plan

Ms. Debbie Milks presented information on how to develop a Cybersecurity Plan for island governments. Her presentation included the following information:

- Not many governments are prepared
- Industry standard Cybersecurity Framework: What Governments Can Do Now
- Preparing an Incident Response Plan: What and How to Create One
- Invest in redundancy for mission-critical services/operations
- Communicate risks to policy makers
- Invest in getting and training staff

Discussion Note: Only Palau has a redundant financial system.

The presentation Cybersecurity Island Style has been included as **Attachment 11** of these conference proceedings.

Governmental Accounting Standards Board (GASB) Update

Mr. Frank Crawford, CPA provided an update on current and future GASB pronouncements and how to best implement them. The following are the GASB pronouncements and effective dates reviewed during Mr. Crawford's presentation:

- 2018
 - » Statement 75—OPEB (employers)
 - » Statement 81—Irrevocable split-interest agreements
 - » Statement 85 - Omnibus 2017 (partial implementation)
 - » Statement 86 - Certain Debt Extinguishment Issues
 - » Implementation Guide 2017-1
 - » Implementation Guide 2017-2
 - » Statement No. 74 & 85
 - » Implementation Guide 2017-3
 - » Statement No. 75
- 2019
 - » Statement 83—Certain asset retirement obligations

- » Statement 85 – Omnibus 2017 (remaining implementation)
- » Statement 88 – Certain Disclosures related to Debt
- 2020—Statement 84—Fiduciary activities
- 2020 – Statement 90, Majority equity interests
- 2021 – Statement 89, Accounting for interest costs incurred before the end of a construction period
- 2021 – Statement 87 - Leases
 - » Equity interest ownership issues
 - » IT Arrangements – including Cloud Computing
 - » Overall Note Disclosures Reexamination
 - » Public-Private Partnerships

The presentation of the GASB Update has been included as **Attachment 12** of these proceedings.

FMIS Status Update Panel Discussion

Governments shared updates on the current status and upcoming plans for replacing their financial systems. What follows is a summary of the updates provided:

Republic of the Marshall Islands (ROP):

- In early stages of FMIS acquisition and replacement.
- Recruitment of Project Manager underway; internal/externally advertised; seventeen candidates being interviewed; estimated selection in February 2019.
- Internal management team in the process of identifying desired functionality of new FMIS; study scheduled to be completed by February 2019.

Commonwealth of the Northern Marianas (CNMI):

- JD Edwards current financial system.
- Looking into acquiring document management system (Laser Fish) to integrate with current financial system.

Republic of Palau (ROP):

- Established Project Executive Committee with Ministers and Directors as members.
- Technical staff are Finance Chiefs and Systems Accountants.
- Ruth Wong, former employee of the Ministry of Finance, will be the Project Manager.
- RFP issued on November 6, 2018; contract award scheduled by March 6, 2019.
- RFP for external implementation consultants in process.
- Plan to Go Live by October 1, 2019.
- A bidder has expressed interest and a scripted demonstration is scheduled for January 13, 2019 (prior to contract award).

Federated States of Micronesia (FSM National):

- FMIS being acquired and implemented for federal and state governments—five governments, five implementations.
- Kelly Keller, Project Manager, Program Financial Management
- World Bank funding FSM-wide FMIS acquisition and implementation over next five years (to 2023).
- Design consultants selected; kickoff of system design scheduled on January 7, 2019.
- Challenges: HR and Change Management--training and retaining staff and managing expectations.
- Need to change attitudes as there is resistance to change.

Government Action Planning

At the conclusion of the IGFOA Meeting, each government represented at the December 2018 Winter IGFOA conference prepared action plans and shared their plans with the other participants.

The insular government action plans can be found as **Attachment 13a - 13x** of these proceedings.

Conference Close-Out

Official closing of the Winter 2018 IGFOA remarks were delivered by Catherine Saelua, Director, Department of Budget from American Samoa. Director Saelua noted the following:

Unfortunately, all good things must come to an end. Thank you to everyone who joined us for the IGFOA, and for being here. There has been a wealth of knowledge and sharing these last three days. They say sharing is caring, and all our strengths can help each other improve things.

Thank you very much Department of Interior our sponsor. Thank you very much for sponsoring this valuable conference. We all appreciate learning with and from each other at these conferences. Thank you Nik, Tom and Steve. Thank you Graduate School, Jason for coordinating all this. We appreciate all the hard work that went into this conference. Thank you Debbie; you've been doing this for many years. Thanks also to Frank, Diane.....you know those numbers are eye openers, and we'll be working on it. And thank you very much Kevin. Thanks also for all the food! It made the conference such a success.

In closing, have a blessed Merry Christmas and a Happy New Year everyone!

Conference Evaluations

At the end of the conference, each participant completed a conference evaluation. Participants agreed that the IGFOA sessions were timely and relevant (4.8 Out of 5.0). The complete conference evaluation, along with the specific participant comments, has been included as **Attachment 14** of these proceedings.

IGFOA

Island Government Finance Officers' Association

Honolulu, Hawaii, 2018

Conference Attachments



01

IGFOA Honolulu 2018 Agenda



IGFOA

DEC 4-6, 2018
IGFOA Winter Meeting
Honolulu, Hawaii | Marriott Waikiki Hotel

The Goals of the December 2018 IGFOA conference are to:

- 1** Share the status of each government's single audits, finance office operations, performance measures, and other initiatives completed since the May 2018 IGFOA conference in St. Louis;
- 2** Present and discuss best practices in single audit improvement, finance office performance improvement, unfunded pension liabilities, cyber-security plans, and FMIS systems acquisition;
- 3** Exchange information on the latest Performer analyses;
- 4** Build government-specific plans to address emerging GASB standards, enhance finance office performance measures, address unfunded pension liabilities, and continue corrective action planning for single audits.

04 dec
Tuesday

7:00 a.m. Buffet Breakfast 

Marriott Waikiki | Salon A Lanai

8:30 a.m. IGFOA Conference
Welcoming Remarks.

Marriott Waikiki - Salon A

- Hon. Elbuchel Sadang, Palau Minister of Finance, IGFOA
- Mr. Nikoloa Pula, Director, U.S. Department of the Interior, Office of Insular Affairs
- Jason Aubuchon, Senior Program Manager, Pacific & Virgin Islands Training Initiatives

9:00 a.m. Introductions & Agenda Review.

Mr. Kevin O'Keefe, Facilitator

9:30 a.m. Insular Government Updates Moderators: Mr. Kevin O'Keefe; Ms. Deborah Milks, CPA.

Insular government presentations will feature current information on FY17 single audits, updates on government finance office performance measures,

Presentations (7-10 minutes each):

- American Samoa
- Commonwealth of the Northern Mariana Islands
- Guam

10:15 a.m. Morning Break 

10:30 a.m. Insular Government Updates (Continued). Moderators: Mr. Kevin O'Keefe; Ms. Deborah Milks, CPA.

Presentations (7-10 minutes each):

- Republic of the Marshall Islands
- FSM National
- Pohnpei
- Chuuk
- Kosrae
- Yap
- Republic of Palau

11:30 a.m. Insular Government FY2017 Audit Improvement Update Ms. Deborah Milks, CPA

Analysis of audit trends for FY2017, including historical trends in audit timeliness, number and types of audit qualifications, amount of questioned costs, and general observations of recent trends.

12:00 p.m. Group Photo

12:30 p.m. Lunch 

1:15 p.m. Lessons Learned in Island Auditing Mr. Les Kondo, Hawaii State Auditor

As a relatively new state auditor, Les Kondo will share examples of issues encountered, new approaches utilized by the Hawaii State Auditor's Office, and the challenges and opportunities ahead.

2:15 p.m. Addressing Unfunded Pension Liabilities Mr. Frank Crawford, CPA

Unfunded government pension liabilities, underfunded social security systems, and other post-employment benefits remain a significant challenge for many of the insular governments. This session will share current data for each of the insular governments, and review progress to-date.





3:15 p.m. Afternoon Break 

3:30 p.m. Panel Discussion
Addressing Unfunded Pension Liabilities

Panelists will discuss actions taken to (a) raise the level of awareness of unfunded liabilities within insular governments; (b) reduce the size of unfunded liabilities; and (c) the consequences of inaction.

5:00 p.m. Adjourn Day One.



7:00 a.m.	Buffet Breakfast 	Marriott Waikiki Salon A Lanai
8:30 a.m.	IGFOA Conference Review Day One and Agenda for Day Two	Mr. Kevin O'Keefe, Facilitator Marriott Waikiki Salon A
8:45 a.m.	Budget Update from the Department of Insular Affairs	Mr. Thomas Bussanich, Budget Director, DOI-OIA
9:00 a.m.	Finance Office Performance Measures IGFOA finance measures have been chosen by finance office officials to be utilized as a management tool. This session will provide a refresher on current measures, including how to gather data, calculate the measures and how to best use utilize the measures.	Deborah Milks, CPA
10:00 a.m.	Morning Break 	
10:15 a.m.	Finance Office Performance Measures (continued)	Deborah Milks, CPA
12:00 p.m.	Lunch 	
1:00 p.m.	Cybersecurity Readiness: Is Your Government Secure? The question is not "if" but "when" your government will be the target of cyber-hackers. What are the consequences of a cybersecurity hack and how can your government avoid the worst of those consequences?	Vincent Hoang, Chief Information Security Officer, Hawaii State
2:00 p.m.	Developing a Cybersecurity Plan What are the elements of a cybersecurity plan? Who should be involved in the planning? How is the plan tested and maintained? We will explore how the IGFOA members have already prepared and what remains to be done.	Debbie Milks, CPA
3:00 p.m.	Afternoon Break 	
3:15 p.m.	Insular Government Performeters The FY17 Performeter scores have been calculated for all of the insular governments. This session will review overall scores, as well as review progress on the Audit Findings, Timeliness of Audit Submission and Exception Resolution (A.F.T.E.R.) analysis.	Mr. Frank Crawford, CPA
5:00 p.m.	Adjourn Day Two	


06 **Thursday**
dec

7:00 a.m.	Buffet Breakfast 	Marriott Waikiki Salon A Lanai
8:30 a.m.	IGFOA Conference Review Days One and Two, and Agenda for Day Three	Mr. Kevin O'Keefe, Facilitator Marriott Waikiki Salon A
8:45 a.m.	Panel Discussion Status Updates on the Financial Management Information Systems (FMIS) in the Insular Areas. Multiple governments are currently in the process of implementing (or considering implementing) new Financial Management Information Systems. This panel discussion will provide a status update, highlighting current progress, obstacles encountered, and next steps.	
10:00 a.m.	Morning Break 	
10:15 a.m.	Governmental Accounting Update: Will It Ever End?	Mr. Frank Crawford
12:00 p.m.	Working Lunch  Finalizing Insular Government Action Plans	Breakout Rooms
1:30 p.m.	Report Out: Government Specific Action Plans	
3:00 p.m.	Conference Wrap-Up <ul style="list-style-type: none">• Advancing the Action Plans• Conference Evaluations• Next Steps	Mr. Kevin O'Keefe, Facilitator
3:30 p.m.	Adjourn	

IGFOA

Graduate School  USA



 +1 808 523 1650

 www.pitiviti.org

 900 Fort Street Mall, Suite 1540
Honolulu, Hawaii 96813



102

List of Conference Participants



IGFOA

DEC 4-6, 2018
IGFOA Winter Meeting
Honolulu, Hawaii | Marriott Waikiki Hotel

LIST OF CONFERENCE PARTICIPANTS

American Samoa



- **Catherine Saelua**, *Director, Department of Budget*
- **Elizabeth Lomialagi Seumanutafa**, *Senior Analyst, Department of Budget*
- **Loretta Uili**, *Grants Supervisor, Department of Treasury*
- **Tina Va'a**, *Deputy Treasurer, Department of Treasury*

Commonwealth of the Northern Marianas Islands



- **A. Kodep Ogumoro-Uludong**, *Director, Office of Planning & Development, CNMI Office of the Governor*
- **Bernadita C. Palacios (Bernie)**, *Director, Division of Finance and Accounting, CNMI Department of Finance*
- **Ezra Justice D. Lizama**, *Grants Specialist, Office of Grants Management & State Clearinghouse*
- **Henry Cepeda**, *Computer Programmer, Division of Electronic Data Processing (Department of Finance)*
- **Jace Allyson T. Pineda**, *Grants Specialist, Office of Grants Management & State Clearinghouse*
- **Jody Ogo**, *Accounting Technician 1, Department of Finance, Secretary' Office*
- **Margaret C. Torres (Bert)**, *Director of Administration, Office of the Secretary, CNMI Department of Finance*
- **Ryan C. Camacho**, *Technical Financial Analyst, Finance and Accounting Division*

Federated States of Micronesia



- **Akiama A. George**, *Deputy Assistant Secretary of National Treasury*
- **Faniger Poll**, *Account Receivable Manager (A/R Manager), Department of Finance, FSM National Government*
- **Kelly Keller**, *Project Manager, Project for Strengthening Public Financial Management, FSM National Government*

Federated States of Micronesia (Kosrae)



- **Palokoa George**, *Accountant/IT Assistant, Department of Administration and Finance, Kosrae*

Federated States of Micronesia (Pohnpei)



- **Feliciano M. Perman**, *Director, Department of Finance, Pohnpei*

Federated States of Micronesia (Chuuk)



- **Tiser Reynold**, *Advisor, Department of Finance and Administration, Chuuk*

Federated States of Micronesia (Yap)



- **Pius Talimeisei**, *Chief of Budget, Department of Budget, Yap*

Guam



- **Edward Birn**, *Director, Department of Administration*
- **Ken Borja**, *Management Analyst, Department of Administration*

Republic of the Marshall Islands



- **Casper Lejjena**, *Senior Budget Officer, ROC*
- **Gee Leong Bing**, *Associate Commissioner for HR and Admin, RMI PSS*
- **Gjergevich Masao**, *Assistant Federal Grant Coordinator*
- **Kanchi Hosia**, *Commissioner, RMI PSS*
- **Sally Ann de Brum**, *Associate Commissioner for Budget and Finance, RMI PSS*
- **Sef Korok**, *Assistant Secretary for Ebeye Finance, Ministry of Finance*
- **Spencer Joe**, *Assistant Secretary for Accounting, Ministry of Finance*
- **Tokiko Kabua**, *Internal Auditor, Ministry of Finance*

Republic of Palau



- **Caryn L. Koshiba**, *Chief of the Division of Finance and Accounting (BNT)*
- **Ellbuchel Sadang**, *Minister of Finance, Republic of Palau*
- **Gail Rengiil**, *Director of the Bureau of National Treasury (BNT)*
- **Jonathan Isechal**, *Congressman, Tenth Olbiil Era Kelulau (OEK)*
- **Terra S. Nabeyama**, *Chief of the Division of Human Resources, Bureau of PSS*
- **Umerang Imetengel**, *Director of the Bureau of PSS, Ministry of Finance*

DOI

- **Nikolao Pula**, *Director, Department of the Interior, Office of Insular Affairs (OIA)*
- **Tom Bussanich**, *Director of Budget, Department of the Interior, Office of Insular Affairs (OIA)*



Graduate School USA

- **Jason Aubuchon**, *Program Manager, Graduate School USA*
- **Judy Perry**, *Office Manager, Graduate School USA*
- **Rebeka Rainwater**, *Program Specialist, Graduate School USA*



PITI-VITI Resource Consultants

- **Deborah Milks**, *CPA*
- **Diane Arakaki**
- **Frank Crawford**, *CPA*
- **Kevin O'Keefe**





103a

American Samoa Government Presentation



ASG



GOVERNMENT STATUS UPDATE

Island Government Finance Officers' Association
(IGFOA)
Winter meeting, Honolulu, Hawaii
December 4-6, 2018

ASG FY 18 Audit Status

Describe the current status of your FY18 audit.

***Federal portion of audit completed November 15, 2018.
Auditors return January 2019 for financial portion of audit.***

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

For the Single Audit and the Financial portions of the audit, we are hoping to resolve qualifications on reporting.

Have you expect any unusual challenges for the FY18 audit?

No. Expecting to resolve financial findings with reporting and hopefully with fixed assets.

What is the effect of the pension liability on your financial statements?

The effect of the pension liability on the Territory of AS's financial position is that it has decreased the Territory's combined net position from \$240 million to 207M between FY16 & FY17.

Status of ASG action plans

Planning Area	Major accomplishment
Action plan item #1	Re-visit & update Finance SOPs: <i>General Accounting/Grants SOPs completed.</i> <i>Currently working on Accounts Payable SOPs.</i>
Action plan item #2	Finance Office Performance Measures: <i>Reduction in Federal Grants Receivable</i> <i>Timeliness of SF 425 reporting</i>
Action plan item #3	Employee Rewards Profiles: <i>Changed action plan to Employee Engagement Month Activity.</i>
Cybersecurity Plans	Recently the Homeland Security Office has conducted trainings on ASG's cybersecurity plans; progress will be reported in the upcoming IGFOA conference in LA.

ASG AP Quarterly Closing

TASK	Deadline Date	Deadline Met?
1. Accrue vouchers	10 days after month end	NO
2. Reconcile all prepaid items	5 days after month end	NO
3. Reconcile all invoices	5 days after month end	NO
4. Work with Procurement to cancel or void all POs	8 days after month end	NO
5. Reconcile all contracts	10 days after month end	NO

Why is this measure important?

Closing procedures for Accounts Payable and Accounts Receivable divisions have been executed. Improving these measures enhances the ASG's ability to accurately budget and build expectations for financial operations.

What is our plan to improve this measure?

Re-visit and update SOPs, train staff, and set deadlines for staff to meet. Assign an accountant from General Accounting to monitor and report.

When do we expect to meet our goal?

Aiming for end of 2019 2nd quarter

ASG Finance Office Challenges

What is the greatest challenge in your financial operations?

- 1) Cash Flow
- 2) Limited technical staff including Comptroller and experienced Staff with knowledge and skills in general and governmental accounting to close ASG's books.

How could you resolve that challenge?



Cash Flow: Consistently monitor expenses and revenues for all funds, encourage collection efforts, and drawdown of grant expenses.

Staff shortage: ASG has just hired a comptroller on a two-year contract to handle the FY18, but in the long run, we still need a full time comptroller that is available on island; another solution is to request for the FY closing course financed and administered by the Graduate School to train new employees on board.

How would you measure whether your improvement plan is working?


- 1) Be consistent with the daily cash report for monitoring cash on hand and outstanding payments to be paid.
- 2) Financial findings are to be resolved, and that the single audit be free from findings.

5

ASG Department of Finance Performance Measures	Target	Period	Prior Period FY16	Prior Period FY'17	Current Period FY'18	Trend	Notes	Audit issue?
Cash Management								
Revenue Estimates within target %	10% over or under estimated revenues	Annual	17%	7%	10%		ASG has met its target in FY'17 and again in FY18.	
Completion of comprehensive Cash Management Plan	100% completed, approved, & updated	Annual	FY 2016 100%	FY 2017 100%	FY 2018 98 %		ASG has met the December 30 th deadline for CMIA for the past 3 fiscal years. ASG will meet 2018's deadline.	No

ASG Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Grants Management								
Number of days to process an invoice paid by federal funds	< 20 days	Quarterly	3 rd Qtr FY 2018 20 days	4 th Qtr FY 2018 19 days	1 st Qtr FY 2019 13 days		Payment of invoices occur only after AP has received all purchasing documents which include invoice, purchase order and receiving report.	No
Timeliness of SF425 reports	100% of reports PREPARED on time for department	Quarterly, (some grants report bi-annually)	3 rd Qtr FY 2018 100%	4 th Qtr FY 2018 100%	1 st Qtr FY 2019 N/A Reporting deadline is 12/30/18		Departments are informed to copy their Treasury grant analysts on reporting extension or reporting submission emails.	yes
% & \$ of unspent federal funds	10%	Annual	2016 15%	2017 51%	2018 35%		Includes open grants	no

ASG Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Capacity Building								
Percentage of personnel evaluations completed	100%	Annual	Sept 2016 0%	Sept 2017 0%	Sept 2018 19%		This measure does not include the entire Treasury department only the General Accounting/Grants Division.	No
# of training hours per finance employee	40 hrs per employee	Annual	Sept 2016 12 empl 20 hrs	Sept 2017 11 empl 20 hrs	Sept 2018 16 empl 0 hrs		Treasury if facing shortage of staff due to illness, and retirement thus contributing in the lack of training hours.	No

ASG Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Reconciliation and Internal Control								
Bank Reconciliations completed on a timely basis	15 days after month end	Mnthly	Sept 2018 15 days	Oct 2018 26 days	Nov 2018 18 days		For the months of Oct and November, delays with bank reconciliation has been due to employee turnover due to illness, personal commitments, and retirement.	yes
Reduction in Federal Grant Receivable balance	10% of federal AR	Annual	FY 2016 19 M	FY 2017 \$18M	FY 2018 \$17M	-	Receivables due from the Federal Government has been reduced due to weekly monitoring by managers.	yes

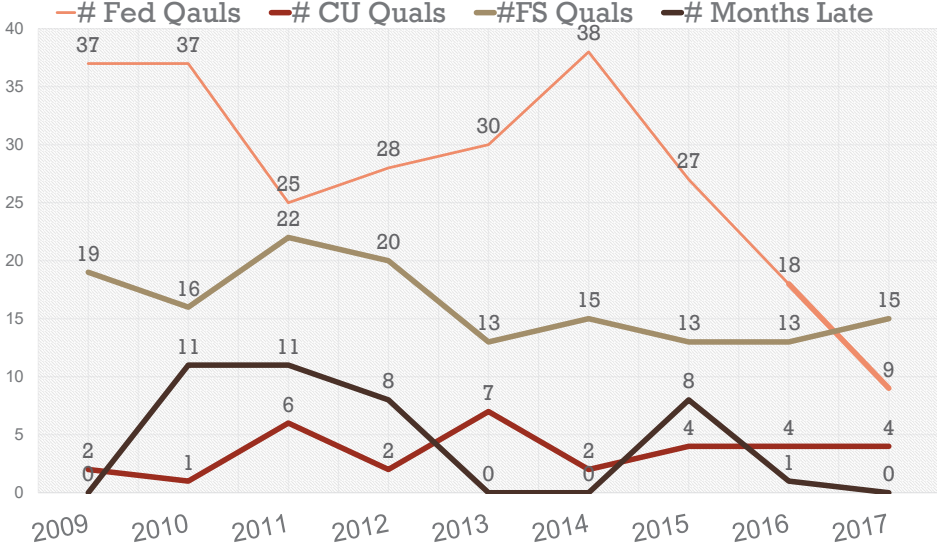


103b

**Commonwealth of the Northern
Mariana Islands Government Presentation**



CNMI AUDIT RESULTS FY 2009-2017



HIGHLIGHTS FY 2017	
Completion date	June 30
# Federal Qualifications	9
# Financial Qualifications	15
# Component Unit Qualifications	4
# Repeat Findings	10

CNMI FY 18 Audit Status

Describe the current status of your FY18 audit.

Contracted

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

Component Units

Have you expect any unusual challenges for the FY18 audit?

Delays from Component Units

What is the effect of the pension liability on your financial statements?

No Data to determine effect

Status of CNMI action plans

Planning Area

Major accomplishment/Status Update

Travel Regulations

Current technology not compatible with proposed regulations

Fixed Asset Management

***Interviewed CRM Director on best practices
Typhoon recovery opportunity***

ERP System

Project team assembled

Cybersecurity Plans

CNMI PERFORMANCE: FIXED ASSET INVENTORY



Why is this measure important?

What is our plan to improve this measure?

When do we expect to meet our goal?

5

CNMI Finance Office Challenges

What is the greatest challenge in your financial operations?

(A) Resource Capacity

(B) Technology

How could you resolve that challenge?




(A) Recruit and retain more employees




(B) More usable asset management system



How would you measure whether your improvement plan is working?

Fixed Asset inventory performance measure

6

CNMI Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	20% reduction from prior period	Mntly	0	17%	29%		Figures presented are percentage of travel advances outstanding.	No
Revenue Estimates within target %	5% Of estimated revenues	Annual	11%	2%	-6%		(+) exceeds target (-) short of target	No
Completion of comprehensive Cash Management Plan	100% completed, approved, & updated	Annual					Bank information needs updating.	7

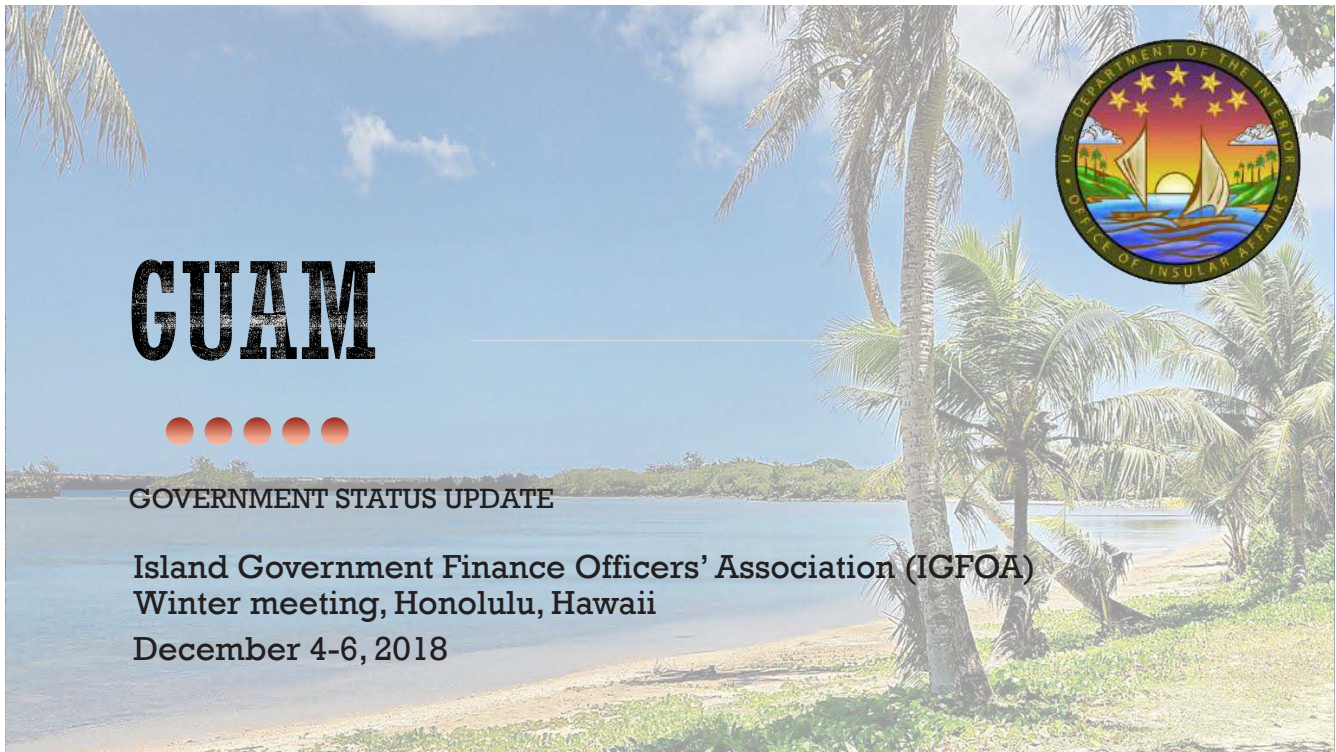
CNMI Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Grants Management								
Number of days to process an invoice paid by federal funds	14 days	Average over one quarter	10 days	9 days	10 days		from vendor invoice date to check date	No
Timeliness of SF425 reports	100% of reports filed on time	Qtrly	100%	100%	95%		Typhoon Yutu	No
% & \$ of unspent federal funds	10% unspent funds/ total funds	Annual	21%	15%	8%			8

CNMI Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Reconciliation and Internal Control								
Completion of Fixed Asset Inventory	100% completed and AJEs posted	Annual or biannual						Yes
Bank Reconciliations completed on a timely basis	25 days after month end	Mnthly	15 days	18 days	20 days			No
Reduction in Federal Grant Receivable balance	10% of federal AR/federal expend	Annual	2016 19%	2017 14%	2018 14%			No
								10



103c

Guam Government Presentation



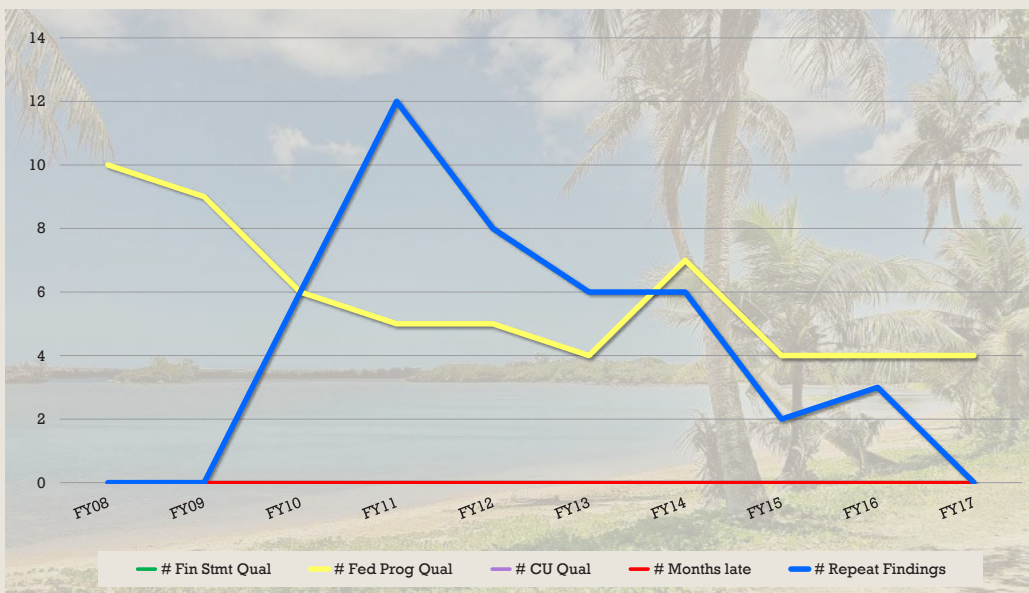
GUAM



GOVERNMENT STATUS UPDATE

Island Government Finance Officers' Association (IGFOA)
Winter meeting, Honolulu, Hawaii
December 4-6, 2018

GUAM AUDIT RESULTS FY2008-2017



HIGHLIGHTS FY 2017

Completion date	June 2018
# Federal Qualifications	4
# Financial Qualifications	0
# Component Unit Qualifications	0
# Repeat Findings	0

IGFOA Honolulu, Dec 2018

GUAM FY18 Audit Status

Describe the current status of your FY18 audit.

*Year 3 (FY2018) of 3 with Deloitte & Touche, LLP
 Pending final closing of FY2018 and issuance of contract (PO).
 First draft due February 28th and targeted final is March 31st, 2019*

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

No expected changes

Do you expect any unusual challenges for the FY18 audit?

*First year OPEB liability will be recorded.
 Reconcile assumptions in OPEB, funded and unfunded pension valuations*

What is the effect of the pension liability on your financial statements?

Both the funded and unfunded pension liability were fully recorded last year with a further negative impact on Net Position.

Status of GUAM action plans

Planning Area

Major accomplishment

(#1) Share/Post IGFOA action plans with all staff

*Shared plan with supervisors: June 2018
 Identify options to easily share with all*

(#2) Create dashboard for tracking measurement

Pending: Review dashboard capabilities of Content Management Software Module. Implementation Spring 2019

(#3) Implement Quarterly closing schedule notifications

On-going: First Quarterly Closing Circular issued for June 2018

(#4) Improve cash forecasting

On-going

(#5) Improve A/P aging report

Completed: 31-Jan-18, Flow chart developed and included in SOP

(#6) Develop Tax Receivable forecast module

Timeframe: 31-Dec-18

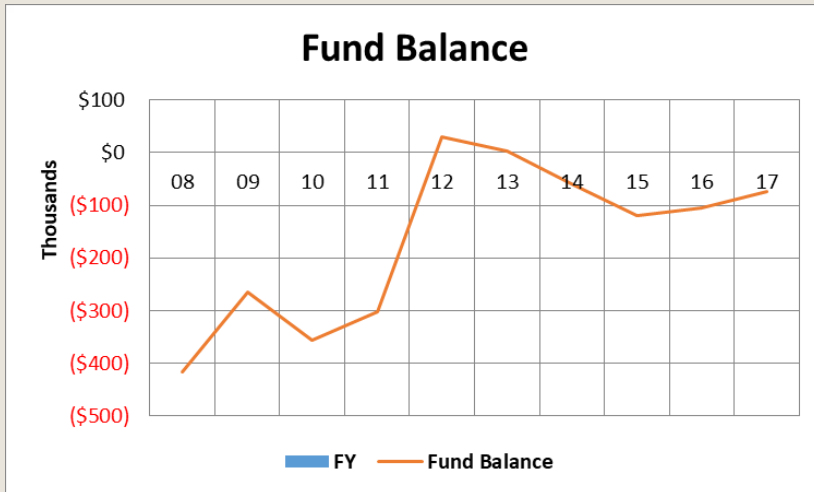
(#7) Monitor FMS System Projects

On-Going

(#8) Review DOA annual & periodic reports format

On-Going

GUAM



Why is this measure important?

Rating agencies and investors consider the Fund balance on Governmental Funds an important measure.

What is our plan to improve this measure?

Reduce the deficit without new debt.

When do we expect to meet our goal?

Achieved goal over the last two years. Need to maintain.

GUAM Finance Office Challenges

What is the greatest challenge in your financial operations?

1. ***New Administration***
2. ***Recruitment***
3. ***Employee morale and health (i.e. stress, anxiety, etc.)***
4. ***Collecting receivables from exiting public employees***

How could you resolve that challenge?

1. ***Involve all employees, provide training/education on Department's missions, responsibilities, processes, SOPs and mandates;***
2. ***Work with incoming Administration for additional staff;***
3. ***Encourage more healthier lifestyles and cross-train;***
4. ***Implement garnishment process (i.e. tax refunds, lump sum, etc.)***

How would you measure whether your improvement plan is working?

Monitor employee performances

GUAM Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	10% Reduction from prior period	Quarterly	<u>FY18 Q2</u> 2% \$3K	<u>FY18 Q3</u> 3% \$11K	<u>FY18 Q4</u> 7% \$22K	➔		
Revenue Estimates within target %	5% over or under estimated revenues	Annual	<u>FY2016</u> 3.83%	<u>FY2017</u> 2.77%	<u>FY2018</u> 4.15%	➔		
Completion of Comprehensive Cash Management Plan	100% completed, approved, & updated	Annual	<u>FY2016</u> 100%	<u>FY2017</u> 100%	<u>FY2017</u> 100%	➔	<p>Completed, Updated and Approved</p>	7

GUAM Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Grants Management								
Number of days to process an invoice paid by federal funds	< 15 days	Average over one Quarter	<u>FY18 Q2</u> 11 days	<u>FY18 Q3</u> 11 days	<u>FY18 Q4</u> 12 days	➔	<p>Federal invoice payments are processed upon receipt of drawdown funds.</p> <p>The number of days measured is from the date invoice added to FGIA Receivable Sub-ledger to check date. (FGIA Sub-ledger is updated weekly)</p>	
Timeliness of SF425 reports	100% of reports PREPARED on time	Quarterly	<u>FY18 Q2</u> 100%	<u>FY18 Q3</u> 100%	<u>FY18 Q4</u> 100%	➔	<p><u>Timeliness Measures:</u></p> <ul style="list-style-type: none"> Request for extension Delinquent notice Hold/Lock online access 	
% & \$ of unspent federal funds	10% unspent funds / total funds	Annual	Under Review	Under Review	Under Review	➔	<p>Draft percentages of Unspent Funds for monitoring purposes ONLY. These percentages are NOT based on official grant final close out reports.</p>	8

GUAM Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?																																																												
Capacity Building																																																																				
Percentage of personnel evaluations completed on time	100%	Quarterly	FY18 Q2 33%	FY18 Q3 64%	FY18 Q4 80%	↑	<table border="1"> <thead> <tr> <th>Summary by Supervisor</th> <th>On Time (Before Due)</th> <th>LATE (30 Days)</th> <th>VERY LATE (Over 18 Days)</th> <th>Over Due (Over 30 Days)</th> </tr> </thead> <tbody> <tr><td>Armiyuan Lujan</td><td>1</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>DICA Director</td><td>1</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Gil Galang</td><td>1</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Goody Rosario</td><td>1</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Grace Edrosa</td><td>1</td><td>2</td><td>3</td><td>0</td></tr> <tr><td>Kathy Kahigi</td><td>1</td><td>1</td><td>0</td><td>0</td></tr> <tr><td>Ken Borja</td><td>1</td><td>1</td><td>1</td><td>0</td></tr> <tr><td>Linda DeHorsey</td><td>2</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Mike Cabral</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Rose Fejeran</td><td>0</td><td>4</td><td>1</td><td>0</td></tr> <tr><td>Total</td><td>22</td><td>7</td><td>21</td><td>0</td></tr> </tbody> </table>	Summary by Supervisor	On Time (Before Due)	LATE (30 Days)	VERY LATE (Over 18 Days)	Over Due (Over 30 Days)	Armiyuan Lujan	1	0	0	0	DICA Director	1	0	0	0	Gil Galang	1	0	0	0	Goody Rosario	1	0	0	0	Grace Edrosa	1	2	3	0	Kathy Kahigi	1	1	0	0	Ken Borja	1	1	1	0	Linda DeHorsey	2	0	0	0	Mike Cabral	0	0	0	0	Rose Fejeran	0	4	1	0	Total	22	7	21	0	
Summary by Supervisor	On Time (Before Due)	LATE (30 Days)	VERY LATE (Over 18 Days)	Over Due (Over 30 Days)																																																																
Armiyuan Lujan	1	0	0	0																																																																
DICA Director	1	0	0	0																																																																
Gil Galang	1	0	0	0																																																																
Goody Rosario	1	0	0	0																																																																
Grace Edrosa	1	2	3	0																																																																
Kathy Kahigi	1	1	0	0																																																																
Ken Borja	1	1	1	0																																																																
Linda DeHorsey	2	0	0	0																																																																
Mike Cabral	0	0	0	0																																																																
Rose Fejeran	0	4	1	0																																																																
Total	22	7	21	0																																																																
# of training hours per finance employee	24 hrs per employee	Annual	N/A	FY2017 13 Empl 37 Hrs	FY2018 36 Empl 63.5 hrs	↑	<p>Employee Training - Hrs per Employee</p>																																																													
								9																																																												

GUAM Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Reconciliation and Internal Control								
Completion of Fixed Asset Inventory	100% completed and AJEs posted	Annual	FY2016 29%	FY2017 20%	FY2018 18%	↓	<p>Fixed Assets Cumulative Inventory Completion</p>	
Bank Reconciliations completed on a timely basis	15 days after month end	Monthly	Aug 2018 14 days	Sep 2018 10-days	Oct 2018 20-days	↓	<p>G/F Bank Recon Completion</p>	
Reduction in Federal Grant Receivable balance	5% of Federal AR / Federal Exp	Annual	FY2016 4.37%	FY2017 5.03%	Prelim FY2018 10.50%	↓	<p>FEDERAL GRANT RECEIVABLE</p>	10

GOVGUAM – DOA DIVISION OF ACCOUNTS CONTACTS

▪ Director:

Edward Birn 671-475-1101

Edward.Birn@doa.guam.gov

▪ Deputy Financial Manager:

Gaudencio “Goody” Rosario 671-475-1150

Gaudencio.Rosario@doa.guam.gov

▪ Division of Accounts:

- Michael Cabral – Michael.Cabral@doa.guam.gov
- Grace Edrosa – Grace.Edrosa@doa.guam.gov
- Armilynn Lujan – Armilynn.Lujan@doa.guam.gov
- Ken C. Borja – Ken.C.Borja@doa.guam.gov
- Anita Arile – Anita.Arile@doa.guam.gov





103d

**Federated States of Micronesia
Government Presentation**

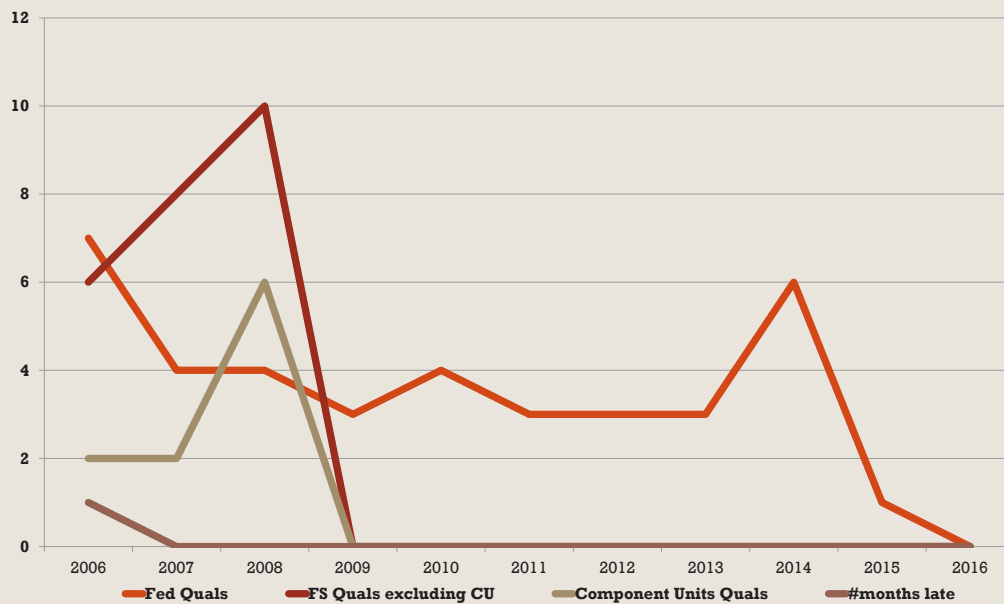


FSM NATIONAL GOVERNMENT

GOVERNMENT STATUS UPDATE

Island Government Finance Officers' Association (IGFOA)
 Winter meeting, Honolulu, Hawaii
 December 4-6, 2018

FSM NATIONAL GOVERNMENT AUDIT RESULTS FY 2017



HIGHLIGHTS FY 2017

Completion date	06-26-2018
# Federal Qualifications	0
# Financial Qualifications	0
# Component Unit Qualifications	0
# Repeat Findings	1

IGFOA Honolulu, Dec 2018

FSM National Government FY 18 Audit Status

Describe the current status of your FY18 audit.

Auditor has already started the field work.

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

We are aiming to eliminate the finding from prior year.

Have you expect any unusual challenges for the FY18 audit?

We do not expect any unusual challenges for the FY18 audit.

What is the effect of the pension liability on your financial statements?

We do not have pension liability.

Status of FSM National Government action plans

Planning Area

Major accomplishment

Action plan item #1

Reduction of audit findings- for FY17, FSM NG's audit finding is reduced to one.

Action plan item #2

Staff evaluation- ongoing

Action plan item #3

Reduction of travel advances- billing statement is sent on a monthly basis. Traveler is asked to settle the outstanding advance before approving a travel authorization.

Cybersecurity Plans

Protect rational property from theft, threat located either inside or outside of the network. Protect employee's & vendor's personally identifiable information(PII) . To able to identify and understand what information rolling in, provide high degree of confidentiality on sending and receiving email.

FSM NATIONAL GOVERNMENT

- Bank reconciliation

Why is this measure important?

Cash is susceptible to fraud, accurate balance is necessary to avoid overdrawn.

What is our plan to improve this measure?

Ensuring that reconciliation is completed on time monthly and daily monitoring is performed.

When do we expect to meet our goal?

Monthly.

5

FSM National Government Finance Office Challenges

What is the greatest challenge in your financial operations?

Current FMIS.

How could you resolve that challenge?


We are currently in the process of acquiring a new system which we expect to utilize in the current or next fiscal year.




How would you measure whether your improvement plan is working?

When we are able to process our transactions with ease and generate the needed reports faster.

FSM National Government Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	___% reduction from prior period	Qtrly	56%	35%	30%		Billing statement is sent on a monthly basis, traveler with outstanding advance is asked to settle such advance before the next travel is approved.	No
Revenue Estimates within target %	___% over or under estimated revenues	Annual	18% over	23% over	4% over		Current period is FY18, prior period -1 is FY17 and prior period -2 is FY16.	No
Completion of comprehensive Cash Management Plan	100% completed, approved, & updated	Annual					We follow what is in the budget.	

FSM National Government Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Grants Management								
Number of days to process an invoice paid by federal funds	___ days from vendor invoice date to chk date	Average over one quarter	3	3	3		Measure is based on the date that finance received the invoice from the vendor.	No
Timeliness of SF425 reports	___% of reports filed on time	Qtrly	100%	100%	100%		An audit issue from the previous fiscal year.	Yes
% & \$ of unspent federal funds	___% unspent funds/ total funds	Annual	3%	12%			Accrual for FY18 has not completed yet since liquidation period ends on December 31, 2018.	No

(YOUR GOVT) Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Capacity Building								
Percentage of personnel evaluations completed	___%	Annual						
# of training hours per finance employee	___ hrs per employee	Annual	40	40	40			No

(YOUR GOVT) Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Reconciliation and Internal Control								
Completion of Fixed Asset Inventory	100% completed and AJEs posted	Annual or biannual	100%	100%	90%		AJEs are not completed yet for FY 18.	No
Bank Reconciliations completed on a timely basis	30 days after month end	Mnthly	<30 days	<30 days	<30 days		Monitoring is done on a daily basis.	No
Reduction in Federal Grant Receivable balance	___% of federal AR/federal expend	Annual	19%	20%			Program managers were met and discussed the reasons for uncollected receivables. Accrual for FY18 has not completed yet since liquidation period ends on December 31, 2018.	No



103e

**Republic of the Marshall Islands
Government Presentation**



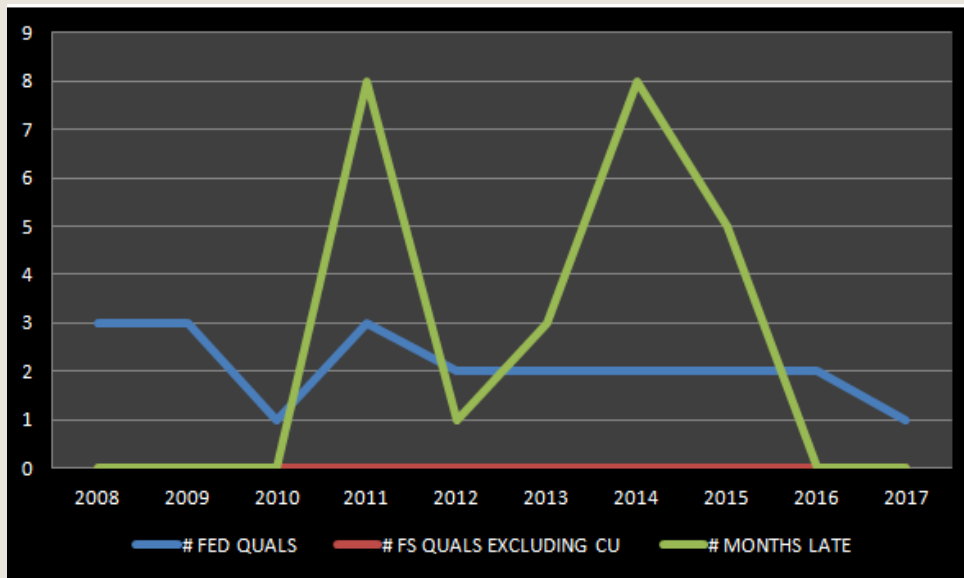
REPUBLIC OF THE MARSHALL ISLANDS

GOVERNMENT STATUS UPDATE

Island Government Finance Officers' Association (IGFOA)
 Winter meeting, Honolulu, Hawaii
 December 4-6, 2018



RMI AUDIT RESULTS FY 2008-2017



HIGHLIGHTS FY 2017

Completion date	June 29, 2018
# Federal Qualifications	1
# Financial Qualifications	0
# Component Unit Qualifications	0
# Repeat Findings	33%

IGFOA Honolulu, Dec 2018

RMI FY 18 Audit Status

Describe the current status of your FY18 audit.

Trial Balance and Schedules have already submitted to the auditors on Nov 30, 2018

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

No expected changes

Have you expect any unusual challenges for the FY18 audit?

No unusual challenges

What is the effect of the pension liability on your financial statements?

None

Status of RMI action plans

Planning Area

Major accomplishment

1. Cash Management

*-We've implemented 90 days policy for Purchase order (No more back order)
-We've completed the manual for Grants management including policy draw downs
-Improved collection on TAs*

2. Fixed Asset Inventory

-Continues to be a challenge due to transportation to the outer islands (working with WIU)

3. Develop an Ethics Training Program

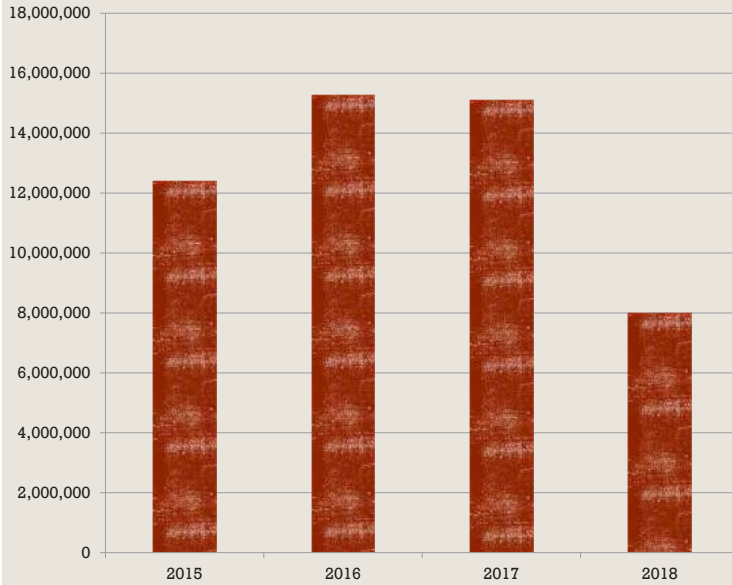
*-Recently hired HR Manager and HR Consultant and already had one Employee Forum regarding PSC Regulations
- Ethics training to be conducted by Ethics Committees mid January*

Cybersecurity Plans

Don't have a plan yet. Govt established Informations & Communication Technology Committee(ICT) to improve Government IT

RMI GOVERNMENT (MEASURE)

■ Accounts Receivable (Federal Grants)



Why is this measure important?

It affects our cash on hand, ability to pay and the operation of the Government

What is our plan to improve this measure?

-We plan to do monthly monitoring and continue to work with Compliance Unit

When do we expect to meet our goal? It's an ongoing progress and hopefully by the end of FY19 we will reduce the amount by 50%

5

RMI Finance Office Challenges

What is the greatest challenge in your financial operations?

**Cash Management Planning & Monitoring
 Procurement**

How could you resolve that challenge?

- Complete a cash management policy
- Conduct the cash management training to require ministries and agencies to produce monthly or quarterly procurement plans
- Policy to require ministries and Finance to stick to procurement plans (allows for MOF to know the cash requirements of each agencies)

How would you measure whether your improvement plan is working?




- Percentage of ministries' expenditures to reflect what is on procurement plan
- Financial reports to be consistent to proposed procurement plan

6

RMI Ministry of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	10% reduction from prior period	Quarterly	5% Reduction	10% Reduction	10% Reduction	➔		No
Revenue Estimates within target %	5% over estimated revenues	Annual	5% under estimated revenues	7% under estimated revenues	10% under estimated revenues	⬇	Available cash forecasts on an annual basis only.	No
Completion of comprehensive Cash Management Plan	In Progress	Annual						Yes
								7

RMI Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Grants Management								
Number of days to process an invoice paid by federal funds	10 days from vendor invoice date to chk date	Average over one quarter	15 days	10 days	10 days	➔	Timely submission of invoices with complete supporting documents in order not to delay the payment	No
Timeliness of SF425 reports	100% of reports filed on time	Qtrly	100%	100%	100%	➔	To work closely with Program Managers to ensure the accuracy and timeliness of the reports	No
% & \$ of unspent federal funds	10% unspent funds/ total funds	Annual	30%	20%	10%	➔		No
								8

RMI Ministry of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Capacity Building								
Percentage of personnel evaluations completed	60%	Annual						No
# of training hours per finance employee	24 hrs per employee	Annual						No
								9

RMI Ministry of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Reconciliation and Internal Control								
Completion of Fixed Asset Inventory	80% completed and AJEs posted	Annual	30%	75%	In Progress		Continue to conduct physical inspection on regular basis and monitor condition status	Yes
Bank Reconciliations completed on a timely basis	30days after month end	Mnthly	<u><30 days</u> after month end	<u><30 days</u> after month end	<u><30 days</u> after month end		Bank reconciliation is available within one month from the end of each month	No
Reduction in Federal Grant Receivable balance	40% of federal AR/federal expend	Annual	20%	30%	35%		Still working on the reconciliation	Yes
								10

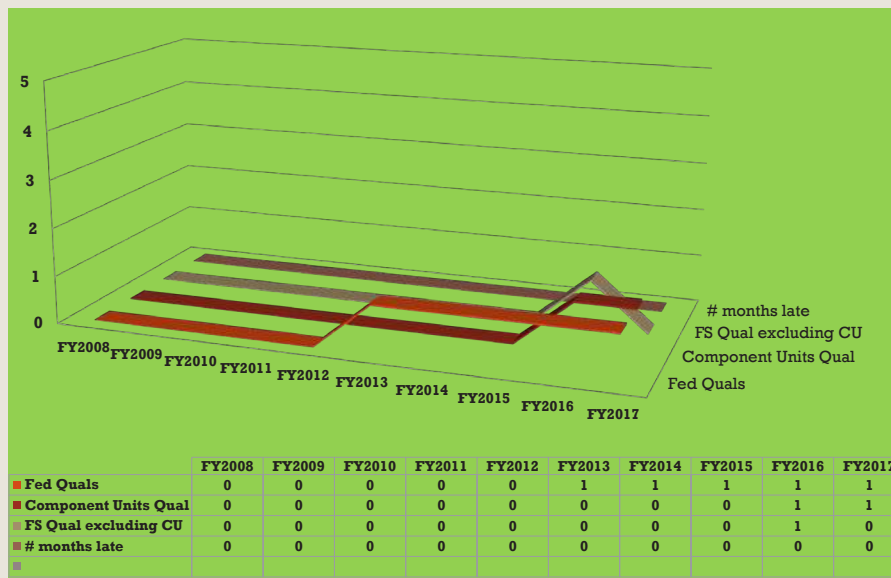


103f

Pohnpei State Government Presentation



POHNPEI STATE AUDIT RESULTS FY 2017



HIGHLIGHTS FY 2017	
Completion date	June 29, 2018
# Federal Qualifications	Equipment and Real Property Management 1
# Financial Qualifications	
# Component Unit Qualifications	Loan Guarantee Obligation 1
# Repeat Findings	• Equipment and Real Property Management • Loan Guarantee Obligation

IGFOA Honolulu, Dec 2018

Pohnpei State Government FY 18 Audit Status

Describe the current status of your FY18 audit.

FY18 Audit is still ongoing

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

Prior Year Accounts Receivable (Pohnpei Utilities Corporation)

Do you expect any unusual challenges for the FY18 audit?

Grant Compliance

What is the effect of the pension liability on your financial statements?

Not applicable to Pohnpei State Government

Status of Pohnpei State Government action plans

Planning Area

Major accomplishment

Action plan item #1

Resolved \$448,013 in prior year Questioned Costs

Action plan item #2

Bank Reconciliation on Compact Sector Fund Including all Savings and TCD were completed.

Action plan item #3

Except for the schools and clinics located on our outer islands, all fixed assets were accounted for.

Cybersecurity Plans

Had I.T. Manager trained and certified in November 2018 by the Business Innovation Institute (BII) in Majuro.
• Plans on securing the IT facility
• Secure assets both software and hardware
• Monitor Network Security

MAJOR ACCOMPLISHMENT

State Department of Treasury, Education and Health Services with the assistance of Dr. Roger Gorham, hosted a workshop to all administrative/fiscal staff from all state departments on November 15, 2018 for **the Fiscal/Personnel Administrators Reform Recommendation:**

Goal: To achieve a consensus understanding of the critical issues facing administrators dealing with Sector grants and the overall administration of the State government as well as agreement on the strategies required to address those issues.

Objectives:

- ❖ Identify critical issues that must be addressed if the Executive Branch is to function effectively
- ❖ Agree on priorities
- ❖ Outline a Plan of Action

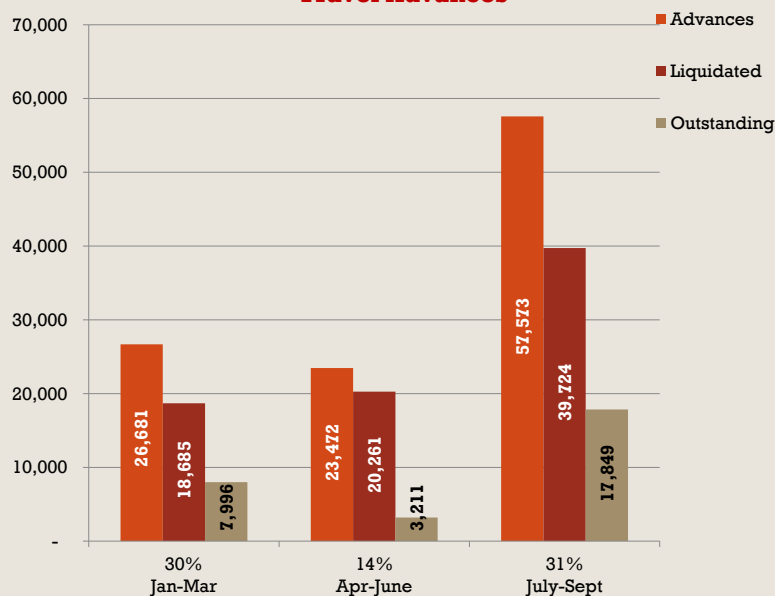
□ On November 21, 2018, the Reform Recommendation was presented to the Governor, Lt. Governor and State Cabinet, awaiting their endorsement on the Proposed Plan of Action.

□ On November 27, 2018, Acting Governor, the Honorable Reed B. Oliver sent out a Memorandum to all Departments, Offices and Agency Heads informing them that the Department of Treasury will be conducting a workshop on December 18 to 19, 2018 to address issues raised in the Reform (Administration of the Public Service System Regulation and the Financial Management Act). He also invited the presence of both the Budget and AG Office to assist with legal and budgetary matters.

IGFOA Honolulu, Dec 2018

POHNPEI STATE GOVERNMENT

Travel Advances



Why is this measure important?

To expense out unnecessary AR created from not filing travel vouchers on time.

What is our plan to improve this measure?

•Strictly re-enforce the travel regulations to ensure that all travelers file their travel vouchers no later than 10 days upon arrival.

When do we expect to meet our goal?

* We expect to see changes by the end of March, 2019.

Pohnpei State Finance Office Challenges

What is the greatest challenge in your financial operations?

- *Cash flow problem with the Compact Sector Fund*
- *Collection of Prior Year Accounts Receivable*
- *Resolving Prior Year Questioned Costs*




How could you resolve that challenge?

- *Additional Revenue Sources and other investment opportunities*
- *Look into legal ways to collect prior year accounts receivable*
- *Train administrative/fiscal staff in all areas associated with their work, especially, Grant Compliance.*




How would you measure whether your improvement plan is working?

Unmodified Audit Opinion


7

Pohnpei State Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	25% reduction from prior period	Qtrly	Jan-Mar 30%	Apr-May 14%	July-Sept 31%		A workshop is scheduled to be conducted on December 18 and 19 to re-educate all administrative/fiscal staff with the Finance Management Regulations, compliance policies and the importance of being on track with finance performance measures.	No
Revenue Estimates within target %	To collect 100% of estimated revenues	Annual	FY16 3%	FY17 44%	FY18 14%		<ul style="list-style-type: none"> • In FY16, Revenue collected was \$344k more than what was estimated. • In FY17, collection was \$4.5m more than the estimated revenue. • In the current period, our actual is higher than the estimated by \$1.6 million. 	No
Completion of comprehensive Cash Management Plan	50% completed and approved	Annual	50%	50%	50%		The Cash Management Plan is in the revision process.	No

8

Pohnpei State Department of Finance Performance Measures		Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Grants Management									
Number of days to process an invoice paid by federal funds	2-3 days from vendor invoice date to chk date	Average over one quarter	<3	<3	<3			The cash flow problem creates a delay in the processing of checks. In the current period, we are in the process of preparing payments for our off-island vendors.	No
Timeliness of SF425 reports	100 % of reports filed on time	Qtrly	100%	100%	75%			Variances between the budget figures posted by the Budget staff and revenue posted by the Finance staff contribute greatly to the delay of our report submission, System Error. Reconciliation must be done in that area.	No
% & \$ of unspent federal funds	___% unspent funds/ total funds	Annual	FY2016 4%	FY2017 11%	FY2018 14%			<ul style="list-style-type: none"> •FY16, awarded \$2.2m, exp \$2.2m and lost over \$88k •FY17, awarded \$2.3m, exp \$2.1m, total unspent \$244k •FY18, awarded over \$704k, exp over \$605k, total unspent over 99k •Most of the unspent funds comes from the Personnel Category & FY18 Expired Accounts 	No

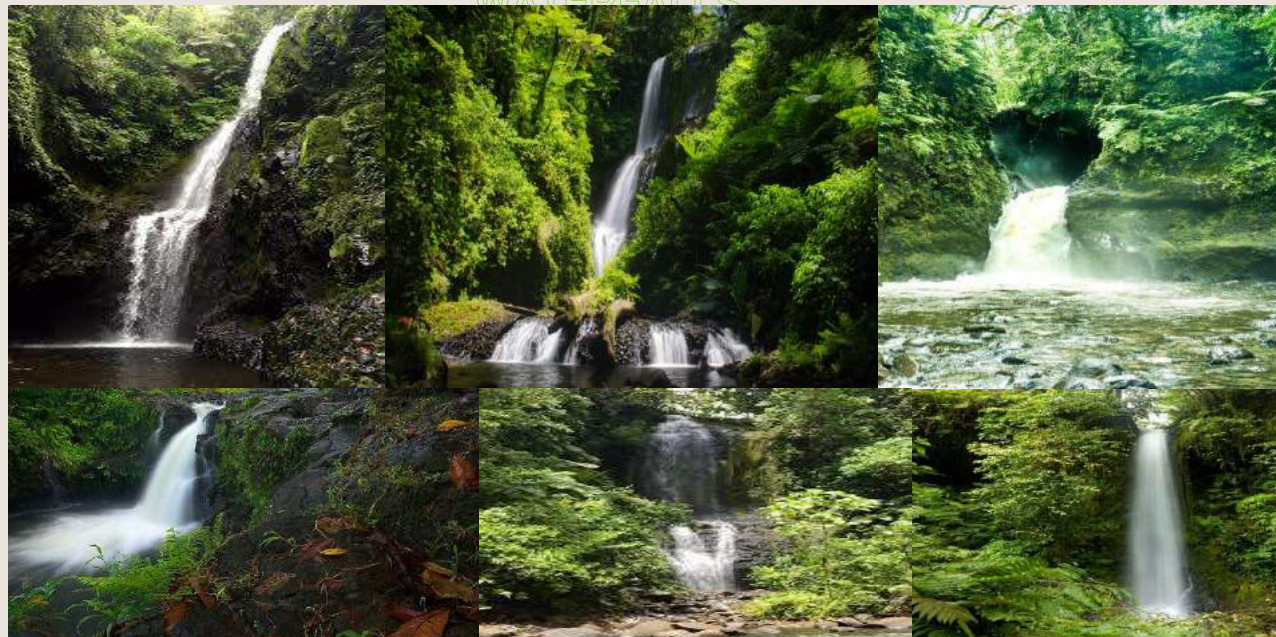
9

Pohnpei State Department of Finance Performance Measures		Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Capacity Building									
Percentage of personnel evaluations completed	100 %	Annual	0%	0%	0%			The Director has advised the Personnel Chief to schedule personnel evaluations for the departments.	No
# of training hours per finance employee	__hrs per employee	Annual						Will be reported after the completion of the personnel evaluation.	

10

Pohnpei State Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Reconciliation and Internal Control								
Completion of Fixed Asset Inventory	100% completed and AJEs posted	Biannual	80% completed and AJEs posted	80% completed and AJEs posted	60% completed and AJEs posted	→	We are looking into locating additional funding to fund our procurement officers to travel to our outer islands to conduct fixed asset inventory in the schools and clinics.	No
Bank Reconciliations completed on a timely basis	30 days after month end	Monthly	>30	>30	<30	→	Our Bank Recon for General Fund and Sector Accounts were updated except for Payroll Account which was delayed during the July system crash. We are still in the process of correcting some entries.	??
Reduction in Federal Grant Receivable balance	100% of federal AR/federal expend	Qtrly	3%	2%	3%	→	Timely collection of Reimbursements for the Federal Grants except for those that are withheld pending liquidation.	11

KALAHNGAN FROM THE HOME OF THE 6 WATERFALLS



IGFOA Honolulu, Dec 2018



103g

Chuuk State Government Presentation



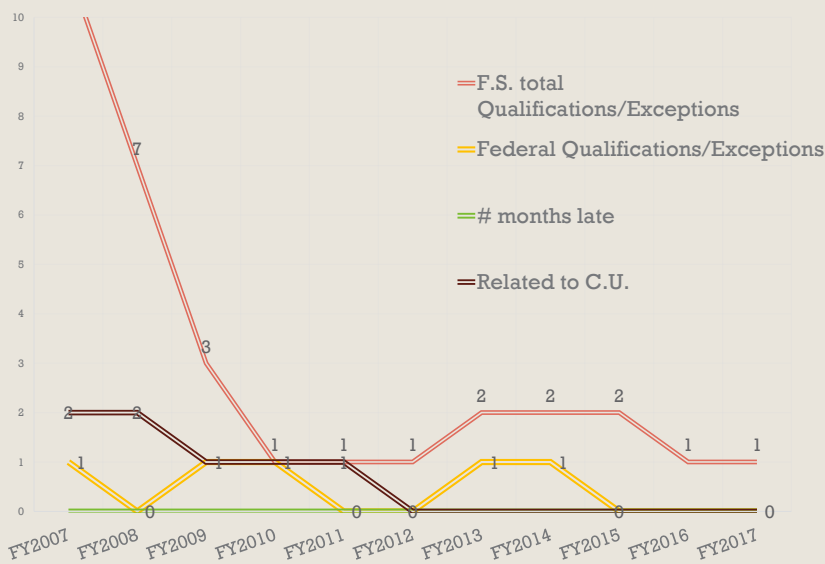
CHUUK STATE GOV'T



GOVERNMENT STATUS UPDATE

Island Government Finance Officers' Association (IGFOA)
 Winter meeting, Honolulu, Hawaii
 December 4-6, 2018

CHUUK STATE AUDIT RESULTS FY 2007-2017



HIGHLIGHTS FY 2017

Completion date	June 21, 2018
# Federal Qualifications	-0-
# Financial Qualifications	2
# Component Unit Qualifications	-0-
# Repeat Findings	3

IGFOA Honolulu, Dec 2018

CHUUK STATE FY 18 Audit Status

Describe the current status of your FY18 audit.

AUDIT IS ONGOING. SHOULD BE COMPLETED ONTIME.

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

THERE SHOULD BE REDUCTIONS IN QUALIFICATIONS AND FINDINGS (Fixed Assets Maintenance Procedures & Recon findings will be eliminated)

Have you expect any unusual challenges for the FY18 audit?

Yes, receivables from FSM National Government on Sector grants

What is the effect of the pension liability on your financial statements?

NOT SURE. CLARITY SHOULD BE MADE WITHIN THE Five FSM Governments

Status of CHUUK STATE action plans

Planning Area

Major accomplishment

Action plan item #1
 Collection of outstanding travel advances

Substantial improvement (82% as of Sept. 30, 2018) Total issued \$670,000 collected \$552,600 at year end.

Action plan item #2
 Revenue/ Budget tracking

Substantial improvement (leading to budgetary surplus in FY17)

Action plan item #3
 Training of finance employees

3 training sessions to over 30 employees (CFCC&DAS/GS/World Bank)

Cybersecurity Plans

Draft completed (under review)

Proposed cybersecurity improvement to ICT system for Chuuk State Government complex

In light of the pending upgrade of the Financial Management Information System and the pending relocation to the new office spaces, it is opportune time to further secure and optimize the ICT network through which flows mission critical information for the Chuuk State government departments and agencies.

Following is a proposed plan:

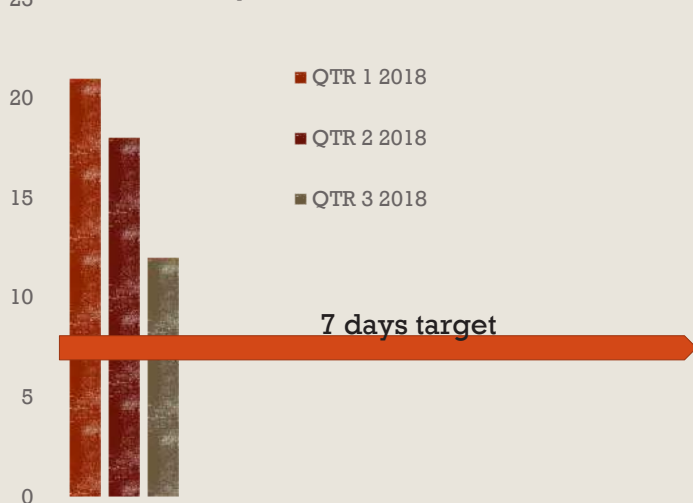
1. Secure perimeters with network firewalls and Intrusion Detection & Prevention Systems
 2. Secure workstations, servers, and networked devices with anti-malware
 3. Secure intra-network with VLANs (Virtual Local Area Networks) and secure transport protocol(s)
-
1. Secure perimeters with a network Firewall and network Intrusion Prevention System
 - A. Install network NEXT GENERATION FIREWALL (a simple firewall is just a simple firewall; a *Next Generation Firewall* is a firewall with IPS and enterprise anti-malware)
 1. Cisco ASA with FirePOWER Next-Generation Firewall – **ALL IN ONE DEVICE (Firewall, IPS, Antivirus)**
 2. Cisco Firepower NGFW is the industry standard for multi-faceted security
 3. Cisco is the most trusted brand of network routers and security appliances
 4. Cisco has been time-tested and has documentation readily available in print and via the Web. Cisco products are well documented and user friendly.
 5. Cisco ASA and NGFW security appliances are VPN capable should the need arise
 6. Recommending 2 or 3 NGFW's for redundancy, with all 2 or 3 configured exactly the same or "cloned" to minimize downtime - **\$1000 per appliance**
 - B. Install web-portal to allow remote offices to gain access to FMIS reporting – **FMIS proposing to install web-portal to new FMIS**
 2. Secure workstations, servers, and networked devices with anti-malware software
 - A. Install enterprise grade anti-malware to minimize vulnerability to malicious software (virus, worms, trojan-horse, etc.) Install network anti-malware with a local update server to ease Internet congestion from having devices downloading duplicate updates
 1. Symantec Enterprise with update server on LAN, downloading single copies of updates and disseminating to local devices - **\$28 per device**
 2. McAfee Endpoint Protection SMB - **\$28 per device**
 3. Secure intra-network with VLANs and secure transport protocol(s)
 - A. Install smart-switches/routers to segregate/segment network traffic
 - B. Install secure transport protocols to secure intra-network traffic
 - C. Network infrastructure throughout the government complex remains fixed, but ports on smart-switch configure according to who uses port. Otherwise, IT would need to rerun network cables every time a different person or office uses port(s)

IGFOA Honolulu, Dec 2018

CHUUK STATE

- Timely processing of transactions

Number of Days to Process a Vendor Invoice



Why is this measure important?

To satisfy customers and maximize efficient operation

What is our plan to improve this measure?

- Fill vacancies at Finance (4)
- Continue process trainings (3)
- Reduce errors/noncompliances

When do we expect to meet our goal?

Recruitment by March 19
Trainings in February & July 19 6

CHUUK STATE Finance Office Challenges

What is the greatest challenge in your financial operations?




Timely and Efficient Processes




How could you resolve that challenge? By filling in existing vacancies in Finance and continue process trainings with staffs (CFCC/DAS trainings – 1 every other quarter/ Deloitte annual training during finance conference)



Utilizing error/non-compliance tracking system in collaboration with CFCC




How would you measure whether your improvement plan is working? Effective timeliness of transaction processing and reduction of errors. (current processing days to be reduced from 18 days to 7 days after receipt of required obligation documents; reconciliations from 60 days to no more than 30 days after the month)

7

CHUUK STATE Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	50% reduction from prior period	Mntly	42%	48%	100%		The period Oct – Dec 2017 is also 100%. The total annual reduction is 82%	NO
Revenue Estimates within target %	5% over estimated revenues	Qtrly and Annual	FY16 16.4% over estimate (\$1.2 m)	FY17 28% over estimate (\$2.3 m)	Will be available and reported on Jan 15, 2019		This is an area that has been improved substantially due to improved collaborations and oversight by management with the Tax Division	NO
Completion of comprehensive Cash Management Plan	100% completed, approved, & updated	Annual	N/A				Not doing CMP. Should be considered as a project.	NO ⁸

CHUUK STATE Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Grants Management								
Number of days to process an invoice paid by federal funds	7 days from vendor invoice date to chk date	Average over one quarter	21	18	12		Need to strive for 7 days target.	NO
Timeliness of SF425 reports	100% of reports filed on time	Qtrly	100%	100%	100%		Reports are submitted to FSM Finance on time. From there to USDOJ, not sure.	
% & \$ of unspent federal funds	0% unspent funds/ total funds	Annual	0%	0%	0%		It should be noted that the State of Chuuk receives portions of grants allotted from FSM National government on different timelines and not the total authorized grants for Chuuk. This process resulted in over-expenditures of grants (pavroll, etc.)	No ⁹

CHUUK STATE Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Capacity Building								
Percentage of personnel evaluations completed	100%	Annual	N/A	N/A	N/A		AGREEMENTS BETWEEN DEPT. HEADS AND DAS/CPSC HAS NOT BEEN FINALIZED	
# of training hours per finance employee	___ hrs per employee	Annual	N/A	N/A	N/A		TRAININGS WERE UNDERTAKEN (see slide #4) however the measurement is difficult to assess	
								10

CHUUK STATE Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Reconciliation and Internal Control								
Completion of Fixed Asset Inventory	100% completed and AJEs posted	biannual	100%	0	100%			NO
Bank Reconciliations completed on a timely basis	30 days after month end	Mnthly	10 Months	30 days	60 days		Recon Supervisor left government, lead to backlog again. Hiring new Recon Supervisor is ongoing	YES
Reduction in Federal Grant Receivable balance	100% of federal AR/federal expend	Annual	100%	88%	89.6%		\$124K out of \$1.2 million not received yet.	NO



103h

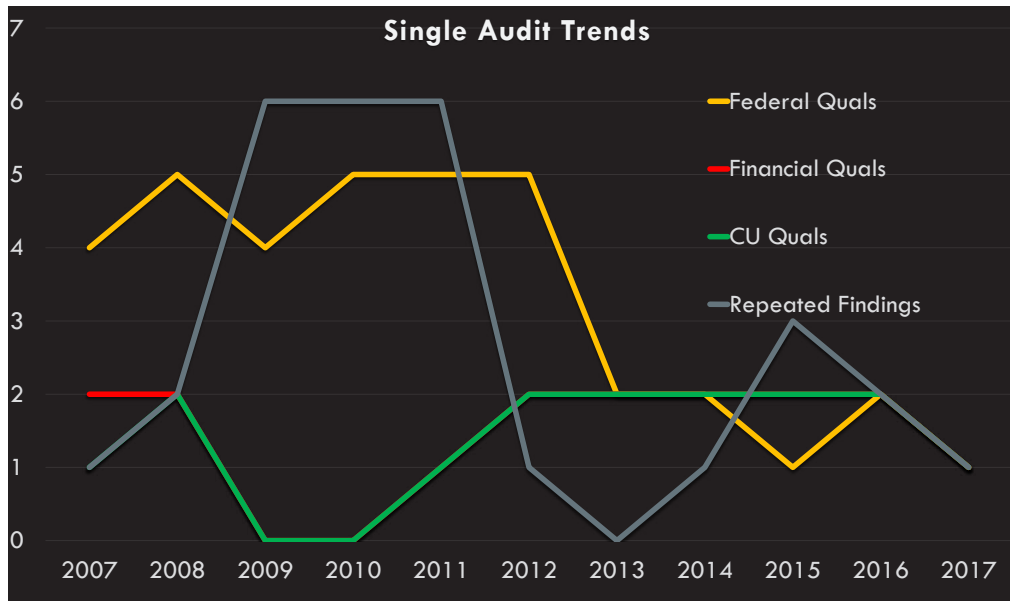
Yap State Government Presentation

YAP STATE GOVERNMENT



GOVERNMENT STATUS UPDATE

Island Government Finance Officers' Association (IGFOA)
 Winter meeting, Honolulu, Hawaii
 December 4-6, 2018



HIGHLIGHTS FY 2017	
Completion date	June 20, 2018
# Federal Qualifications	1
# Financial Qualifications	1
# Component Unit Qualifications	1
# Repeat Findings	1
Yap State audit has been timely since FY2004	

IGFOA Honolulu, Dec 2018

Yap State Government FY 18 Audit Status

Describe the current status of your FY18 audit.

Auditor's have been engaged. Preliminary trial balance to be provided to auditor by end of November.

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

We are expecting the procurement findings to be reduced in the FY18 audit.

Have you expect any unusual challenges for the FY18 audit?

None at this time.

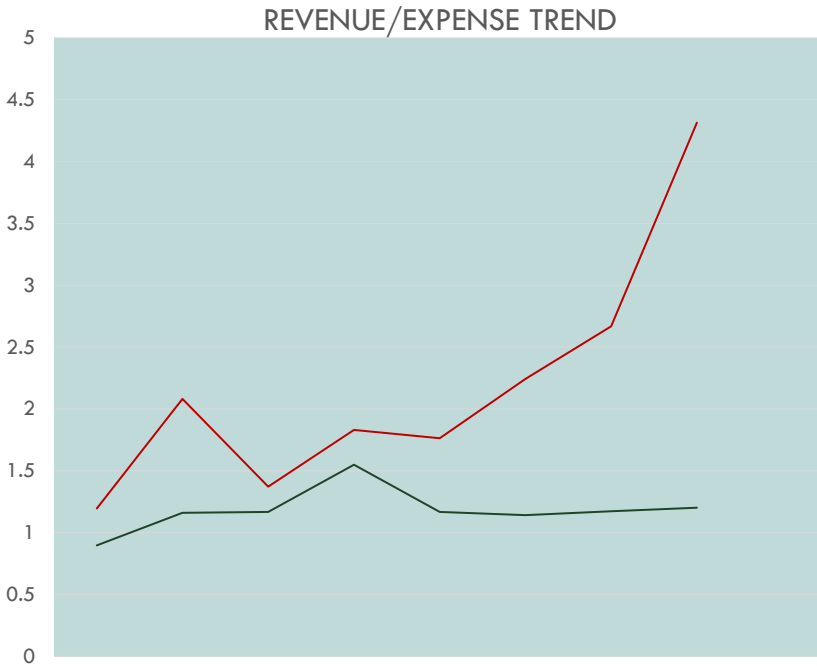
What is the effect of the pension liability on your financial statements?

N/A

YAP STATE FINANCE IMPROVEMENT PLANS

Focus Area	Responsible Party	Status	Note
Resolve outstanding QC's.	Finance Office	Partially Complete	Majority of prior years' QCs has been cleared. Will continue to assess and identify internal weaknesses to avoid potential QC's in future audits.
Continue working on FMR	Finance Office	On-going	Minor changes are being undertaken. Assessment and adjustment with the piece-meal approach ongoing, before a complete update of the FMR can be completed.
Continue cleaning A/R	Finance Office	On-going	Still working on this area with a target date of completion by end of 2 nd Quarter.
PAFR	Finance Office	Incomplete	Remains a goal to improve accountability and transparency, but need to increase manpower to have a sustainable PAFR.
Personnel Regulation Change	Personnel Office	On-going	ADB study and consultation just completed. Need further instructions from our leaders on the next step.
FMIS Technical Team	Finance Office	Complete	Team already establish. Tasks delegation complete. Follow up and improve coordination with FSMNG.

YAP STATE GOVERNMENT



Why is this measure important?

Real-Time revenue vs. expense measurement.

What is our plan to improve this measure?

Need to improve timely collection of all revenue. Better collaboration amongst relevant agencies for improvement in enforcement.

When do we expect to meet our goal?

Hopefully soon. Some improvements including better collaboration may be beyond the capability of our office to correct/improve.

5

Yap State Finance Office Challenges

What is the greatest challenge in your financial operations?

Staff Capacity and Capacity Building Program




How could you resolve that challenge?




Would need additional resources to be able to increase wages to a competitive level to retain staff with high potential and establish training program. Currently difficult to do either due to high staff turnover



How would you measure whether your improvement plan is working?




Decrease in staff turnover

6

YAP STATE Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	100% reduction from prior period	Qtrly	89%	78%	86%	 Need Improvement	Has improved due to improved monitoring by Finance Office. Can be better if depts, offices and agencies improve on their end.	
Revenue Estimates within target %	10% over or under estimated revenues	Annual	16% Under	11% Under	20% Under	 Can Improve	Projection remain in safe zone below actual, but expenditure is moving ahead of revenue impacting cash availability	
Completion of comprehensive Cash Management Plan	100% completed, approved, & updated	Annual	-	-	-	 Need Improvement	Draft was completed some years back. Need to update and formalize.	7

Yap State Div. of Finance & Treasury Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue
Grants Management								
Number of days to process an invoice paid by federal funds	3 days from vendor invoice date to chk date	Average over one quarter	5	4	4	 Good		
Timeliness of SF425 reports	100% of reports filed on time	Qtrly	100%	100%	100%	 Good		
% & \$ of unspent federal funds	0% unspent funds/ total funds	Annual	~90% Spent	~90% Spent	~85% Spent	 Need Improvement	Rough estimate. Difficult to do assessment due to multi-year concurrent grants with varying lapse date.	8

YAP STATE Department of Finance Performance Measures	Target	Period	Prior Period - 2	Prior Period - 1	Current Period 0	Trend	Notes	Ass
Capacity Building								
Percentage of personnel evaluations completed	100 %	Annual	0	100%	80%	Need Improvement 	Need to establish a set time for evaluation. Currently, evaluation is prompted when salary increase is assessed for the specific employee.	
# of training hours per finance employee	hrs per employee	Annual	n/a	n/a	n/a	Need Improvement 	No formal training plan established. New employees get on the job training.	
								9

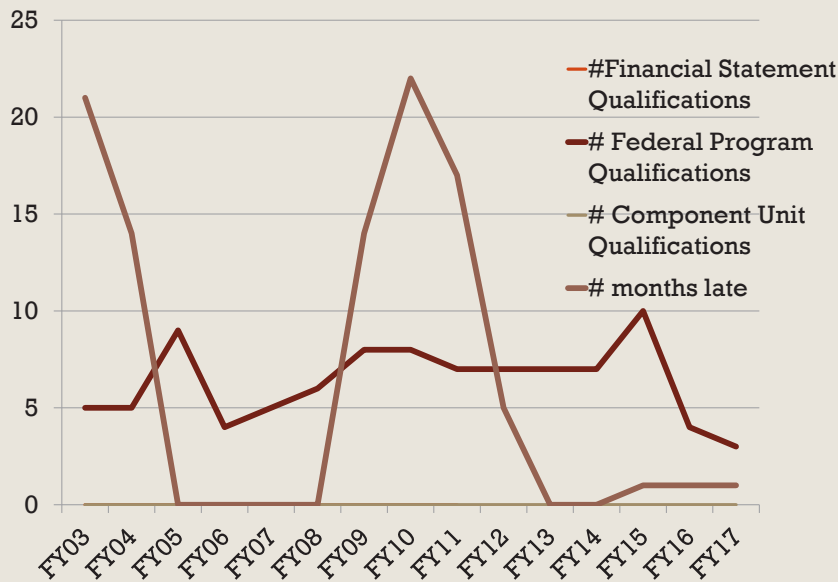
Yap State Government Department of Finance Performance Measures	Target	Period	Prior Period - 2	Prior Period - 1	Current Period 0	Trend	Notes	Ass
Reconciliation and Internal Control								
Completion of Fixed Asset Inventory	100% completed and AJEs posted	Biannual	85%	-	85%	Need improvement 	Delay in completion mainly due to lack of transportation to outer islands to complete physical inventory.	
Bank Reconciliations completed on a timely basis	30 days after month end	Mnthly	-90 days	-90 days	-90 days	Need Improvement 	High staff turnover limits these crucial tasks to be delegated to staff. Management has been taking on much of these roles.	
Reduction in Federal Grant Receivable balance	100 % of federal AR/federal expend	Qtrly	89%	100%	100%	Good 		



103i

Republic of Palau Government Presentation

ROP AUDIT RESULTS FY 2003-2017



IGFOA Honolulu, Dec 2018

HIGHLIGHTS FY 2017	
Completion date	JULY 31, 2017
# Federal Qualifications	3
# Financial Qualifications	0
Zero FS Quals for the reported period	
# Component Unit Qualifications	0
Zero CU Quals for the reported period	
# Repeat Findings	5

ROP FY 18 Audit Status

Describe the current status of your FY18 audit.

D&T audit firm; On Sept. 22, we submitted preliminary reports as of 8.31.18 for preliminary audit field work to start; Nov. 21, final trial balance was submitted and all required schedules.

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

Less findings

Have you expect any unusual challenges for the FY18 audit?

No

What is the effect of the pension liability on your financial statements?

Effects our net position by a large decline of \$157.8M

Status of ROP action plans

Planning Area

Major accomplishment

TRAVEL OUTSTANDING

We were able to reconcile and clear most of the old travel advance outstanding; however we continue to work to ensure that all prior years that are 2 years old and back are clear.

CSPF UNFUNDED LIABILITY

Actuarial Study is complete now awaiting report for recommendations.

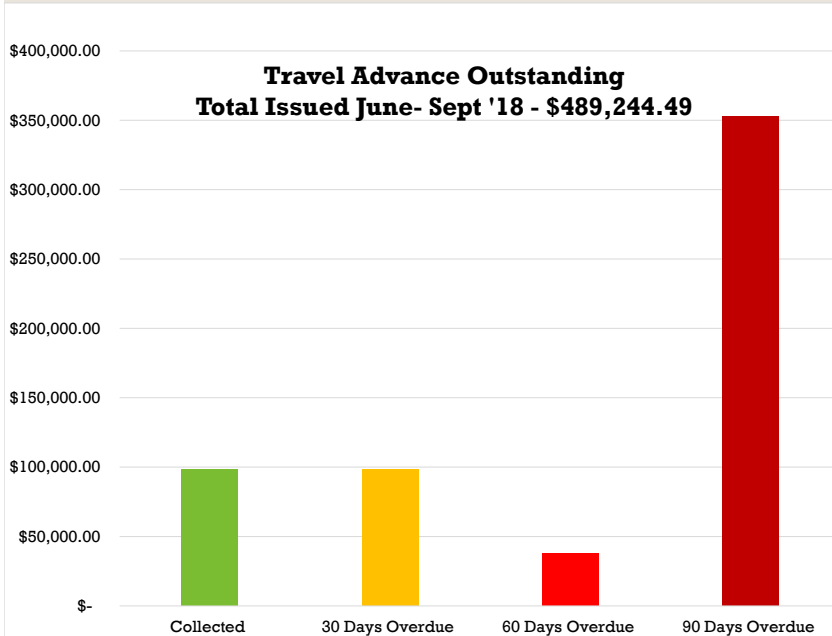
FMIS Acquisition

RFP is out and the bidding period is until February 05, 2019. We are inviting interested vendors to join us in our pre-conference in December where they can get more clarification if needed & to also schedule scripted demonstrations with us in January, 2019. Chart of Accounts is being developed.

Cybersecurity Plans

None in place. We are getting technical assistance to develop our Cybersecurity Plans and policy.

ROP



Why is this measure important?

- Ensure compliance and effectiveness of reconciliation and ensuring that old travel advance (TA) outstanding are cleared.

What is our plan to improve this measure?

- Reconciliation and clear old TA outstanding.

When do we expect to meet our goal?

- By end of FY19

ROP Finance Office Challenges

What is the greatest challenge in your financial operations?




Cash flow




How could you resolve that challenge?

- Cut unnecessary spending
 - Ministries to be prudent with spending/expenditure plan
- Strengthening tax collection efforts
- Produce a financial forecast in order to be up to date with the cash flow

How would you measure whether your improvement plan is working?

- At year end, Actual revenues exceeds estimated revenues by 3%

ROP Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Cash Management								
Reduction in overdue travel advances	<u>25%</u> reduction from prior period	Mntly	July 18 67%	Aug 18 68%	Sept 18 60%		Slightly improving. The old TA's outstanding continues to make our percentage high. Once we clear them it should improve drastically. On management letter, outstanding over 90 days be investigated and reconciled.	Management letter
Revenue Estimates within target %	<u>-2% and 2%</u> over or under estimated revenues	Annually	FY16 4%	FY17 6%	FY18 3%		FY16 and FY17 are audited numbers. FY18 unaudited.	No
Completion of comprehensive Cash Management Plan	100% completed, approved, & updated	Annual	100%	100%	95%		Need to update and review our internal control on an annual basis. Audit finding on cash receipts not reconciled and verified for completeness and validity.	Yes 7

ROP Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Grants Management								
Number of days to process an invoice paid by federal funds	<u>30 days</u> from vendor invoice date to chk date	Average Monthly	July '18 28 days	Aug '18 32 days	Sept '18 20 days		Continue to communicate with vendors to submit invoices on a daily basis to Accounts payable section and ensuring that we meet requirement of processing invoices within 30 days.	No
Timeliness of SF425 reports	<u>100%</u> of reports filed on time	Annual	FY16 96%	FY17 100%	FY18 91%		Lost track of due dates; working to hire additional staff to manage reports on time.	No
% & \$ of unspent federal funds	<u>0%</u> unspent funds/ total funds	Annual	14%	9%	25%		To ensure that departments are spending federal funds according to their narrative budget and in line with grants terms and conditions. Most of unspent funds are personnel hiring, and most grants won't be able to hire in time when grants lapse.	No 8

ROP Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Capacity Building								
Percentage of personnel evaluations completed	<u>90%</u>	Annual	N/A	39%	42%		After the last training date November 5-8, 2018 departments have been asked to set up meeting with HR to review evaluation processes and to train supervisors 1 on 1 on effectively completing forms	No
# of training hours per finance employee	40 hrs per employee	Annual	N/A	44 hrs	90 hrs (28 employees)		Training hours shown in minimum but BPSS continue to seek training opportunities for finance employees and executive government as well.	No
								9

ROP Department of Finance Performance Measures	Target	Period	Prior Period -2	Prior Period -1	Current Period 0	Trend	Notes	Audit issue?
Reconciliation and Internal Control								
Completion of Fixed Asset Inventory	100% completed and AJEs posted	Annual or biannual	FY16 Bi-Annual inventory; N/A FA recon-0%	FY17 Bi-annual Inventory-100% FA recon-100%	FY18 Bi-annual Inventory; N/A FA Recon-100%		Bi-annual inventory; Fixed asset reconciliation with departments continues on an annual basis. Audit finding ROP did not enforce compliance with applicable equipment and real property management requirements.	Yes
Bank Reconciliations completed on a timely basis	<u>30</u> days after month end	Mnthly	July 18 Payroll- 8 days GF Savings-16 days	Aug 18 Payroll- 16 days GF Savings-28 days	Sept 18 Payroll- 0 days GF Savings-6 days		Continuous improvement by requiring to provide performance measures on a monthly basis and address any issues arises during reconciliation. Bank recon are done on a daily basis to meet the requirement.	No
Reduction in Federal Grant Receivable balance	<u>0%</u> of federal AR/federal expend	Annual	FY16 17%	FY17 11%	FY18 21%		In September 2018 prior to 9/29/2018 AR was below 1 million After closing 9/29/2018 AR is <u>\$2,397,241</u>	10

MAHALO, THANK YOU, SULANG!!!



IGFOA Honolulu, December 2018

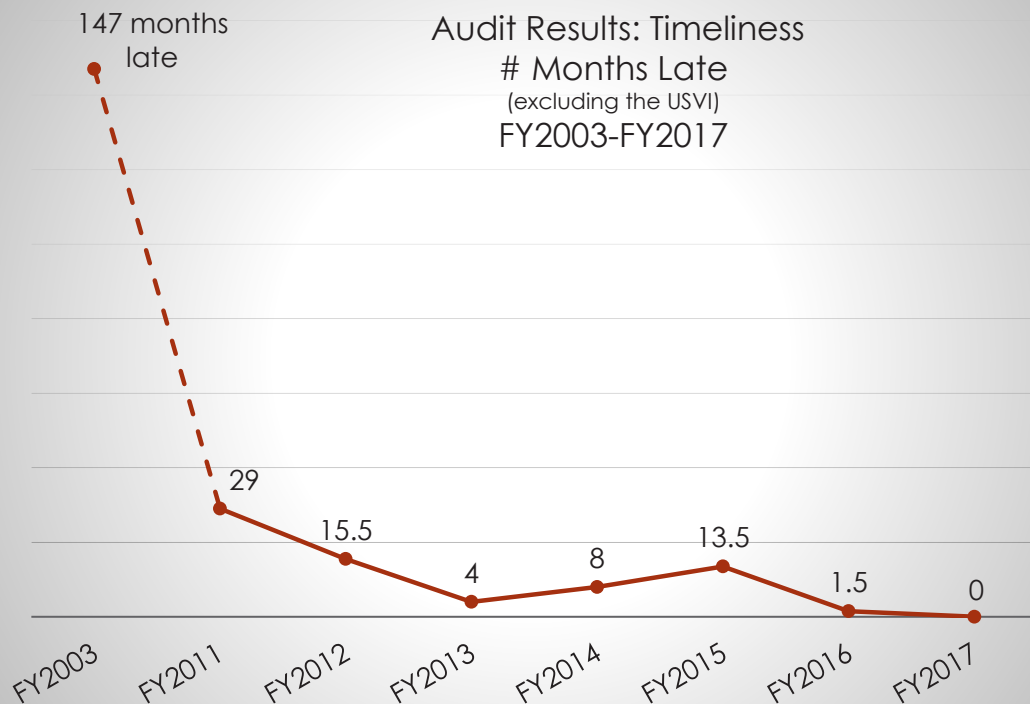


104

**Audit Improvement Update,
Debbie Milks, CPA**

Audit Improvement Program FY2017 audit analysis

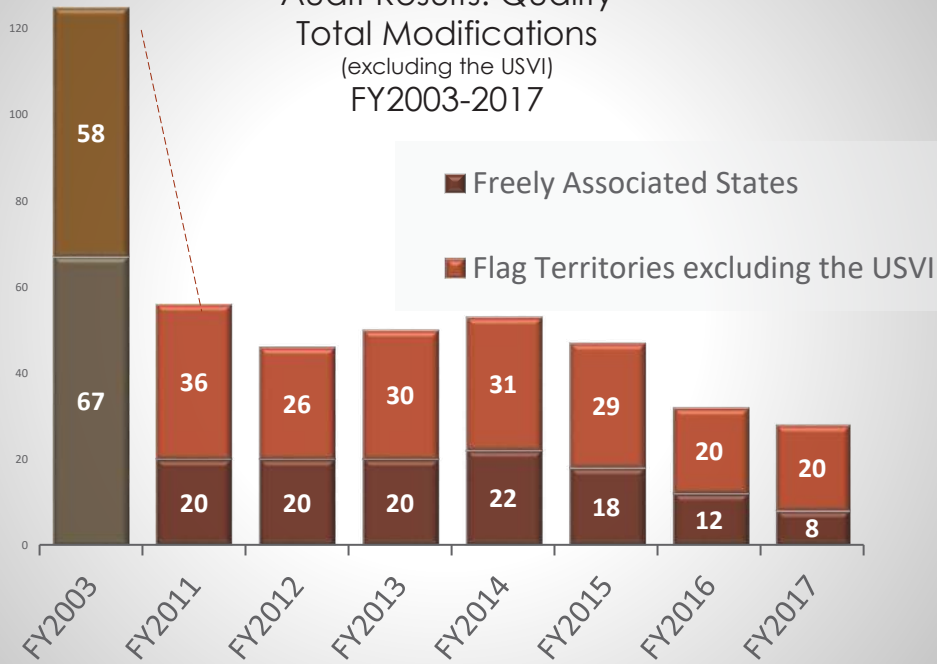
IGFOA
 December 2018



2 governments issued their audit prior to the June 30 deadline!

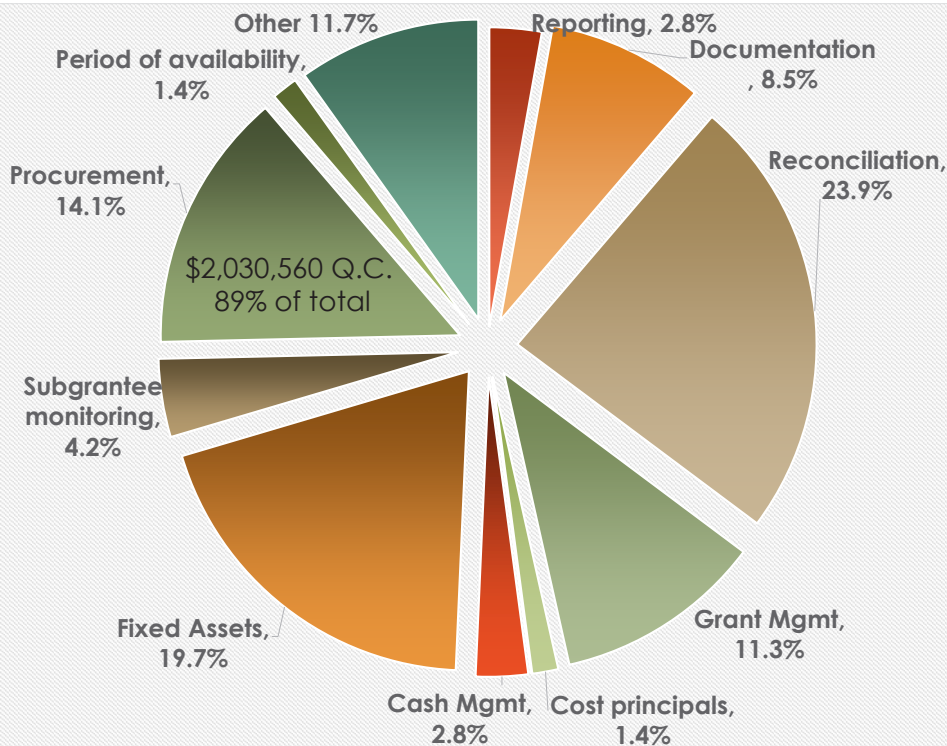
Issuing the audit on time allows the government to work on current issues.

Audit Results: Quality Total Modifications (excluding the USVI) FY2003-2017



The audit improvement project began with 139 audit qualifications in FY2003. In FY2017 there is a total of 28.

5 governments have had zero financial statement modifications for 10 years!



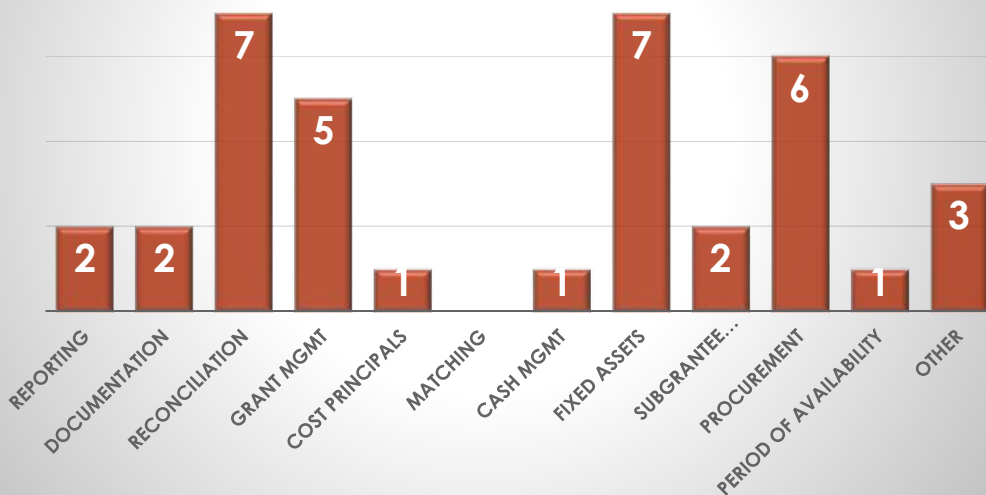
Type of Audit Issue as % of Total Findings

Insular Governments (excluding the USVI)

FY2017

Fixed Assets
 Reconciliation and
 Procurement continue to be significant issues

of Governments with Audit Finding Issues FY2017 (excluding the USVI)



Most of the governments continue to have findings associated with:

- Fixed Assets
- Reconciliation
- Procurement

of Governments with Reconciliation Findings by account FY2017 (excluding the USVI)



45 different mentions of issues with reconciliations primarily under the control of the Finance Office

Primary is the general lack of sub ledger to general ledger and monthly closings.



General Reconciliation

The Government's general ledger is not reconciled to subsidiary ledgers or source documents on a monthly basis, nor is it closed or summarized in such a manner to accurately portray the accounts and activities of on a monthly basis. At year end, the general ledger is not closed on a timely basis and significant audit adjustments were posted by the auditors during fieldwork



GASB Updates

The Government does not have processes or procedures in place to analyze and implement new accounting principles as promulgated by the GASB. For example, GASB Statement No. 77, Tax Abatement Disclosures, was not adequately addressed ..in 2017. Additionally, the journal entries required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions were not adequately prepared.

Reconciliation of Encumbrances

Grants Assistance Funds

1. Encumbrances in the subsidiary ledger of \$12,937,469 differed from the general ledger of \$48,538,909 at September 30, 2017. The difference of \$35,601,441 was corrected through a proposed audit reclassification.
2. The encumbrance aging includes a balance of \$3,293,868, which has been outstanding for more than five years. There was no evidence of DOF review of outstanding encumbrances.

<u>Fund</u>	<u>CFDA No.</u>	<u>Amount</u>
2020	10.475	\$ 7,268
2020	15.605	2,400
2020	16.582	42,583
2020	66.600	20,971
2020	93.243	4,162
2020	93.251	5,280
2020	93.268	3,607
2020	93.505	11,712
2020	93.959	4,350
2020	93.994	1,240
2020	97.044	1,315
2020	DUNS 929955383	75
2020	Unknown	94,404
2022	16.803	12,100
4044	15.875	26,450

Recommendation to request outside assistance

Effect: The CNMI is in noncompliance with applicable equipment management requirements. See below for the cumulative dollar amount of property and equipment acquired with program grant funds over the past five years.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>Grand Total</u>
\$ 579,437	\$ 62,939	\$ 1,123,090	\$ 42,537	\$ 104,272	\$ 1,912,275

Recommendation: The CNMI should consider seeking technical and financial support from Federal agencies to develop human resources and a financial management system that are capable of effecting compliance with applicable property management policies and procedures.

Cybersecurity Issues

Unauthorized movement of funds amounted to \$1,445,357, of which \$913,796 was paid out by the fund custodian. The unauthorized payments were subsequently reimbursed by the custodian in fiscal years 2017 and 2018 in the amounts of \$136,849 and \$776,947, respectively.

Cause: The cause of the above condition is the lack of adherence to established policies and procedures governing withdrawals and movement of funds within the Compact Trust Fund investment accounts. Furthermore, the lack of policies and procedures governing use of information technology and general security of electronic information and data, resulting in Ministry of Finance staff's use of personal email accounts to conduct business, exposed the Ministry to various cybersecurity risks.

Effect: The effect of the above condition was misappropriation of RepMar assets.

Recommendation: Management should establish policies and procedures governing use of information technology, general security of electronic information and data, data ownership, and access rights.

Criteria:

Construction projects funded by federal grants are required to include the Buy American clause within the contract. Further, AIP grants require the Ban on Texting When Driving clause be included in the contract.

Condition:

Of four expenditures tested, amounting to \$2,185,975, we noted one contract, the Rehabilitate Apron-Phase II, did not include the Ban on Texting When Driving clause.

Under FAR 23.1105 and FAR 52.223-18, which is to be included in every contract, a government contractor "should" adopt and enforce a policy banning texting whenever an employee is: (1) driving a vehicle owned or rented by the company; (2) driving a vehicle owned by the government; or (3) driving a privately owned vehicle when performing any work on behalf of the government.

In addition to establishing an anti-texting policy, contractors should conduct initiatives "commensurate with the size of the business," such as education and other outreach efforts, to educate employees about the dangers of texting while driving. In other words, if you are a larger company, the government may expect to see seminars, workshops, or some other form of employee education, besides just a written anti-texting policy. Moreover, no matter how big or small your business, you must "flow down" the anti-texting clause, FAR 52.223-18, to all of your subcontracts that exceed the micro-purchase threshold.

Net Pension Liability

Criteria:

The Republic should assess contingent liabilities as to their potential impact on the financial statements.

Condition:

The Republic of Palau Civil Service Pension Trust Fund's actuarial valuation has determined that the Fund has a net pension liability of \$249,453,960.

Cause:

The net pension liability would cause the Fund's fiduciary net position to become a deficit in 2019.

Effect:

The Fund is potentially at risk of failure to provide future benefits and the Republic's actuary has determined that cash flow may be impacted by the Fund's net pension liability by 2019.



105

**2017 Performer and A.F.T.E.R.
Analysis Presentation,
Frank Crawford, CPA**

2017 *Performer*® and A.F.T.E.R Analysis Update

Presentation to IGFOA 2018
Prepared and Presented by Frank Crawford, CPA
Crawford & Associates, P.C.
www.crawfordcpas.com
frank@crawfordcpas.com
twitter: @fcrawfordcpa



1

Topics for today

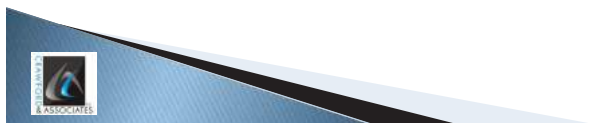
- ▶ A brief review of what the *Performer* and A.F.T.E.R Analysis is (and what it is not...)
- ▶ Review of factors and circumstances contributing to the 2017 scores and causes
- ▶ Provide an update on the most recent 2017 *Performer* scores and A.F.T.E.R. findings for 2017



2

A brief review...

- ▶ The *Performer* 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



3

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.



4

Factors and Circumstances for 2017

- ▶ For all but 2 governments (and one unknown since the VI hasn't released FY 2017 yet), the fiscal year ending September 30, 2017 produced improved results, with 8 governments reporting an increase in their overall Performer score.
- ▶ In addition, for the first time, we have divided up the overall score by its 3 components which are Financial Position, Financial Performance, and Financial Capability (also known as Financial Sustainability), and reported the individual scores for each of the 3 components.



5

Factors and Circumstances for 2017

- ▶ With this additional separation of components of the score, each government can now see the weakest and strongest components of their overall score
- ▶ For example, an overall score of a 3.8 might actually consist of an excellent score of 10 on Financial Performance, a poor score of 1.5 on Financial Position, and a Financial Capability score of 3.6. The combinations of these scores are what drives the overall score of 3.8.
- ▶ In addition, a small red, yellow and green “speedometer” is on each rating slide now, to give the reader some perspective.



6

Factors and Circumstances for 2017

► Highlights

- 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 2017, and have been above a 5 now for 8 consecutive years
- For all governments except the FSM and States and the RMI, the impact of GASB 68's pension requirements in 2015 still remains a significant factor, with many of the governments' pension systems remaining severely underfunded
- 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, although the FSM National Social Security trust plan improved its funding percentage by 2% since its last actuarial valuation.



Factors and Circumstances for 2017

► Highlights, cont.

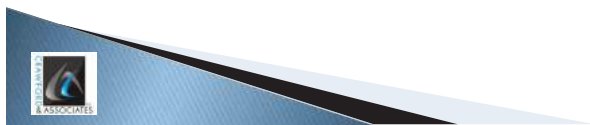
- Guam takes the prize for the highest percentage increase in the overall score, with a 103% improvement during FY 2017.
- Pohnpei comes in second this year for posting a 58% improvement in their score from FY 2016.
- Yap take the prize for their highest score ever, and the highest score ever reported for an insular government in the Performer's history, and is also the second highest score of ANY type of government in the Performer's history.



Factors and Circumstances for 2017

➤ Highlights, cont.

- 5 governments received unmodified opinions, (formerly known as unqualified or clean opinions) on their financial statements, with 3 additional governments only having 1 qualification each
- Two governments, FSM National and Kosrae, received unmodified (clean) opinions on both their Financial Statement audit and the audit of compliance with federal program monies (Single audit), while one additional government, Pohnpei, received a clean single audit opinion with only one financial statement qualification.
- Kosrae posted a “perfect” AFTER analysis in 2017 (for the 2nd consecutive year), with a clean financial statement opinions, clean single audit opinions, no financial statement internal control or compliance findings, no grant internal control or compliance findings, and zero current and cumulative questioned costs. Several other governments were very close (1 or 2 findings tripping them up)
- 6 governments, posted \$0 of questioned costs this year, with 3 other governments reporting less than \$200,000 current year questioned costs



9

THE PERFORMETER

Current Scores Based on FY16 Audit Data

A 7-10 SCORE INDICATES:

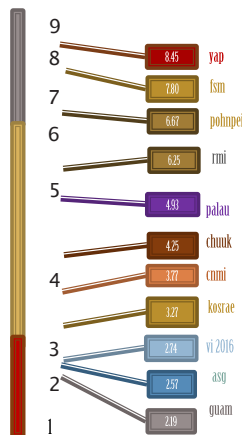
- repetitive positive performances for several years
- sufficient cash flows to pay vendors and employees
- relatively low tax and debt burdens per capita
- ability to consistently live within their means

A 4-6 SCORE INDICATES:

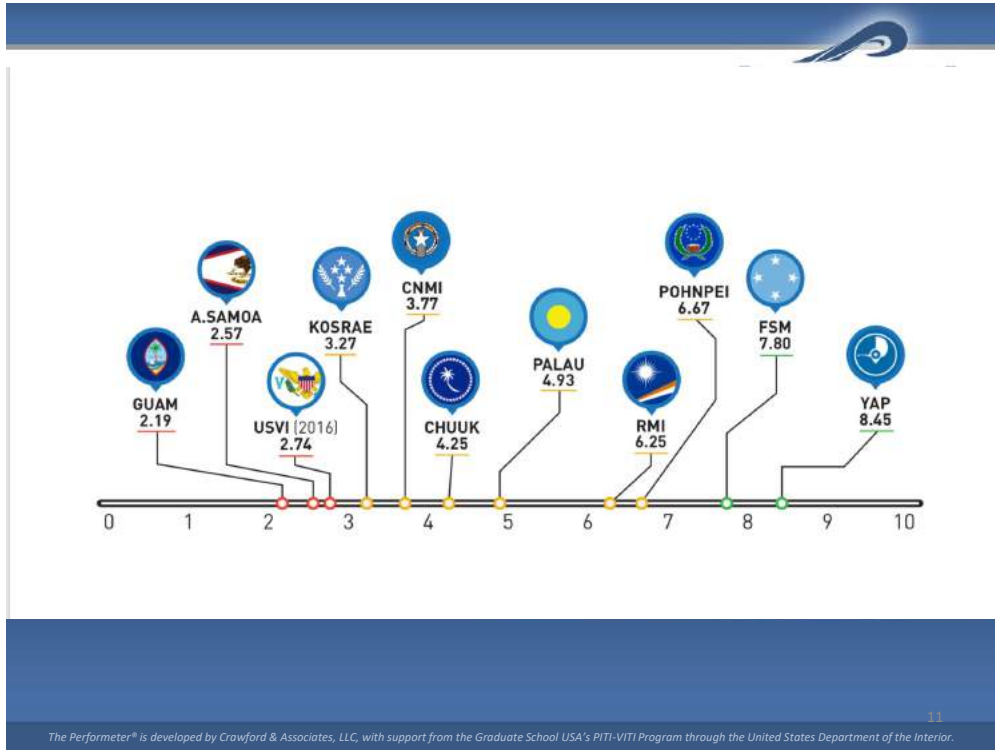
- lower than satisfactory levels of reserves
- satisfactory capital asset useful lives remaining
- moderate levels of tax and debt burdens per capita
- and the beginnings of cash flow issues that often delay on-time payments to vendors

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



10



Performer® Reading - CNMI

How Was Our Overall Financial Performance?

Year	Reading
2008	1.9
2009	1.84
2010	1.55
2011	1.46
2012	2.67
2013	2.7
2014	2.18
2015	3.38
2016	3.59
2017	3.77

For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position	1.5
Financial Performance	10.0
Financial Capability	3.6

The 2017 reading of 3.77 indicates the evaluator's opinion that the Commonwealth of the Northern Marianas Islands Government's overall financial health and performance improved during the year, however the reading continues to remain below satisfactory as of and for the fiscal year ended September 30, 2017.

The Commonwealth's continued improved performances are slowly reversing several years of less than satisfactory health and performance. However, continued excellent annual performances are still necessary to completely reverse the poor financial position that the CNMI has found itself in over the last several years.

FY 17 Overall Performer® Reading: 3.77

12

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	2	1	6	3	7	2	5	5	5
Number of Major Federal Program Qualifications/Exceptions	5	8	8	8	7	8	8	6	6
Number of F.S. Findings									
A. Internal Control and Compliance	0	0	0	2	2	2	1	0	0
B. Internal Control Only	18	15	19	18	11	13	12	12	14
C. Compliance Only	1	1	3	0	0	0	0	1	1
TOTAL	19	16	22	20	13	15	13	13	15
Percentage of Findings Repeated	78.9%	100%	72.7%	72.7%	100%	60%	85%	92%	80%
Number of Single Audit Findings									
A. Internal Control and Compliance	37	37	22	28	0	2	22	18	9
B. Internal Control Only	0	0	0	0	29	36	0	0	0
C. Compliance Only	0	0	3	0	1	0	5	0	0
TOTAL	37	37	25	28	30	38	27	18	9
Percentage of S.A. Findings Repeated	75.7%	100%	56%	56%	50%	39.5%	59%	61%	56%
Number of months after Y/E the F.S. were Released	9	20	20	17	9	9	7	10	9
Number of Qualifications/Exceptions Related to C.U.	2	1	6	2	7	2	4	4	4
\$ of Questioned Costs- Current Year	\$4,817,031	\$5,483,038	\$4,223,661	\$6,620,692	\$10,288,891	\$3,754,204	\$3,200,953	\$16,067,272	\$1,393,892
\$ of Questioned Costs- Cumulative	\$19,231,826	\$24,714,864	\$28,938,525	\$35,559,217	\$45,848,108	\$26,187,584	\$17,114,454*	\$31,568,469	\$21,722,238
\$ of Questioned Costs Resolved – Current Year	\$0	\$0	\$0	\$0	\$0	\$23,414,727	\$55,526	\$1,613,257	\$11,240,123

C
N
M
I

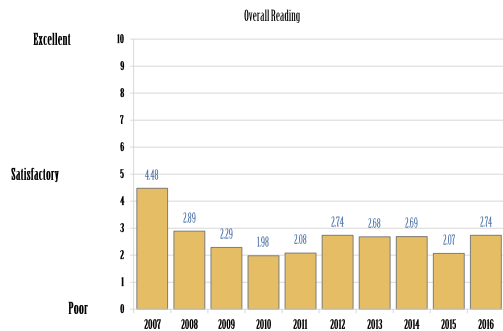
13

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading — USVI 2016

How Was Our Overall Financial Performance?



The 2016 reading of 2.74 indicates the evaluator's opinion that the VI's overall financial health and performance improved during the year. The government's near breakeven year with total revenues and total expenses, along with an improvement in intergenerational equity and the level of unrestricted net position are the primary reasons for the improved overall score. However, the size of the General Fund unassigned fund balance deficit, increasing tax and debt per capita ratios, and low current and quick ratios remain the primary causes for the overall low score.

FY 16 Overall Performer® Reading:

2.74

14

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.

	2010	2011	2012	2013	2014	2015	2016
Number of F.S. Opinion Qualifications/Exceptions	9	9	7	6	9	16	19
Number of Major Federal Program Qualifications/Exceptions	6	5	2	3	6	9	9
Number of F.S. Findings							
A. Internal Control and Compliance	1	1	-	0	0	0	0
B. Internal Control Only	8	7	8	8	12	12	12
C. Compliance Only	0	0	0	0	2	3	3
TOTAL	9	8	8	8	14	15	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	26	7	13	14	46	57	56
B. Internal Control Only	0	19	-	0	0	0	0
C. Compliance Only	0	0	-	0	0	0	0
TOTAL	26	26	13	14	46	57	56
Percentage of A-133 Findings Repeated	65.4%	Unable to determine	Unable to determine	Unable to determine	100%	84%	(100% estimate)
Number of months after Y/E the F.S. were Released	26	24	16	9	12	9	9
Number of Qualifications/Exceptions Related to C.U.	4	5	5	4	3	6	5
\$ of Questioned Costs- Current Year	\$744,885	\$2,490,612	\$3,328,464	\$0	\$1,172,427	\$348,349	\$0
\$ of Questioned Costs- Cumulative	\$59,957,932	\$3,235,497	\$5,730,775	\$0	Unable to determine	Unable to determine	Unable to determine
\$ of Questioned Costs Resolved – Current Year	\$891,130	557,721,390	\$833,186	\$5,730,775	Unable to determine	Unable to determine	Unable to determine

U
S
V
I

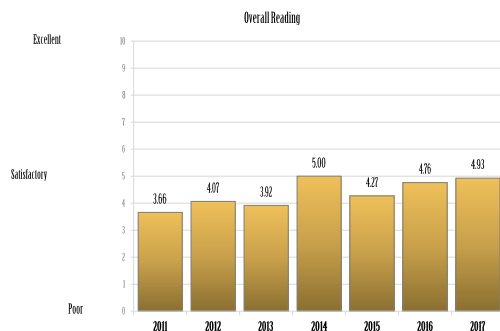
15

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading - Palau

How Was Our Overall Financial Performance?



For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position **5.33**
 Financial Performance **4.76**
 Financial Capability **4.32**

The 2017 reading of 4.93 indicates the evaluator's opinion that the Palau Government's overall financial health and performance increased during the fiscal year ended September 30, 2017, to a level near a satisfactory reading.

Palau has maintained a relatively consistent level of scoring over the past nine years. However, the 2015 implementation of GASB Statement 68 related to the recognition of net pension liabilities 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.

FY 17 Overall Performer® Reading:

4.93




16

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.

	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	8	7	7	7	6	9	5	3
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	1
B. Internal Control Only	7	5	3	3	3	1	1	5
C. Compliance Only	2	0	8	0	1	0	1	0
TOTAL	10	5	11	3	4	1	2	6
Percentage of Findings Repeated	80%	80%	80%	0%	50%	0%	0%	33%
Number of Single Audit Findings								
A. Internal Control and Compliance	25	5	18	19	9	17	11	7
B. Internal Control Only	2	1	0	0	0	0	0	0
C. Compliance Only	1	1	0	0	1	0	0	0
TOTAL	28	7	18	19	10	17	11	7
Percentage of S.A. Findings Repeated	60.1%	57%	57%	47%	80%	29%	73%	43%
Number of months after Y/E the F.S. were Released	22	17	13.5	10	9	9.5	9.5	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$1,668,099	\$336,302	\$763,348	\$183,006	\$72,875	\$354,018	\$97,206	\$0
\$ of Questioned Costs- Cumulative	\$3,214,066	\$3,550,368	\$2,754,298	\$2,690,163	\$826,527	\$753,136	\$319,767	\$262,429
\$ of Questioned Costs Resolved – Current Year	\$557,949	\$557,949	\$1,559,418	\$247,141	\$1,936,511	\$427,409	\$204,848	\$57,338

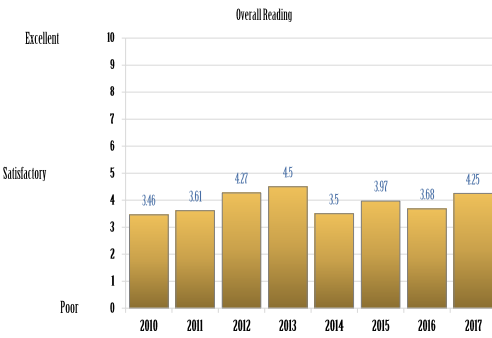
P
a
l
a
u

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading - Chuuk

How Was Our Overall Financial Performance?




For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position	0.58
Financial Performance	9.30
Financial Capability	6.73

The 2017 reading of 4.25 indicates the evaluator's opinion that Chuuk Government's overall financial health and performance is considered less than satisfactory as of and for the fiscal year ended September 30, 2017, but does represent an increase from the reading of the prior year.

CHUUK's improvement in reporting a positive change in net position, improved intergenerational equity, and low tax and debt burdens contributed to the improvement in the over 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 quick ratios remain the primary reasons for the less than satisfactory reading of the current year.

FY 17 Overall Performer® Reading: 4.25



The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	3	1	1	1	2	2	2	1	1
Number of Major Federal Program Qualifications/Exceptions	1	1	0	0	1	1	0	0	0
Number of F.S. Findings									
A. Internal Control and Compliance	0	0	0	0	0	0	0	0	0
B. Internal Control Only	3	1	5	4	5	2	2	2	2
C. Compliance Only	0	0	0	0	0	0	0	0	0
TOTAL	3	1	5	4	5	2	2	2	2
Percentage of Findings Repeated	67%	0%	20%	50%	60%	100%	100%	100%	100%
Number of Single Audit Findings									
A. Internal Control and Compliance	2	1	1	1	3	2	4	1	0
B. Internal Control Only	0	0	0	0	1	1	0	0	1
C. Compliance Only	0	0	1	0	0	0	0	0	0
TOTAL	2	1	2	1	4	3	4	1	1
Percentage of S.A. Findings Repeated	50%	100%	100%	100%	25%	50%	25%	100%	100%
Number of months after Y/E the F.S. were Released	9	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	1	1	1	0	0	0	0	0	0
\$ of Questioned Costs- Current Year	\$0	\$0	\$0	\$0	\$194,238	\$114,918	\$55,292	\$0	\$0
\$ of Questioned Costs- Cumulative	\$1,055,719	\$0	\$0	\$0	\$194,238	\$309,156	\$364,448	\$364,448	\$0
\$ of Questioned Costs Resolved – Current Year	\$1,000,607	\$1,055,719	\$0	\$0	\$0	\$0	\$0	\$0	\$364,448

C
h
u
k

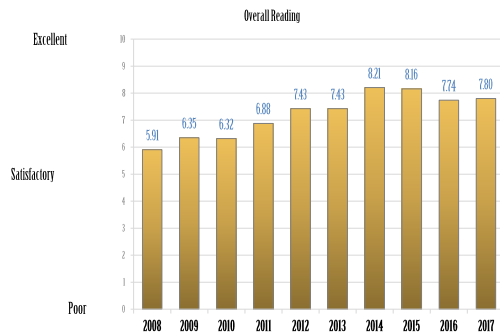
19

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading — FSM Natl

How Was Our Overall Financial Performance?



For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position 7.5
Financial Performance 10.0
Financial Capability 7.2

The 2017 reading of 7.80 indicates the evaluator's opinion that the Federated States of Micronesia Government's overall financial health and performance remained relatively the same as the prior period, with a slight adjustment upward from the past period, and continues to be considered well above satisfactory.

The FSM National Government's continued consistency and improvements in unrestricted net position, 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.

FY 17 Overall Performer® Reading:

7.80



20

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	4	3	3	3	6	1	0	0
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	3	2	2	1	1	1	1	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	3	2	2	1	1	1	1	0
Percentage of Findings Repeated	100%	50%	100%	100%	100%	100%	100%	0%
Number of A-133 Findings								
A. Internal Control and Compliance	12	12	9	7	12	5	2	1
B. Internal Control Only	0	0	0	2	0	0	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	12	12	9	9	12	5	2	1
Percentage of S.A. Findings Repeated	58%	41.7%	77.7%	77.7%	16.7%	0%	50%	0%
Number of months after 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	\$2,049,222	\$301,014	\$709,783	\$2,665,578	\$580,807	\$28,936	\$0	\$0
\$ of Questioned Costs- Cumulative	\$6,106,882	\$5,211,836	\$3,060,019	\$3,642,795	\$4,223,602	\$4,257,599	\$27,391	\$27,391
\$ of Questioned Costs Resolved – Current Year	\$2,021,418	\$1,196,066	\$2,861,600	\$2,082,802	\$0	\$33,580	\$4,230,168	\$0

F
S
M

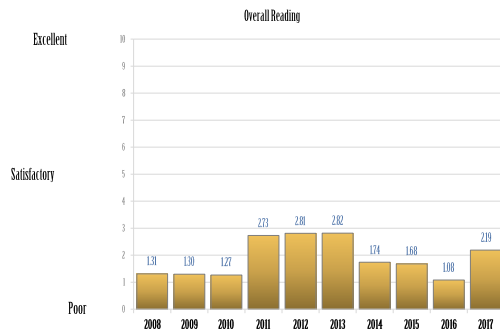
21

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading - Guam

How Was Our Overall Financial Performance?



For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position 0.6
Financial Performance 8.6
Financial Capability 1.0

The 2017 reading of 2.19 indicates the evaluator's opinion that the Government of Guam's overall financial health and performance improved when compared to the reading of the previous year.

The primary reasons for improvement were the positive change in total net position of \$51.7 million and the improvement in intergenerational equity (now at 102.2%). However, the overall poor financial position and poor financial capability of the government continues to drag down its overall score.

FY 17 Overall Performer® Reading:

2.19

22

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.


	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	6	5	5	4	7	4	4	4
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	3	6	4	3	3	1	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	3	6	4	3	3	1	0	0
Percentage of Findings Repeated	0%	0%	100%	100%	33%	0%	0%	0%
Number of Single Audit Findings								
A. Internal Control and Compliance	6	3	3	5	6	8	9	7
B. Internal Control Only	0	0	0	0	1	0	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	6	3	3	5	7	8	9	7
Percentage of S.A. Findings Repeated	16.7%	33.3%	0%	0%	14%	12.5%	33%	71%
Number of months after Y/E the F.S. were Released	9	9	9	9	9	9	8	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$3,734	\$41,790	\$35,293	\$18,178	\$46,293	\$348	\$432,056	\$135,451
\$ of Questioned Costs- Cumulative	\$2,313,561	\$1,428,837	\$45,370	\$53,471	\$99,764	\$14,798	\$432,056	\$567,507
\$ of Questioned Costs Resolved – Current Year	\$2,306,577	\$926,514	\$1,418,760	\$10,077	50	\$85,314	\$14,450	\$348

R.

G
u
a
m

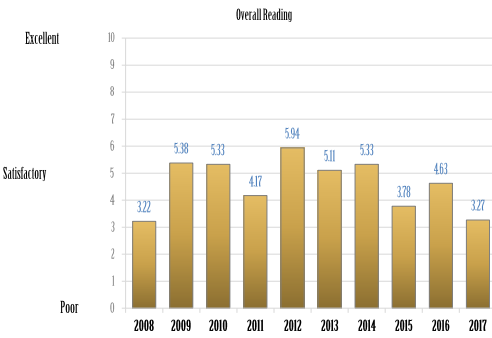
23

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading - Kosrae

How Was Our Overall Financial Performance?



Overall Reading


For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position 1.7
Financial Performance 3.3
Financial Capability 6.7

The 2017 overall reading of 3.27 indicates the evaluator's opinion that Kosrae's overall financial health and performance decreased from the previous period and remains below the satisfactory reading.

Kosrae's current year rating decrease is due primarily to decreases in the change in net position, the decrease in intergenerational equity, and the decrease in current ratio.

FY 17 Overall Performer® Reading: 3.27



The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.


	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	0	0	0	0	0	0	0	0
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	1	0	0
B. Internal Control Only	1	1	1	1	0	0	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	1	1	1	1	0	1	0	0
Percentage of Findings Repeated	0%	100%	100%	100%	0%	0%	0%	0%
Number of Single Audit Findings								
A. Internal Control and Compliance	0	0	1	0	0	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	0	0	1	0	0	0	0	0
Percentage of S.A. Findings Repeated	0%	0%	0%	0%	0%	0%	0%	0%
Number of months after Y/E the F.S. were Released	9	9	9	9	9	9	9	8
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	\$0
\$ of Questioned Costs- Cumulative	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ of Questioned Costs Resolved – Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

R.

K
O
S
r
a
e

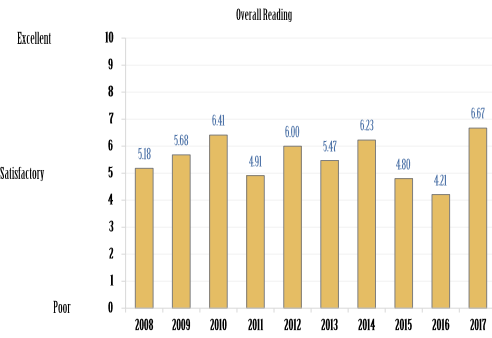
25

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading - Pohnpei

How Was Our Overall Financial Performance?



Year	Overall Reading
2008	5.18
2009	5.68
2010	6.41
2011	4.91
2012	6.00
2013	5.47
2014	6.23
2015	4.80
2016	4.21
2017	6.67


For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position **5.3**
Financial Performance **10.0**
Financial Capability **6.8**

The 2017 overall reading of 6.67 indicates the evaluator's opinion that Pohnpei's overall financial health and performance improved significantly when compared to the prior period and is now above satisfactory.

Pohnpei's overall financial health improved significantly during the 2017 fiscal year due to the positive amount of unassigned fund balance and unrestricted net position, its low tax and debt burdens per capita, and its low debt to assets ratio. These are the primary reasons for the above satisfactory reading and improvements.

FY 17 Overall Performer® Reading: 6.67



The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



	2009	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	1	1
Number of Major Federal Program Qualifications/Exceptions	0	0	0	1	1	1	0	0
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	0	0	0	1	1	1	2	1
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	0	0	0	1	1	1	2	1
Percentage of Findings Repeated	0%	0%	0%	0%	0%	0%	0%	100%
Number of Single Audit Findings								
A. Internal Control and Compliance	1	1	1	3	4	4	0	1
B. Internal Control Only	0	0	0	1	0	0	1	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	1	1	1	4	4	4	1	1
Percentage of S.A. Findings Repeated	100%	100%	100%	25%	25%	25%	100%	100%
Number of months after 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	\$0	\$0	\$0	\$0	\$541,593	\$368,539	\$0	\$0
\$ of Questioned Costs- Cumulative	\$0	\$0	\$0	\$121,682	\$663,275	\$1,032,816	\$1,032,816	\$584,803
\$ of Questioned Costs Resolved – Current Year	\$0	\$0	\$0	\$121,682	\$0	\$0	\$0	\$448,013

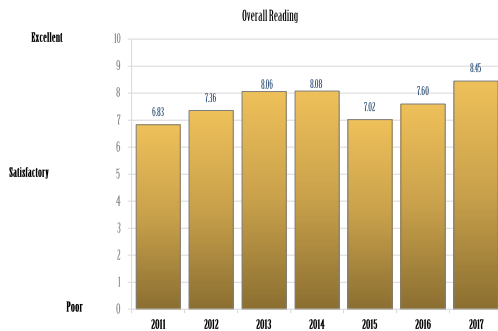
P
o
h
n
p
e
i

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading - Yap

How Was Our Overall Financial Performance?



For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position 9.2
Financial Performance 9.5
Financial Capability 6.7

The 2017 overall reading of 8.45 indicates the evaluator's opinion that the Government of Yap's overall financial health and performance improved during the year, to what appears to be its all-time high score since this rating process started in FY 2004.

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 improved rating.

FY 17 Overall Performer® Reading:

8.45




The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.

	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	0	1	2	2	2	2	2	1
Number of Major Federal Program Qualifications/Exceptions	5	5	5	2	2	1	1	1
Number of F.S. Findings								
A. Internal Control and Compliance	0	0	0	0	0	0	0	1
B. Internal Control Only	2	3	4	1	1	1	0	0
C. Compliance Only	0	0	0	0	0	0	2	0
TOTAL	2	3	4	1	1	1	2	1
Percentage of Findings Repeated	100%	100%	0%	0%	100%	100%	50%	100%
Number of Single Audit Findings								
A. Internal Control and Compliance	4	3	2	3	5	3	4	2
B. Internal Control Only	0	0	0	0	0	0	0	0
C. Compliance Only	0	0	0	0	0	0	0	0
TOTAL	4	3	2	3	5	3	4	2
Percentage of S.A. Findings Repeated	100%	67%	50%	0%	0%	67%	25%	0%
Number of months after Y/E the F.S. were Released	8	6	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	1	2	2	2	2	2	1
\$ of Questioned Costs-Current Year	\$150,534	\$222,065	\$3,660	\$45,776	\$129,385	\$30,354	\$74,514	\$95,055
\$ of Questioned Costs- Cumulative	\$1,729,116	\$818,483	\$822,143	\$864,259	\$993,644	\$1,023,998	\$1,098,512	\$277,044
\$ of Questioned Costs Resolved – Current Year	\$915,667	\$1,115,668	\$0	\$3,660	\$0	\$0	\$0	\$916,523

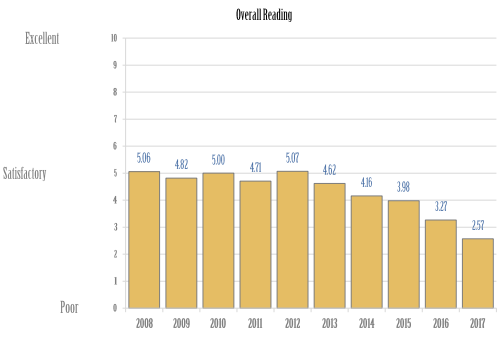
Y
a
p

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading - ASG

How Was Our Overall Financial Performance?




For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position **0.00**
Financial Performance **1.49**
Financial Capability **5.97**

The 2017 reading of 2.57 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. Relatively small declines in nearly all of the financial ratios, along with a significant decline in the BTA self-sufficiency ratio, are the primary causes in the drop in score.

FY 17 Overall Performer® Reading: 2.57



The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	6	7	2	1	1	4	8	3	3
Number of Major Federal Program Qualifications/Exceptions	18	38	15	9	11	10	4	2	2
Number of F.S. Findings									
A. Internal Control and Compliance	6	6	0	2	3	1	1	1	1
B. Internal Control Only	0	0	3	3	4	7	6	5	4
C. Compliance Only	0	0	3	0	0	0	0	0	0
TOTAL	6	6	6	5	7	8	7	6	5
Percentage of Findings Repeated	100%	100%	83%	80%	57%	87.5%	86%	100%	100%
Number of Single Audit Findings									
A. Internal Control and Compliance	15	6	5	11	5	5	2	4	0
B. Internal Control Only	0	0	0	7	5	3	4	0	3
C. Compliance Only	0	0	1	0	0	0	0	0	1
TOTAL	15	6	6	18	10	8	6	4	4
Percentage of S.A. Findings Repeated	Unable to determine	100%	50%	22%	90%	50%	33%	100%	50%
Number of months after Y/E the F.S. were Released	9	10	11	11	9	9	7	7	8
Number of Qualifications/Exceptions Related to C.U.	1	1	0	0	1	0	2	1	1
\$ of Questioned Costs-Current Year	\$0	\$1,785	\$2,377,962	\$2,606,662	\$0	\$279,912	\$0	\$0	\$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

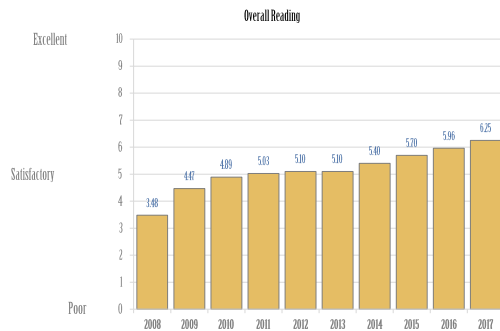
A
S
G

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.



Performer® Reading - RMI

How Was Our Overall Financial Performance?



For the 2017 fiscal year, the readings by ratio category were as follows:

Financial Position 4.14
Financial Performance 10.00
Financial Capability 7.46

The 2017 overall reading of 6.25 indicates the evaluator's opinion that the RMI's overall financial health and performance improved 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 growth and continuation of a positive position of the General Fund unassigned fund balance are the primary reasons for most ratios being better than prior year scores. This becomes the seventh consecutive year that the RMI has scored above a 5.

FY 17 Overall Performer® Reading:

6.25



The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	3	3	1	3	2	2	2	2	2	1
Number of F.S. Findings	0	0	1	0	0	0	0	1	0	0
A. Internal Control and Compliance	1	1	4	2	4	7	6	6	1	3
B. Internal Control Only	0	0	0	0	0	1	3	1	2	0
C. Compliance Only	1	1	5	2	4	8	9	8	3	3
TOTAL										
Percentage of Findings Repeated	0%	0%	20%	50%	75%	75%	78%	88%	67%	33%
Number of Single Audit Findings	0	11	6	12	7	3	4	12	9	8
A. Internal Control and Compliance	3	0	1	0	0	4	0	0	0	0
B. Internal Control Only	5	0	0	0	0	0	0	0	0	0
C. Compliance Only	8	11	7	12	7	7	4	12	9	8
TOTAL										
Percentage of Single Audit Findings Repeated	12.5%	9%	14%	41.7%	100%	100%	100%	42%	89%	100%
Number of months after Y/E the F.S. were Released	9	9	9	17	10	12	17	14	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$645,618	\$1,360,234	\$2,243,301	\$3,156,810	\$35,857	\$71,294	\$318,321	\$626,246	\$67,261	\$188,885
\$ of Questioned Costs- Cumulative	\$1,777,362	\$2,716,037	\$4,249,153	\$7,405,963	\$7,441,820	\$2,355,004	\$2,673,325	\$3,297,321	\$1,917,560	\$1,951,064
\$ of Questioned Costs Resolved – Current Year	\$263,733	\$421,559	\$710,185	\$1,196,066	\$0	\$5,158,110	\$0	\$1,650	\$1,447,662	\$155,381

The Performer® is developed by Crawford & Associates, LLC, with support from the Graduate School USA's PITI-VITI Program through the United States Department of the Interior.

Questions?





106

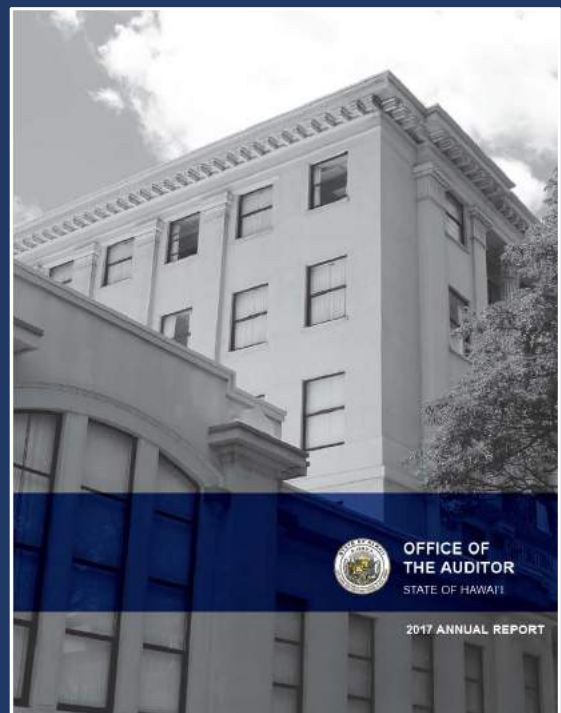
**Lessons Learned in Island Auditing,
Les Kondo, Hawaii Public Auditor**



Mission Statement

Improving Government Through Independent and Objective Analysis.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.



Educate and Communicate

What is an audit?

A Legislator's guide to the audit process



OFFICE OF THE AUDITOR
STATE OF HAWAII

There are two kinds of audits

Performance audits, also referred to as management audits, examine the efficiency and effectiveness of government programs or agencies. These are also called program audits when they focus on whether programs are attaining the objectives and results expected of them, and operations audits when they examine how well agencies are organized and managed and how efficiently they acquire and utilize resources.



Financial audits attest to the fairness of the financial statements of agencies. They examine the adequacy of financial records, accounting, and internal controls and determine the legality and propriety of expenditures.

The Law

The drafters of the 1950 Constitution envisioned an Auditor who would help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent. Article VII, section 10 of the State Constitution established the position of Auditor. Chapter 23, Hawaii Revised Statutes, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every state agency. The Auditor also has the power to summon people to produce records and answer questions under oath.



State of Hawai'i
Office of the Auditor
465 S. King Street, Room 500
Honolulu, HI 96813-2917
Phone: (808) 587-0800
Email: LAO.auditors@hawaii.gov
<http://auditor.hawaii.gov/>

Our Process Because agency staff are a primary source of information, their cooperation is essential during key stages of our audit process.



Planning
We research to obtain background information on an agency. We meet with the agency, request documents, and conduct preliminary interviews and observations to determine audit objectives.

Fieldwork
We continue collecting and examining information relevant to the audit. This involves analyses of documents and data, and further interviews and observations. We meet with the agency to discuss our preliminary audit findings.

Report
Based on our fieldwork, we finalize our audit findings and recommendations and prepare a draft report. We provide the draft report to the agency and meet to discuss at an exit conference.

Feedback
Audited agencies have an opportunity to review and respond to our draft report. Our published report includes the audited agencies' responses and our comments on those responses.

How are audits selected?

Projects are initiated by the Legislature through concurrent resolution, law, or other legislative directive. We also self-initiate audit efforts after considering a variety of factors, such as legislative or public interest, economic or social impact, major investment or expenditures, and known or potential risks to the State.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Mission
Improve government through independent and objective analyses.

Our Work
In addition to performance and financial audits, our office performs procurement audits, sunset evaluations of regulatory programs, sunrise analyses of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, trust and revolving funds, and special studies requested by the Legislature. We report our findings and recommendations to the governor and the Legislature so they can make informed decisions.

Our Standards
Our audit work is conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

For more information
on the Office of the Auditor visit our website: <http://auditor.hawaii.gov>

Our Process Because agency staff are a primary source of information, their cooperation is essential during key stages of our audit process.



Planning
We research to obtain background information on an agency. We meet with the agency, request documents, and conduct preliminary interviews and observations to determine audit objectives.

Fieldwork
We continue collecting and examining information relevant to the audit. This involves analyses of documents and data, and further interviews and observations. We meet with the agency to discuss our preliminary audit findings.

Report
Based on our fieldwork, we finalize our audit findings and recommendations and prepare a draft report. We provide the draft report to the agency and meet to discuss at an exit conference.

Feedback
Audited agencies have an opportunity to review and respond to our draft report. Our published report includes the audited agencies' responses and our comments on those responses.

How are audits selected?

Projects are initiated by the Legislature through concurrent resolution, law, or other legislative directive. We also self-initiate audit efforts after considering a variety of factors, such as legislative or public interest, economic or social impact, major investment or expenditures, and known or potential risks to the State.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Mission
Improve government through independent and objective analyses.

Our Work
In addition to performance and financial audits, our office performs procurement audits, sunset evaluations of regulatory programs, sunrise analyses of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, trust and revolving funds, and special studies requested by the Legislature. We report our findings and recommendations to the governor and the Legislature so they can make informed decisions.

Our Standards
Our audit work is conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

For more information
on the Office of the Auditor visit our website: <http://auditor.hawaii.gov>

Our Process

Because agency staff are a primary source of information, their cooperation is essential during key stages of our audit process.



Planning

We research to obtain background information on an agency. We meet with the agency, request documents, and conduct preliminary interviews and observations to determine audit objectives.



Fieldwork

We continue collecting and examining information relevant to the audit. This involves analyses of documents and data, and further interviews and observations. We meet with the agency to discuss our preliminary audit findings.



Report

Based on our fieldwork, we finalize our audit findings and recommendations and prepare a draft report. We provide the draft report to the agency and meet to discuss at an exit conference.



Feedback

Audited agencies have an opportunity to review and respond to our draft report. Our published report includes the audited agencies' responses and our comments on those responses.

What to expect during an audit

An auditee's guide to the audit process



OFFICE OF THE AUDITOR
 STATE OF HAWAII

There are two kinds of audits

Performance audits, also referred to as management audits, examine the efficiency and effectiveness of government programs or agencies. These are also called program audits when they focus on whether programs are attaining the objectives and results expected of them, and operations audits when they examine how well agencies are organized and managed and how efficiently they acquire and utilize resources.



Financial audits attest to the fairness of the financial statements of agencies. They examine the adequacy of financial records, accounting, and internal controls and determine the legality and propriety of expenditures.

The Law

The drafters of the 1950 Constitution envisioned an Auditor who would help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent. Article VII, section 10 of the State Constitution established the position of Auditor. Chapter 23, Hawaii Revised Statutes, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every state agency. The Auditor also has the power to summon people to produce records and answer questions under oath.



State of Hawai'i
Office of the Auditor
 465 S. King Street, Room 500
 Honolulu, HI 96813-2917
 Phone: (808) 587-0800
 Email: LAO.auditors@hawaii.gov
<http://auditor.hawaii.gov/>

Our Process Because audits are essential during the planning phase, we focus on the following:

Planning

We research to obtain background information on an agency. We meet with the agency, request documents, and conduct preliminary interviews and observations to determine audit objectives.

Fieldwork

We collect and examine relevant data, and interview agency staff to observe and verify our preliminary findings.

Reporting

We prepare and issue our audit report in a timely manner, and we provide recommendations to the agency to improve operations.

Expectations

To ensure that an accurate audit report is released in a timely manner, we expect you to inform your staff about the audit and set the tone for them to:

- Attend and participate in requested meetings and conferences. Full and complete disclosure of information speeds the audit process and helps us produce an accurate and useful report.
- Provide on-site workspace for our staff as required.
- Respond to information requests in a timely manner.
- Provide comments on the draft report by the established deadline.
- Protect the confidentiality of information included in draft reports, as they are not yet final and available to the public.

Our Process

Because audits are essential during the planning phase, we focus on the following:

Planning

We research to obtain background information on an agency. We meet with the agency, request documents, and conduct preliminary interviews and observations to determine audit objectives.

Fieldwork

We collect and examine relevant data, and interview agency staff to observe and verify our preliminary findings.

Reporting

We prepare and issue our audit report in a timely manner, and we provide recommendations to the agency to improve operations.

Our Expectations

To ensure that an accurate audit report is released in a timely manner, we expect you to inform your staff about the audit and set the tone for them to:

- Attend and participate in requested meetings and conferences. Full and complete disclosure of information speeds the audit process and helps us produce an accurate and useful report.
- Provide on-site workspace for our staff as required.
- Respond to information requests in a timely manner.
- Provide comments on the draft report by the established deadline.
- Protect the confidentiality of information included in draft reports, as they are not yet final and available to the public.

Our Mission

To improve government through independent and objective analyses.

Our Standards

Our audit work is conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

For more information

Contact the Office of the Auditor
or our website: <http://auditor.hawaii.gov>

Audit of the Department of Human Services' Information System: \$155 Million Project Does Not Meet Goals

A Report to the Governor and the Legislature of the State of Hawaii

Report No. 15-16
December 2015

THE AUDITOR
STATE OF HAWAII

Review of Special Funds, Revolving Funds, Trust Funds and Trust Accounts of the Judiciary

A Report to the Governor and the Legislature of the State of Hawaii

Report No. 15-16
December 2015

THE AUDITOR
STATE OF HAWAII

Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight Is Needed to Ensure Savings

A Report to the Governor and the Legislature of the State of Hawaii

Report No. 15-16
December 2015

THE AUDITOR
STATE OF HAWAII

Chapter 2 \$155 Million KOLEA Project Does Not Achieve All ACA Goals

The *Affordable Care Act* (ACA) envisions a streamlined, simplified, and coordinated system for health subsidy programs (including Medicaid, the Children's Health Insurance Program, and exchange-based premium and cost-sharing subsidies) that determines eligibility, enrolls individuals, facilitates seamless transitions between programs, and allows for electronic rather than paper-based self-service enrollment and renewal. In 2011, the federal government began providing a time-limited, 90 percent federal match for states to upgrade or replace their aging Medicaid eligibility and enrollment systems in preparation for new data-driven enrollment processes under the ACA. Hawaii took advantage of this enhanced funding opportunity to replace its 25-year-old Hawaii's Automated Welfare Information System (HAWIS).

Although the Department of Human Services (DHS) was able to launch its Koolaha On-Line Eligibility Assistance (KOLEA) system on the ACA-mandated deadline of October 1, 2013, this new information technology (IT) system falls short of meeting the ACA's goals. Poor planning and lack of effective leadership at the division level exacerbated already tight time constraints for developing the system and forced the KOLEA Project Team to develop the eligibility and enrollment process while designing KOLEA. The result is the \$155 million IT eligibility and enrollment system neither incorporates all ACA requirements nor meets the Med-QUEST Division's business needs. For example, KOLEA does not perform electronic data matching to verify applicant's income. In addition, staff report that KOLEA is difficult to use and is error-prone. The end result is that the State could be paying benefits for people who are not eligible for them or improperly denying coverage to those who are eligible.

Summary of Findings

1. The Department of Human Services did not properly plan for or implement the KOLEA system. As a result, the department cannot achieve all the goals of the federal *Affordable Care Act*—namely, to create a simple, real-time eligibility and enrollment process that uses electronic data to ease the paperwork burden on applicants and state agencies while expediting eligibility determinations.

Report No. 15-01 | December 2015 | 15

Chapter 2: \$155 Million KOLEA Project Does Not Address All ACA Goals

2. The department's enterprise platform is not integrated with DHS' other health and human services programs, such as SNAP and TANF. It therefore does not yet support the ACA's goals of facilitating individuals' enrollment in programs other than Medicaid.

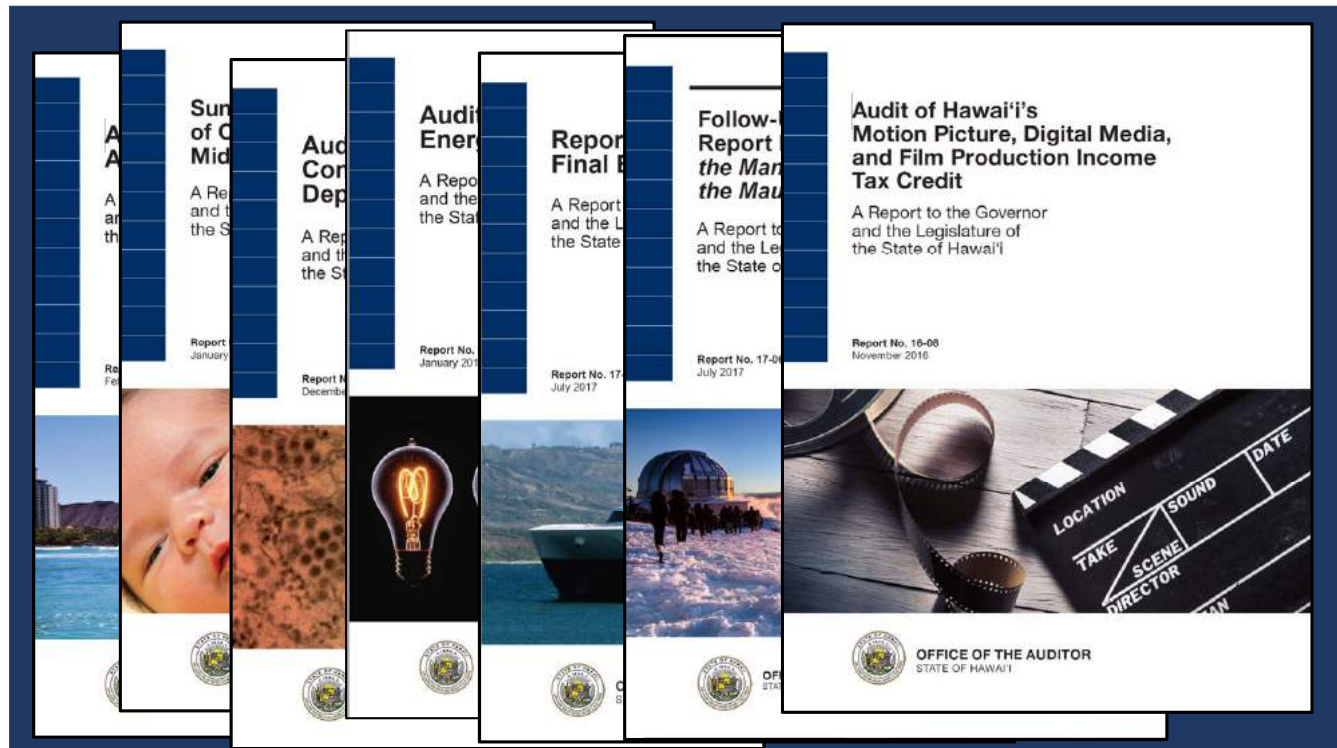
Med-QUEST Division Did Not Properly Plan For or Implement the ACA

The Med-QUEST Division unsuccessfully planned for the implementation of its new \$155 million Medicaid eligibility IT system. Already faced with a short time frame, the KOLEA project team's challenges in designing and implementing the system were compounded by the former division administrator's reluctance to start planning for the ACA changes early on and his failure to increase when staff who were responsible for developing new policies and procedures should their duties. As a result, KOLEA was designed to facilitate the existing Medicaid eligibility and enrollment process without fully complying with the new ACA requirements.

In addition, the division failed to adequately address how its Eligibility Branch workers, who have hands-on experience interacting with thousands of Medicaid applicants annually, would be affected by the ACA changes and what their roles would be in the new system. In addition, Eligibility Branch workers were not appropriately trained on either the new ACA eligibility rules, policies, and procedures or on how to navigate KOLEA and its subsequent system updates. This is a serious issue since users report that KOLEA produces inconsistent and inaccurate eligibility determinations, requiring eligibility workers to manually resolve them.

Further, the division inappropriately relied on the KOLEA project team, which was tasked with designing and implementing the new system, to understand the ACA's revised new eligibility and enrollment provisions and incorporate them into KOLEA's software. The eligibility rules and accompanying policy recommendations were based on one team member's interpretation of the ACA—a complex law of at least 900 pages—and KOLEA software that was developed without division management's assurance that they would comply with the ACA. As a result, KOLEA cannot perform real-time electronic data matching for wages and income as was envisioned by the ACA. Eligibility workers also find KOLEA difficult to use—they are now twice as many web pages, many of which are not intuitive or user-friendly screens, to navigate compared to the previous system.

16 | Report No. 15-01 | December 2015



Consultation

A POTENTIAL CLIENT planning a home birth contacts a CPM. The CPM:

- Explains her background, training, and fees;
- States that the CPM will transfer care to a physician if medical conditions or risk factors arise that make the client ineligible for home birth, or if an emergency arises during labor;
- Inquires if the client has medical conditions that make the client ineligible for CPM-assisted homebirth.

Examinations

DURING THE FIRST EXAM, the CPM may gather signed informed consent and patient privacy forms. During subsequent exams, the CPM:

- Checks the client's blood pressure;
- Tests blood and urine;
- Checks the weight, heart rate and position of the baby;
- Monitors the client's psychological and social well-being, such as their job, housing, family, and life in general.

Such exams occur regularly:

- One exam per month for the first 28 weeks of pregnancy;
- One exam every 2 weeks between 28 and 36 weeks;
- Weekly exams after 36 weeks.

Labor

DURING LABOR, the CPM:

- Seeks to keep the client comfortable and safe;
- Checks the client's vital signs;
- Checks the baby's heart rate;
- Allows the client to move around to be comfortable.

If a condition arises that requires the client to be transferred during labor, the CPM arranges for or provides transportation to the hospital. When there's an emergency transfer, the CPM may provide client's records to hospital staff.

Birth

IF THE HOME BIRTH goes as planned, birth may occur in any number of places, including the bed or bathtub. Following birth, the CPM:

- Does a newborn examination;
- Stays until the client and baby are stable;
- Uses sutures to repair a small perineum tear using lidocaine;
- May help clean up;
- Assists the client with breast feeding;
- Follows up with a another visit the next day and several more visits over the next six weeks.

6 Report No. 17-01 January 2017

"Barrel Tax" Allocation

Total EREFST 45¢

- 5¢ Environment Response Revolving Fund (Department of Health)
- 5¢ Energy Security Special Fund (DBED/Energy Office)
- 10¢ Energy Systems Development Special Fund (Hawaii Natural Energy Institute - UH)
- 10¢ Agricultural Development and Food Security Special Fund (Department of Agriculture)

Balance to General Fund 60¢

- To General Fund

Total tax per barrel of petroleum products \$1.05

Source: Act 73, Session Laws of Hawaii 2010, Section 243-3.5, HRS

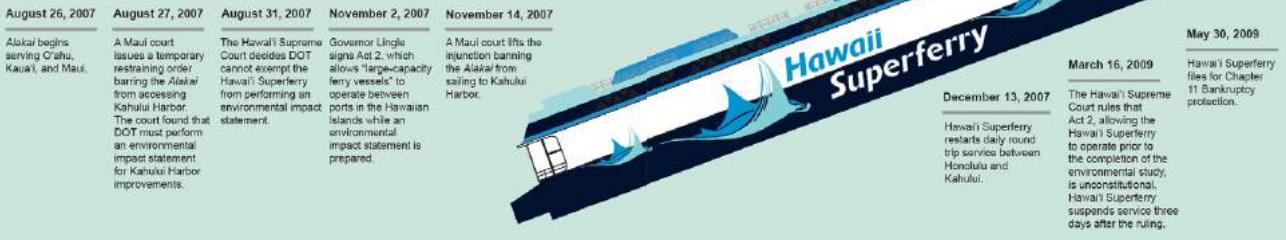
18 Report No. 16-01 January 2016

To load and unload its vehicles, the *Alakai* had to either carry its own loading ramp on board or rely on pier-side facilities. The Hawai'i Superferry elected to go with a pier-side solution. Initially, DOT opposed paying for these facilities. At the time, DOT's policy was clear: The department was responsible for providing the piers, associated mooring devices, lighting, ball rails, and the dredging of pier-side submerged lands. DOT was not responsible for loading ramps and other pier-side equipment. However, after a meeting with then-Governor Linda Lingle's office, DOT reversed its position and agreed to provide barges and ramps at its harbors to support Hawai'i Superferry operations.

The Legislature was called into special session on October 23, 2007, to consider a bill to allow "large-capacity ferry vessels" to operate between ports in Hawai'i while an environmental impact statement was prepared. The bill was signed on November 2, 2007, as Act 2, and the Hawai'i Superferry restarted its service to Maui on December 13, 2007. However, on March 16, 2009, the Hawai'i Supreme Court ruled that Act 2 was unconstitutional. Hawai'i Superferry shut down operations three days later. At that point, the Hawai'i Superferry had been in operation for about one year and nine months. The company filed for bankruptcy on May 30, 2009.

meeting with then-Governor Linda Lingle's office, DOT reversed its position on providing pier-side equipment and agreed to provide barges and ramps at its harbors to support Hawai'i Superferry operations.

Superferry Timeline



No. 17-07 / July 2017

Report No. 17-07 / Ju

athlete's return to activity. Thus, Hawai'i's licensing program that requires applicants be BOC-certified ensures that athletic trainers diagnose and treat injuries, including concussions, properly with a solid foundation of medical competencies.

Licensing Does Not Unreasonably Restrict the Practice of Athletic Training in Hawai'i

The overall cost of regulation on athletic trainers is relatively minor given the profession's impact on health and safety. Additionally, by requiring athletic trainers to be BOC-certified, the state is ensuring that the practice of athletic training conforms with industry standards that are widely accepted by athletic trainers.

Further, Chapter 456H, HRS, is not overly exclusive in favor of Hawai'i athletic trainers as it provides exemptions for, among other things, athletic trainers who travel to Hawai'i with sports teams, allowing them to practice as athletic trainers in-state on a temporary basis, provided that the individual is registered, licensed, or certified in another jurisdiction. We note, however, that California is the only state that does not regulate athletic trainers. As a result, visiting trainers who accompany athletes or teams from California, and are not regulated in another jurisdiction do not qualify for the exemption to practice in Hawai'i. We recommend that the Legislature consider expanding the exemption to include athletic trainers who accompany California athletes and teams and possess a current BOC certification.

Chapter 456H also does not restrict the ability of other licensed health professionals, such as physicians, occupational therapists and physical therapists, practicing within their own recognized scopes of practice from conducting athletic training-related activities. The law also excludes athletic training students, certain armed forces members, and other federal employees from required registration and does not prevent them from performing the duties of an athletic trainer.

Number of concussions reported by 67 public and private schools during the 2016 school year. The concussion education program requires that a school's athletic trainer demonstrate competency to monitor a concussed student athlete's return to activity.



1,092

Number of concussions reported by 67 Hawai'i public and private schools during the 2016 school year. The Hawai'i concussion education program requires that a school's athletic trainer demonstrate competency to monitor a concussed student athlete's return to activity.

Report No. 17-07

Why did these problems occur?

After more than a decade of dry and extended droughts, the State has had to do its utmost to supply that can perform its necessary duties. Insects, does not only with other PQR databases, or that allows low-risk cargo to be expedited, pest interception the inspectors are not shared through data sources to provide the best of entry of invasive species.

Why do these problems occur?

In today's globally interconnected world, invasive and flexible species. Given the tremendous pests, PQR inspectors cannot even every shipping container processes and incorporate such biosecurity efforts efficiently as source of data on which it can do not monitor, evaluate, and a result, PQR inspectors operate yesterday. Meanwhile, new and going unobserved.

Risky Business

WHETHER OR all pests are their parents equal. Some to eradicate while others term effects that require more of logging responsibilities must carefully what they inspect.

PHOTO: SHIZU WATANABE

PEST

As defined by Hawai'i Revised Statutes, Chapter 150A, "any animal, insect, disease agent or other organism in any stage of development that is detrimental or potentially harmful to agriculture, or horticulture, or animal or public health, or natural resources including native biota or has an adverse effect on the environment..."

— Hawai'i Interagency Biosecurity Plan 2017–2027



Coconut rhinoceros beetle

PHOTO: SHIZU WATANABE



Little Fire Ant

INVASIVE SPECIES

An alien species whose introduction does or is likely to cause economic or environmental harm or harm to human health.

— Hawai'i Interagency Biosecurity Plan 2017–2027

PHOTO: ELI SARNAT



BIOSECURITY

"the set of measures taken to manage the risk from invasive species to the economy, environment, and health and lifestyles of the people."

— Hawai'i Interagency Biosecurity Plan 2017–2027

Following the Form

Hawai'i law requires that individuals arriving in the State from the Mainland to complete a Department of Agriculture Form, declaring agricultural items the traveler is bringing to Hawai'i. Any person who detains the Plants and Animals Declaration form, gives false information, or fails to declare restricted items may be guilty of a misdemeanor, which could be punishable by a maximum penalty of \$25,000 and/or up to one year imprisonment. Intentionally smuggling a snake or other prohibited or restricted items could result in a maximum penalty of \$200,000 and/or imprisonment of up to five years.

However, in practice, the forms seem to provide limited value, if any at all, to the State's biosecurity activities. The forms, which generally are distributed and collected in-flight by the flight crew, are delivered to the PQR inspectors upon arrival by airline personnel and quickly reviewed for declarations of plants or live animals.

At Daniel K. Inouye International Airport, we observed the inspection duties of one of the three inspectors assigned to the baggage claim terminal. During our visit, the inspector identified only one form on which an incoming passenger had declared items in his or her possession. When there are declared items, the inspector said that she attempts to locate the passenger(s) in the baggage claim area using the contact information on the form. However, we did not observe the inspector identify the passenger who had declared items in the baggage claim area or otherwise make contact with the passenger. She said that she averages about one interception per day from incoming passengers.

With the State's visitor assistance desk vacant at the time, we observed two inspectors spending most of their time helping arriving passengers find their way through the airport and providing directions to nearby hotels.

In practice, the forms seem to provide limited value to the State's biosecurity activities.

However, in practice, the forms seem to provide limited value, if any at all, to the State's biosecurity activities. The forms, which generally are distributed and collected in-flight by the flight crew, are delivered to the PQR inspectors upon arrival by airline personnel and quickly reviewed for declarations of plants or live animals.

At Daniel K. Inouye International Airport, we observed the inspection duties of one of the three inspectors assigned to the baggage claim terminal. During our visit, the inspector identified only one form on which an incoming passenger had declared items in his or her possession. When there are declared items, the inspector said that she attempts to locate the passenger(s) in the baggage claim area using the contact information on the form. However, we did not observe the inspector identify the passenger who had declared items in the baggage claim area or otherwise make contact with the passenger. She said that she averages about one interception per day from incoming passengers.

With the State's visitor assistance desk vacant at the time, we observed two inspectors spending most of their time helping arriving passengers find their way through the airport and providing directions to nearby hotels.

... in practice, the forms seem to provide limited value, if any at all, to the State's biosecurity activities.

PLEASE LIST THE SPECIFIC TYPES/NAMES OF THE ITEMS MARKED ABOVE
(Items meeting State requirements will be inspected and released.)

1 _____ 2 _____

3 _____ 4 _____

Origin (State or Country of above items) _____

Full Name (Print) _____

Home Address _____

City _____ State _____ Zip _____

Home/Address or Home of Hotel/ Lodging _____

Island _____ Phone No. _____ In Party _____

Name of Airline/Ship _____ Flight No. _____ Date of Arrival _____

Signature _____ Date _____ 20551

© 2015 State of Hawaii Department of Agriculture See Reverse Side

Source: HDOA

Auditor's Summary

Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch

Report No. 17-05



What problems did the audit work identify?

IN REPORT NO. 17-05, *Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch (PQB)*, we found that the branch lacks the data gathering and data analysis tools necessary to define and respond to threats posed by invasive species. Other biosecurity agencies, both domestic and foreign, use data-driven risk analysis to continually guide operations, but PQB is unable to collect consistent, meaningful pest interception data or disseminate up-to-date information to its inspectors. As a result, we found that PQB inspection activities vary from inspector to inspector, based on the individual's experience. The little guidance inspectors do receive from the department is outdated or infrequently updated. Other information is communicated, in the words of one PQB inspector, "caveman style"—handed down verbally from one inspector to another.



Little Fire Ant
INVASIVE SPECIES
 An alien species whose introduction does or is likely to cause economic or environmental harm or harm to human health.

—Hawai'i Emergency Biosecurity Plan 2017–2027

Report No. 17-05 | July 2017 | 1

Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch

Why did these problems occur?

After more than a decade of development and close to \$4.2 million in new and amended contracts, the Hawai'i Department of Agriculture (HDOA) has failed in its attempt to implement a central integrated database system that can perform its necessary core functions. The branch's current database, *Invicta*, does not include important taxonomic data, communicate with other PQB databases, or support e-manifesting, a screening process that allows low-risk cargo to be pre-cleared. Because of *Invicta*'s limited capabilities, pest interception data and other information collected by inspectors are not shared throughout the branch or integrated with other data sources to provide the branch with a necessary tool to reassess the risk of entry of invasive species.

Why do these problems matter?

In today's globally interconnected world, the State of Hawai'i must be vigilant, responsive and flexible in guarding against the threat of invasive species. Given the tremendous volume of cargo arriving through Hawai'i's ports, PQB inspectors cannot examine every box of produce, every plant or even every shipping container. Instead, the branch must develop processes and incorporate technology to deploy its inspectors and direct its biosecurity efforts efficiently and effectively. However, without a reliable source of data on which it can base decision-making, HDOA cannot and does not monitor, evaluate, adjust or improve its inspection activities. As a result, PQB inspectors operate in a bubble, inspecting today as they did yesterday. Meanwhile, new and emerging invasive species risks may be going unaddressed.

PEST

As defined by Hawai'i Revised Statutes, Chapter 150A, "any animal, insect, disease agent or other organism in any stage of development that is detrimental or potentially harmful to agriculture, or horticulture, or animal or public health, or natural resource uses including native trusts or has an adverse effect on the environment..."

—Hawai'i Emergency Biosecurity Plan 2017–2027



Coccinella septempunctata



Risky Business

WHEN IT COMES to biosecurity, all pests are not equal because their potential impacts are not equal. Some insects are harder to eradicate or trap than others, while others may have longer-term effects. Coupled with the fact that agricultural inspectors can only inspect a fraction of incoming cargo, agencies responsible for biosecurity must carefully pick and choose what they inspect and how they inspect it.

For instance, the USDA's Plant Protection and Quarantine program used to measure the performance of its biosecurity efforts by the number of insects it intercepted, not the ones it mitigated. According to its Agricultural Quarantine Inspection Monitoring Handbook, "inspection tables were filled with QM [quarantine inspection monitoring] pests found, justifying a good job performance. The seriousness

of the threat posed by the pest was not considered. In other words, effort was based on quantity, not the quality of the risk."

Today, USDA puts quality over quantity using risk analysis to decide what to inspect and how to inspect it. According to the program, the entry potential of the worst pests is decreased when risk is prioritized, pathways are tracked, and inspectors work messaged.

2 | Report No. 17-05 | July 2017

Auditor's Summary

Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch

Report No. 17-05



What problems did the audit work identify?

IN REPORT NO. 17-05, *Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch (PQB)*, we found that the branch lacks the data gathering and data analysis tools necessary to define and respond to threats posed by invasive species. Other biosecurity agencies, both domestic and foreign, use data-driven risk analysis to continually guide operations, but PQB is unable to collect consistent, meaningful pest interception data or disseminate up-to-date information to its inspectors. As a result, we found that PQB inspection activities vary from inspector to inspector, based on the individual's experience. The little guidance inspectors do receive from the department is outdated or infrequently updated. Other information is communicated, in the words of one PQB inspector, "caveman style"—handed down verbally from one inspector to another.

Report No. 17-05 | July 2017 | 1

Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch

Why did these problems occur?

After more than a decade of development and close to \$4.2 million in new and amended contracts, the Hawai'i Department of Agriculture (HDOA) has failed in its attempt to implement a central integrated database system that can perform its necessary core functions. The branch's current database, *Invicta*, does not include important taxonomic data, communicate with other PQB databases, or support e-manifesting, a screening process that allows low-risk cargo to be pre-cleared. Because of *Invicta*'s limited capabilities, pest interception data and other information collected by inspectors are not shared throughout the branch or integrated with other data sources to provide the branch with a necessary tool to reassess the risk of entry of invasive species.

Why do these problems matter?

In today's globally interconnected world, the State of Hawai'i must be vigilant, responsive and flexible in guarding against the threat of invasive species. Given the tremendous volume of cargo arriving through Hawai'i's ports, PQB inspectors cannot examine every box of produce, every plant or even every shipping container. Instead, the branch must develop processes and incorporate technology to deploy its inspectors and direct its biosecurity efforts efficiently and effectively. However, without a reliable source of data on which it can base decision-making, HDOA cannot and does not monitor, evaluate, adjust or improve its inspection activities. As a result, PQB inspectors operate in a bubble, inspecting today as they did yesterday. Meanwhile, new and emerging invasive species risks may be going unaddressed.

PEST

As defined by Hawai'i Revised Statutes, Chapter 150A, "any animal, insect, disease agent or other organism in any stage of development that is detrimental or potentially harmful to agriculture, or horticulture, or animal or public health, or natural resource uses including native trusts or has an adverse effect on the environment..."

—Hawai'i Emergency Biosecurity Plan 2017–2027



Coccinella septempunctata



Risky Business

WHEN IT COMES to biosecurity, all pests are not equal because their potential impacts are not equal. Some insects are harder to eradicate or trap than others, while others may have longer-term effects. Coupled with the fact that agricultural inspectors can only inspect a fraction of incoming cargo, agencies responsible for biosecurity must carefully pick and choose what they inspect and how they inspect it.

For instance, the USDA's Plant Protection and Quarantine program used to measure the performance of its biosecurity efforts by the number of insects it intercepted, not the ones it mitigated. According to its Agricultural Quarantine Inspection Monitoring Handbook, "inspection tables were filled with QM [quarantine inspection monitoring] pests found, justifying a good job performance. The seriousness

of the threat posed by the pest was not considered. In other words, effort was based on quantity, not the quality of the risk."

Today, USDA puts quality over quantity using risk analysis to decide what to inspect and how to inspect it. According to the program, the entry potential of the worst pests is decreased when risk is prioritized, pathways are tracked, and inspectors work messaged.

2 | Report No. 17-05 | July 2017

Auditor's Summary

Audit of Hawai'i Department of Agriculture Plant Quarantine Branch

Report No. 17-05



What problems did the auditor identify?

IN REPORT NO. 17-05, *Audit of Hawai'i Department of Agriculture Plant Quarantine Branch (PQB)*, we found that the branch's gathering and data analysis tools necessary to define and respond to invasive species. Other biosecurity agencies, both domestic and foreign, use data-driven risk analysis to continually guide their inspection activities. PQB is unable to collect consistent, meaningful pest interception data and disseminate up-to-date information to its inspectors. As a result, that PQB inspection activities vary from inspector to inspector, based on the individual's experience. The little guidance inspectors do receive from the department is outdated or infrequently updated. Other information is communicated, in the words of one PQB inspector, "caveman style"—handed down verbally from one inspector to another.

Why did these problems occur?

After more than a decade of development and close to \$4.2 million in new and amended contracts, the Hawai'i Department of Agriculture (HDOA) has failed in its attempt to implement a central integrated database system that can perform its necessary core functions. The branch's current database, Invicta, does not include important taxonomic data, communicate with other PQB databases, or support e-manifesting, a screening process that allows low-risk cargo to be pre-cleared. Because of Invicta's limited capabilities, pest interception data and other information collected by inspectors are not shared throughout the branch or integrated with other data sources to provide the branch with a necessary tool to reassess the risk of entry of invasive species.



While all cases are not equal because their potential impacts are not equal, some risks are harder to anticipate or trap than others, while others may have longer-term effects. Coupled with the fact that agricultural inspectors can only inspect a fraction of incoming cargo, agencies responsible for biosecurity must carefully pick and choose what they inspect and how they inspect it.

For instance, the USDA's Plant Protection and Quarantine program used to measure the performance of its biosecurity efforts by the number of insects intercepted, not the value of the cargo. According to the Agricultural Quarantine Inspection Monitoring Handbook, "trap catch tables were filled with QM quarantine inspection monitoring pests found, justifying a good job performance. The seriousness

of the threat posed by the pest was not considered. In other words, effort was based on quantity, not the quality of the risk.

Today, USDA puts quality over quantity using risk analysis to decide what to inspect and how to inspect it. According to the program, the entry potential of the world pests intercepted when risk is considered, pathways are tracked, and response actions are triggered.

Why did these problems occur?

After more than a decade of development and close to \$4.2 million in new and amended contracts, the Hawai'i Department of Agriculture (HDOA) has failed in its attempt to implement a central integrated database system that can perform its necessary core functions. The branch's current database, Invicta, does not include important taxonomic data, communicate with other PQB databases, or support e-manifesting, a screening process that allows low-risk cargo to be pre-cleared. Because of Invicta's limited capabilities, pest interception data and other information collected by inspectors are not shared throughout the branch or integrated with other data sources to provide the branch with a necessary tool to reassess the risk of entry of invasive species.

What problems did the auditor identify?

IN REPORT NO. 17-05, *Audit of Hawai'i Department of Agriculture Plant Quarantine Branch (PQB)*, we found that the branch's gathering and data analysis tools necessary to define and respond to invasive species. Other biosecurity agencies, both domestic and foreign, use data-driven risk analysis to continually guide their inspection activities. PQB is unable to collect consistent, meaningful pest interception data and disseminate up-to-date information to its inspectors. As a result, that PQB inspection activities vary from inspector to inspector, based on the individual's experience. The little guidance inspectors do receive from the department is outdated or infrequently updated. Other information is communicated, in the words of one PQB inspector, "caveman style"—handed down verbally from one inspector to another.

Why do these problems matter?

In today's globally interconnected world, the State of Hawai'i must be vigilant, responsive and flexible in guarding against the threat of invasive species. Given the tremendous volume of cargo arriving through Hawai'i's ports, PQB inspectors cannot examine every box of produce, every plant or even every shipping container. Instead, the branch must develop screening processes and incorporate technology to deploy its inspectors and direct its biosecurity efforts efficiently and effectively. However, without a reliable source of data on which it can base decision-making, HDOA cannot and does not monitor, evaluate, adjust or improve its inspection activities. As a result, PQB inspectors operate in a bubble, inspecting today as they did yesterday. Meanwhile, new and emerging invasive species risks may be going unaddressed.

Auditor's Summary Financial and Compliance Audit of the Department of Health

Financial Statements, Fiscal Year Ended June 30, 2017



THE PRIMARY PURPOSE of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of Health (DOH), as of and for the fiscal year ended June 30, 2017, and to comply with the requirements of Code of Federal Regulations, Uniform Administrative Requirements, Grant Principles, and Audit Requirements for Federal Awards, Title 2, Part 200 (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by KMH LLP.

About the Department

DOH administers and oversees statewide personal health services, health promotion and disease prevention, mental health programs, monitoring of the environment, and the enforcement of environmental health laws. DOH administers federal grants to support the State's health services and programs. DOH is organized into four major administrations: Behavioral Health Services, Health Resources, Environmental Health, and General Administration.

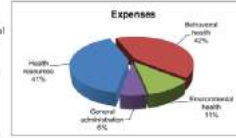
Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2017, DOH reported total revenues of \$802 million and total expenses of \$739 million, resulting in a change in net position of \$63 million. Revenues consisted of \$616 million from general revenues, \$148 million from operating grants and contributions, and \$38 million from service charges.



Total expenses of \$739 million consisted of \$289 million for health resources, \$314 million for behavioral health, \$90 million for environmental health, and \$46 million for general administration.

As of June 30, 2017, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$1.02 billion. Total assets and deferred outflows of resources of \$1.17 billion were composed of cash of \$250 million, receivables of \$85 million, loans receivable of \$402 million, deferred outflows of resources of \$2 million, and net capital assets of \$85 million. Total liabilities and deferred inflows of resources totaled \$130 million. DOH's net position of \$1.02 billion was composed of a restricted amount of \$772 million, of which \$712 million was for loans, an unrestricted amount of \$38 million, and net investment of capital assets of \$85 million.



Auditors' Opinions

DOH RECEIVED AN UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DOH received a qualified opinion on its compliance with major federal programs in accordance with the Uniform Guidance.

Findings

THERE WERE TWO MATERIAL WEAKNESSES and one significant deficiency in internal control over financial reporting that are required to be reported under Government Auditing Standards.

Material Weaknesses (2)

- Audit adjustments were recorded to beginning net position related to cigarette tax revenues and the deposit beverage receivable because of ineffective management review.
- Audit adjustments made to record additional vouchers payable were not identified by management.

Significant Deficiency

- The Deposit Beverage Container Program is susceptible to fraud because of an overreliance on self-reporting by distributors and redemption centers.

THERE WERE SIX MATERIAL WEAKNESSES and four significant deficiencies in internal control over compliance in accordance with the Uniform Guidance.

Material Weaknesses (6)

- Failure to submit federal financial reports timely (3).
- Failure to follow subrecipient monitoring policy to ensure subrecipient compliance with federal requirements (2).
- Federal funds were not disbursed in a timely manner to comply with federal regulations.

Significant Deficiencies (4)

- Lack of monitoring the level of non-Federal funding to meet the level of effort requirement.
- Federal funds used to pay terminated employees' accrued leave were charged as direct program costs.
- Lack of documentation of the Excluded Parties Listing Search to ensure vendor eligibility.
- Inaccurate expenditure amounts reported in the Schedule of Expenditures and Federal Awards.

For the complete report and financial statements visit our website at:
http://files.hawaii.gov/auditor/Reports/2017_Audit/DOH2017.pdf

Auditor's Summary Financial and Compliance Audit of the Department of Health

Financial Statements, Fiscal Year Ended June 30, 2017



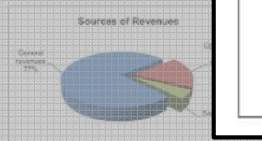
THE PRIMARY PURPOSE of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Department of Health (DOH), as of and for the fiscal year ended June 30, 2017, and to comply with the requirements of Code of Federal Regulations, Uniform Administrative Requirements, Grant Principles, and Audit Requirements for Federal Awards, Title 2, Part 200 (Uniform Guidance), which established audit requirements for state and local governmental units that receive federal awards. The audit was conducted by KMH LLP.

About the Department

DOH administers and oversees statewide personal health services, health promotion and disease prevention, mental health programs, monitoring of the environment, and the enforcement of environmental health laws. DOH administers federal grants to support the State's health services and programs. DOH is organized into four major administrations: Behavioral Health Services, Health Resources, Environmental Health, and General Administration.

Financial Highlights

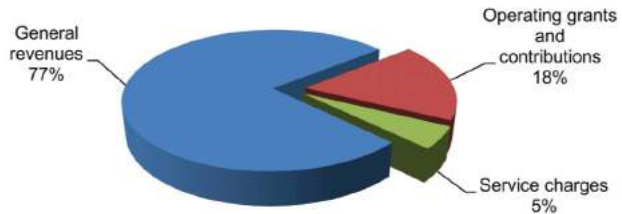
FOR THE FISCAL YEAR ended June 30, 2017, DOH reported total revenues of \$802 million and total expenses of \$739 million, resulting in a change in net position of \$63 million. Revenues consisted of \$616 million from general revenues, \$148 million from operating grants and contributions, and \$38 million from service charges.



Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2017, DOH reported total revenues of \$802 million and total expenses of \$739 million, resulting in a change in net position of \$63 million. Revenues consisted of \$616 million from general revenues, \$148 million from operating grants and contributions, and \$38 million from service charges.

Sources of Revenues



For the complete report and financial statements visit our website at:
http://files.hawaii.gov/auditor/Reports/2017_Audit/DOH2017.pdf

Auditors' Opinions

DOH RECEIVED AN UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. DOH received a qualified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.

Findings

THERE WERE TWO MATERIAL WEAKNESSES and one significant deficiency in internal control over financial reporting that are required to be reported under *Government Auditing Standards*.

Material Weaknesses (2)

- Audit adjustments were recorded to beginning net position related to cigarette tax revenues and the deposit beverage receivable because of ineffective management review.
- Audit adjustments made to record additional vouchers payable were not identified by management.

Significant Deficiency

- The Deposit Beverage Container Program is susceptible to fraud because of an overreliance on self-reporting by distributors and redemption centers.

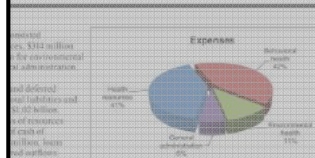
THERE WERE SIX MATERIAL WEAKNESSES and four significant deficiencies in internal control over compliance in accordance with the *Uniform Guidance*.

Material Weaknesses (6)

- Failure to submit federal financial reports timely (3).
- Failure to follow subrecipient monitoring policy to ensure subrecipient compliance with federal requirements (2).
- Federal funds were not disbursed in a timely manner to comply with federal regulations.

Significant Deficiencies (4)

- Lack of monitoring the level of non-Federal funding to meet the level of effort requirement.
- Federal funds used to pay terminated employees' accrued leave were charged as direct program costs.
- Lack of documentation of the Excluded Parties Listing Search to ensure vendor eligibility.
- Inaccurate expenditure amounts reported in the Schedule of Expenditures and Federal Awards.



total of \$183 million for the environmental administration.

DOH received a qualified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.

UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles. UNOH received a qualified opinion on its compliance with major federal programs in accordance with the *Uniform Guidance*.

TWO MATERIAL WEAKNESSES and one significant deficiency in internal control over compliance in accordance with the *Uniform Guidance*.

Failure to submit federal financial reports timely (3).

Failure to follow subrecipient monitoring policy to ensure subrecipient compliance with federal requirements (2).

Federal funds were not disbursed in a timely manner to comply with federal regulations.

Lack of monitoring the level of non-Federal funding to meet the level of effort requirement.

Federal funds used to pay terminated employees' accrued leave were charged as direct program costs.

Lack of documentation of the Excluded Parties Listing Search to ensure vendor eligibility.

Inaccurate expenditure amounts reported in the Schedule of Expenditures and Federal Awards.

Twitter: @HawaiiAuditor





Facebook:
@HawaiiStateAuditor

Island Style



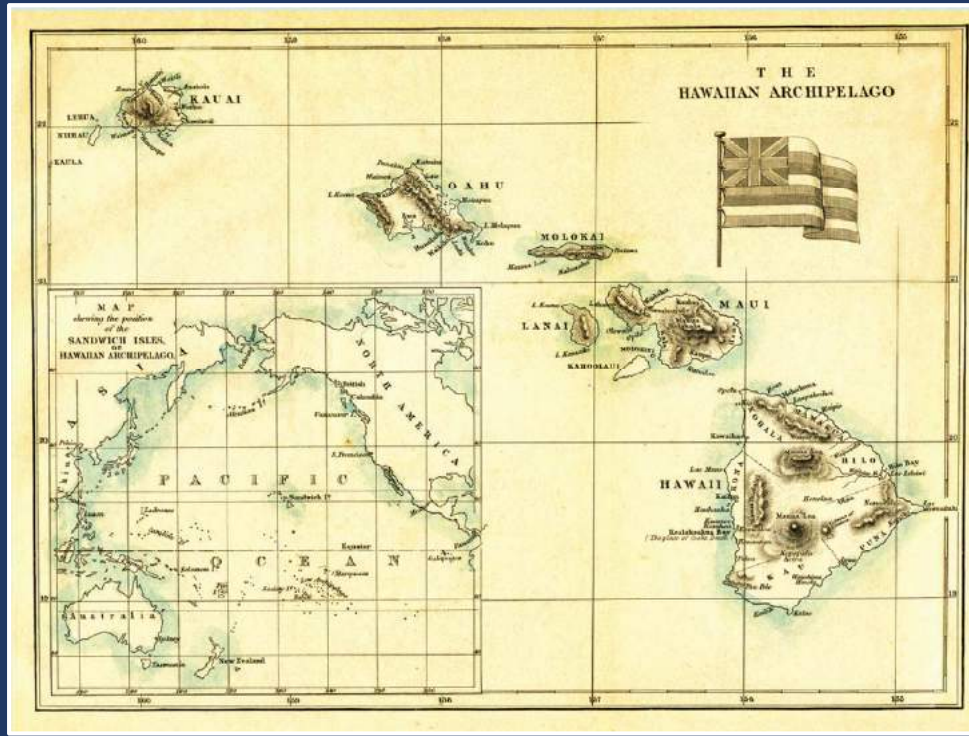


PHOTO: OFFICE OF THE AUDITOR

Chapter 2

Discretionary Spending Without Much Discretion: Audit of the Office of Hawaiian Affairs

THE OFFICE OF HAWAIIAN AFFAIRS (OHA) is a unique State agency with an important mission: improve the conditions and

OHA has created alternate funding

Kūlia Initiative guidelines and processes are unfamiliar to trustees and not followed by the Administration.



PHOTO: OFFICE OF THE AUDITOR

Chapter 2

Discretionary Spending Without Much Discretion: Audit of the Office of Hawaiian Affairs

THE OFFICE OF HAWAIIAN AFFAIRS (OHA) is a unique State agency with an important mission: improve the conditions and well-being of Native Hawaiians and Hawaiians. To accomplish

OHA has created alternate funding processes which

Kūlia Initiative guidelines and processes are unfamiliar to trustees and not followed by the Administration.

Nine out of the 10 action items for Fiscal Reserve funding we tested lacked required information.

Chapter 2

Discretionary Spending Without Much Discretion: Audit of the Office of Hawaiian Affairs

THE OFFICE OF HAWAIIAN AFFAIRS (OHA) is a unique State agency with an important mission: improve the conditions and well-being of Native Hawaiians and Hawaiians. To accomplish

OHA has created alternate funding processes which

Kūlia Initiative guide unfamiliar to trustee Administration.

Nine out of the funding we tested lacked required information.

Chapter 2

Discretionary Spending Without Much Discretion: Audit of the Office of Hawaiian Affairs

THE OFFICE OF HAWAIIAN AFFAIRS (OHA) is a unique State agency with an important mission: improve the conditions and well-being of Native Hawaiians and Hawaiians. To accomplish

OHA has created alternate funding processes which

CEO Sponsorships

Policies and Procedures Not Followed, Recommendations Ignored

Kūlia Initiative guide unfamiliar to trustee Administration.

Nine out of the funding we tested lacked required information.

Chapter 2

Discretionary Spending Without Much Discretion: Audit of the Office of Hawaiian Affairs

THE OFFICE OF HAWAIIAN AFFAIRS (OHA) is a unique State agency with an important mission: improve the conditions and well-being of Native Hawaiians and Hawaiians. To accomplish

OHA has created alternate funding processes which

CEO Sponsorships

Policies and Procedures Not Followed, Recommendations Ignored

CEO has repeatedly overruled Grants Staff's "do not fund" recommendations.

Being a Trustee Has Its Benefits

UNDER THEIR FIDUCIARY DUTY to the beneficiaries of the Native Hawaiian Trust Fund, trustees must administer the trust solely in the interest of those beneficiaries and must be mindful of conflicts between those duties and personal interests. As previously noted, in December 2013, OHA specifically disallowed expenditures for

Code prohibits a trustee from making decisions in his or her capacity as a trustee that directly affect an organization in which the trustee serves as a director or officer, whether or not he or she is paid to serve on the board. In our review of Trustee Allowances, we found numerous instances in which trustees made donations or purchases that

Good Intentions, Bad Policy?

EVEN THOUGH the general purpose of OHA's Trustee Sponsorship and Annual Allowance Fund is to "immediately communicate and maintain communications with beneficiaries through electronic media and traditional communications methods," in December 2013, OHA broadly expanded allowable expenditures for Trustee

beneficiaries. This includes "support for beneficiaries in their personal quest for self-improvement" and "compassionate assistance for emergency times of need (including funeral services, vision/hearing aids, dentures, personal care items, wheel chairs)." The following expenditures were allowed by OHA on the basis that they were not expressly prohibited by

Trustee Allowances

Rules Are Broad and Arbitrarily Enforced, Resulting in Many Instances of Questionable Spending.

Football Fan
Trustee B has supported the organization since 2014, becoming a steering committee member in 2016. This donation was approved because it was received from the organization, another member representation of the State Ethics Code. Trustee has since resigned from the committee.

Date	Amount	Description
05/09/15	\$205.41	Installation of Canary Home Security System
10/29/15	\$2,500	Silver Sponsorship for Polynesian Football Hall of Fame Dinner
01/25/16	\$500	Two tickets to Polynesian Football Hall of Fame Dinner
05/10/16	\$2,000	Sponsorship for 18th Annual AIAANTA conference

On Records
Trustee B was a board member of the National Museum of the American Indian at the time of the donation. OHA's corporation counsel cleared the funding because it was given to the organization and not the board of directors or a specific individual. As far as corporation counsel knew, the trustee was a non-paid board member of the museum and did not receive a stipend or attend board meetings. Such applications appear to be received infrequently at the State Ethics Code.

Trustee to Trustee's Spouse
Trustee A donated \$1,000 to Trustee B for son's medical expenses. According to OHA's trust controller, it is possible that Trustee B was not aware that the funds were from OHA.

Date	Amount	Description
06/02/15	\$62.82	Purchase of guitar case for recipient
07/16/15	\$1,000	Donation for Culture Market! Tour performance
08/28/16	\$1,000	Funeral expenses, including purchase of matching outfit for family of deceased.
10/01/15	\$750	Donation for higher education costs
10/21/15	\$200	Reimbursement of costs for travel between Kona and Honolulu.
10/22/15	\$500	Sponsorship of two players to participate in 2015 Thanksgiving Cup in San Diego
11/25/15	\$250	Donation to support participation in Heritage Music Festival at Clewleyland
04/22/16	\$1,000	Beneficiary assistance for medical expenses for another trustee's son
04/28/16	\$1,000	Donation to recipient for Oahu Lifeguard Kaili Hus Competition

Travel and Lost Wages
The \$5,000 donation from Trustee C covered travel expenses – air fare, taxis, ground transportation, and food – and lost wages for the recipient, who accompanied her daughter to a follow-up appointment at Stanford University Medical Center. At the time, the recipient was employed as the office manager of Trustee C's spouse.

Being a Trustee Has Its Benefits

UNDER THEIR FIDUCIARY DUTY to the beneficiaries of the Native Hawaiian Trust Fund, trustees must administer the trust solely in the interest of those beneficiaries and must be mindful of conflicts between those duties and personal interests. As previously noted, in December 2013, OHA specifically disallowed expenditures for "any services provided and goods received for the personal benefit of the trustee and/or immediate family members." In addition, the State Ethics

Code prohibits a trustee from making decisions in his or her capacity as a trustee that directly affect an organization in which the trustee serves as a director or officer, whether or not he or she is paid to serve on the board. In our review of Trustee Allowances, we found numerous instances in which trustees made donations or purchases that directly or indirectly benefited them, a spouse, or an organization they were affiliated with.

Good Intentions, Bad Policy?

EVEN THOUGH the general purpose of OHA's Trustee Sponsorship and Annual Allowance Fund is to "immediately communicate and maintain communications with beneficiaries through electronic media and traditional communications methods," in December 2013, OHA broadly expanded allowable expenditures for Trustee Allowances to include compassionate assistance to

beneficiaries. This includes "support for beneficiaries in their personal quest for self-improvement" and "compassionate assistance for emergency times of need (including funeral services, vision/hearing aids, dentures, personal care items, wheel chairs)." The following expenditures were allowed by OHA on the basis that they were not expressly prohibited by OHA policy.

Legal Fees
Trustee C used the allowance to pay for legal expenses incurred in a personal lawsuit against other OHA trustees.

Date	Amount	Description
09/30/13	\$1,500	Attorney fees
02/04/14	\$480	"Image fee" for American Indian Alaska Native Tourism Association (AIANTA)
03/03/14	\$175.17	Equity exchange fee (currency exchange)
06/12/14	\$1,000	AIANTA sponsorship
07/10/14	\$218	Reimbursement for upgrade of United Airlines flight
07/15/14	\$240	Hawaiian Airlines Premium Club membership fee
09/19/14	\$1,000	Donation to Leadership Kaili annual fundraising campaign
11/11/14	\$1,200	Booth fee for AIANTA conference
11/28/14	\$3,000	Donation to the National Museum of the American Indian
12/30/14	\$2,500	Silver Sponsorship to Polynesian Football Hall of Fame Dinner
01/09/15	\$276.01	Bank fee for overdraft account, overlap of OHA allowance checks
05/09/15	\$205.41	Installation of Canary Home Security System
10/29/15	\$2,500	Silver Sponsorship for Polynesian Football Hall of Fame Dinner
01/25/16	\$500	Two tickets to Polynesian Football Hall of Fame Dinner
05/10/16	\$2,000	Sponsorship for 18th Annual AIAANTA conference


On Records
Trustee B was a board member of the National Museum of the American Indian at the time of the donation. OHA's corporation counsel cleared the funding because it was given to the organization and not the board of directors or a specific individual. As far as corporation counsel knew, the trustee was a non-paid board member of the museum and did not receive a stipend or attend board meetings. Such applications appear to be received infrequently at the State Ethics Code.

Las Vegas Rodeo
On June 28, 2014, Trustee H circulated a memo to fellow board members, soliciting donations for the recipient to attend a Las Vegas rodeo competition. Trustee H donated \$1,000. Two others, Trustee A and Trustee G, responded with donations of \$200 and \$400, respectively.

Date	Amount	Description
07/01/14	\$500	Donation to Honolulu Community College for the purchase of cosmetology kit and uniforms for student
09/01/14	\$700	Same student as above
04/27/14	\$1,000	Travel and other expenses for recipient to compete in Miss Rodeo America pageant in Las Vegas
09/27/14	\$400	Same as above
09/03/14	\$500	Same as above
09/29/14	\$385	DNA testing for recipient
04/26/14	\$200	Donation for cultural exchange program for the Cook Islands
07/01/14	\$200	Same as above
09/01/14	\$500	Same as above
11/03/14	\$180.30	Reimbursement of costs for travel between Kona and Honolulu
11/06/14	\$200	Digital employment for recipient
11/23/14	\$1,000	Sponsorship for a trip to Japan
02/10/15	\$1,000	Compassionate donation to recipient for rent and utilities
02/13/15	\$5,000	Compassionate donation for medical expenses
06/02/15	\$62.82	Purchase of guitar case for recipient
07/16/15	\$1,000	Donation for Culture Market! Tour performance
08/28/16	\$1,000	Funeral expenses, including purchase of matching outfit for family of deceased.
10/01/15	\$750	Donation for higher education costs
10/21/15	\$200	Reimbursement of costs for travel between Kona and Honolulu.
10/22/15	\$500	Sponsorship of two players to participate in 2015 Thanksgiving Cup in San Diego
11/25/15	\$250	Donation to support participation in Heritage Music Festival at Clewleyland
04/22/16	\$1,000	Beneficiary assistance for medical expenses for another trustee's son
04/28/16	\$1,000	Donation to recipient for Oahu Lifeguard Kaili Hus Competition

Cultural Exchange
Recipient wrote a letter to all trustees requesting funds to help her visit programs in New Zealand related to a project she was doing for OHA trustee. Trustee H responded, saying the expenditure was like a student return to visit home spending \$2,000, similar to a cultural exchange. On June 28, 2014, Trustee H circulated a memo to fellow board members, soliciting donations for the recipient to attend a cultural exchange program in the Cook Islands. Two others, Trustee A and Trustee G, each donated \$200.

Travel and Lost Wages
The \$5,000 donation from Trustee C covered travel expenses – air fare, taxis, ground transportation, and food – and lost wages for the recipient, who accompanied her daughter to a follow-up appointment at Stanford University Medical Center. At the time, the recipient was employed as the office manager of Trustee C's spouse.




Legal Fees

Trustee C used the allowance to pay for legal expenses incurred in a personal lawsuit against other OHA trustees.


09/30/13	\$1,500	Attorney fees
02/04/14	\$400	"Image fee" for American Indian Alaska Native Tourism Association
03/03/14	\$175.17	
06/12/14	\$1,000	
07/10/14	\$218	

07/08/13	\$200	Donation to 'Ohana Ministries for God's 'Ohana Day
01/15/14	\$1,000	Donation to 'Ohana Ministries for God's 'Ohana Day
01/15/14	\$239.80	Reimbursement for food provided for God's 'Ohana Day
01/15/14	\$255	Chairs and chair setup for God's 'Ohana Day
01/15/14	\$1,400	Sound system setup and technical service for God's 'Ohana Day
02/11/14	\$50	Contribution to the Democratic National Committee
02/11/14	\$50	Contribution to the Hawaii County Democrats



Fund DNC


These political contributions made by Trustee C were allowed because they pre-dated OHA's March 4, 2014, policy statement.



Travel and Lost Wages

The \$5,000 donation from Trustee C covered travel expenses — airfare, room, ground transportation, and food — and lost wages for the recipient, who accompanied her daughter to a follow-up appointment at Stanford University Medical Center. At the time, the recipient was employed as the office manager of Trustee C's spouse.

02/13/15	\$5,000	Compassionate donation for travel expenses
06/02/15	\$62.82	Purchase of guitar case for recipient
07/16/15	\$1,000	Donation for Culture Moloka'i Tour performance



Las Vegas Rodeo

On June 26, 2014, Trustee H circulated a memo to fellow board members, soliciting donations for the recipient to attend a Las Vegas rodeo competition. Trustee H donated \$1,000. Two others, Trustee A and Trustee G, responded with donations of \$500 and \$400, respectively.

07/01/14	\$500	Donation to Honolulu Community College for the purchase of cosmetology kit and uniform for student
08/01/14	\$700	Same student as above
08/27/14	\$1,000	Travel and other expenses for recipient to compete in Miss Rodeo America pageant in Las Vegas
08/27/14	\$400	Same as above
09/03/14	\$500	Same as above
09/29/14	\$385	DNA testing for recipient
06/26/14	\$200	Donation for cultural exchange program to the Cook Islands
07/01/14	\$200	Same as above

Trustee to Trustee's Spouse

Trustee H donated \$1,000 to Trustee G for her travel expenses. According to OHA's March 4, 2014, policy statement, Trustee G's wife had already had the funds from OHA.

Travel and Lost Wages

The \$1,000 donation from Trustee C covered travel expenses — airfare, room, ground transportation, and food — and lost wages for the recipient, who accompanied her daughter to a follow-up appointment at Stanford University Medical Center. At the time, the recipient was employed as the office manager of Trustee C's spouse.

Being a Trustee Has Its Benefits

UNDER THEIR FIDUCIARY DUTY to the beneficiaries of the Native Hawaiian Trust Fund, trustees must administer the trust solely in the interest of those beneficiaries and must be mindful of conflicts between those duties and personal interests. As previously noted, in December 2013, OHA specifically disallowed expenditures for "any sort of personal or family matter."

Code prohibits a trustee from making decisions in his or her capacity as a trustee that directly affect an organization in which the trustee serves as a director or officer, whether or not he or she is paid to serve on the board. In our review of Trustee Allowances, we found numerous instances in which trustees made donations or purchases that

Good Intentions, Bad Policy?

EVEN THOUGH the general purpose of OHA's Trustee Sponsorship and Annual Allowance Fund is to "immediately communicate and maintain communications with beneficiaries through electronic media and traditional communications methods," in December 2013, OHA broadly expanded allowable expenditures for Trustee beneficiaries. This includes "support for beneficiaries in their personal quest for self-improvement" and "compassionate assistance for emergencies/needs of need (including funeral services, vision/hearing aids, dentures, personal care items, wheel chairs)." The following expenditures were allowed by OHA on the basis that they were not expressly prohibited by

10/01/15	\$750	Donation for higher education costs
10/21/15	\$309	Reimbursement of costs for travel between Kona and Honolulu
10/22/15	\$500	Sponsorship of two players to participate in 2015 Thanksgiving Cup in San Diego
11/25/15	\$250	Donation to support participation in Heritage Music Festival at Disneyland
04/22/16	\$1,000	Beneficiary assistance for medical expenses for another trustee's son
06/29/16	\$1,000	Donation to recipient for Queen Lili'uokalani Keiki Hula Competition

Trustee to Trustee's Spouse

Trustee A donated \$1,000 to Trustee B for son's medical expenses. According to OHA's then-controller, it is possible that Trustee B was not aware that the funds were from OHA.



Report of Hawaii Superferry Final Expenses

... this report updates the total costs the State incurred—and taxpayers are still paying—to support Hawai'i Superferry operations.



PHOTO: OFFICE OF THE AUDITOR

Underwater: State's Costs of Hawai'i Superferry Total \$71 Million

The Hawai'i Superferry stopped its operations on March 19, 2009, over 8 years ago; yet, the State continues to pay costs it incurred for support of Hawai'i Superferry operations—and will continue to pay those costs until 2028.

Last year, the Legislature appropriated \$50,000 to the Hawai'i Department of Transportation (DOT) to study the feasibility of establishing an interisland and intra-island ferry system. DOT received an additional \$500,000 for the study from the U.S. Department of Transportation's Maritime Administration.

As DOT considers the feasibility of another interisland ferry system, this report updates the total costs the State incurred—and taxpayers are still paying—to support Hawai'i Superferry operations. The costs we

... this report updates the total costs the State incurred—and taxpayers are still paying—to support Hawai'i Superferry operations.



PHOTO: OFFICE OF THE AUDITOR

Daily Tug Service for Kahului Barge, FY2008 and FY2009

TOTAL
\$506,804

AFTER THE U.S. COAST GUARD expressed concern about the instability of the barge-and-ramp system at Kahului Harbor, DOT commissioned a tugboat to hold the barge snug against the pier during Hawai'i Superferry operations to provide the safe loading and unloading of vehicles. During periods of strong ocean surges, regardless of whether the ferry was in port or not, the tug boat was also needed to hold either the barge snug against the pier to minimize damage or move the barge off the pier.



Daily Tug Service for Kahului Barge, FY2008 and FY2009

TOTAL
\$506,804

AFTER THE
the instabi
Harbor, D
snug again
to provide
During pe
the ferry v
to hold ei



Kahului barge mooring system repair
\$273,859
Kahului interior barge repair and replace Pier 2B plate bollard
\$169,411

TOTAL
\$443,270*

*included as part of barge-and-ramp systems

SHORTLY AFTER ENTERING SERVICE in August 2007, Kahului's barge-and-ramp system repeatedly damaged its pier during storm surges and high winds. In mid-September 2007, mooring lines broke and the pier fender was damaged. Mooring lines broke again in mid-October 2007, mid-November 2007, early December 2007, mid-January 2008, and again in early April 2008. Each time the mooring lines broke, the size and strength

PHOTO: OFFICE OF THE AUDITOR



Daily Tug Service for Kahului Barge, FY2008 and FY2009

TOTAL
\$506,804



Barge-and-ramp systems

TOTAL
\$38,127,915

DOT PAID OVER \$38.1 MILLION to Healy Tibbitts Builders (Healy Tibbitts) for the barges and vehicle ramp systems for the Hawai'i Superferry. The department's contract required Healy Tibbitts to design, build, and install a barge system consisting of a barge, mooring system, and fenders. The barges at Honolulu and Kahului were 280.5 feet long and Kawaihae's barge was

PHOTO: OFFICE OF THE AUDITOR

PHOTO: OFFICE OF THE AUDITOR

s pier
2007.
flooring
2007.
early April
length

**HAWAII SUPERFERRY
TOTAL COST TO THE STATE**

Total capitalized costs \$45,260,843*
(assets)

- 1. Barge-and-ramp systems \$ 38,127,915
- 2. Capital Improvement Project related to Hawaii Superferry operations \$ 4,424,990
- 3. Wharf improvements \$ 1,520,786
- 4. Land improvements \$ 1,187,152

Tug service and transportation of barges to and within Honolulu Harbor \$730,036

Total interest on general obligation bonds \$24,615,245

TOTAL \$70,606,124

THANK YOU!

General Obligation Bond Repayment Schedule

FY	Principal	Interest	Total
2007	\$ -	\$ 1,106,473	\$ 1,106,473
2008	\$ -	\$ 1,336,618	\$ 1,336,618
2009	\$ -	\$ 1,830,941	\$ 1,830,941
2010	\$ 966,555	\$ 1,858,207	\$ 2,824,762
2011	\$ 1,140,780	\$ 1,819,229	\$ 2,959,989
2012	\$ 1,609,314	\$ 1,771,802	\$ 3,380,918
2013	\$ 1,678,482	\$ 1,702,350	\$ 3,380,832
2014	\$ 1,757,503	\$ 1,623,176	\$ 3,380,679
2015	\$ 1,844,233	\$ 1,536,820	\$ 3,381,053
2016	\$ 1,932,016	\$ 1,448,638	\$ 3,380,654
2017	\$ 2,022,854	\$ 1,357,986	\$ 3,380,820
2018	\$ 2,122,232	\$ 1,258,386	\$ 3,380,618
2019	\$ 2,227,919	\$ 1,152,889	\$ 3,380,808
2020	\$ 2,336,771	\$ 1,044,012	\$ 3,380,783
2021	\$ 2,450,903	\$ 929,861	\$ 3,380,764
2022	\$ 2,572,554	\$ 808,084	\$ 3,380,638
2023	\$ 2,700,654	\$ 680,024	\$ 3,380,678
2024	\$ 2,835,218	\$ 545,735	\$ 3,380,953
2025	\$ 2,976,657	\$ 404,299	\$ 3,380,956
2026	\$ 3,124,940	\$ 255,883	\$ 3,380,823
2027	\$ 1,136,535	\$ 100,183	\$ 1,236,718
2028	\$ 893,484	\$ 43,869	\$ 937,353
Total	\$ 38,328,584	\$ 24,615,245	\$ 62,943,829

Ship Has Sailed On, but State Still Owes \$32.6 Million

TO FINANCE barges and ramps for Honolulu, Kahului, and Kawaihee Harbors, as well as a fixed ramp for Nāwiliwili Harbor, in 2005, the State issued approximately \$38 million in 20-year general obligation bonds, which it will be paying off through 2028. From FY2007-FY2028, the state will have paid over \$62.9 million in principal and interest.

WHAT THE STATE STILL OWES

Outstanding Balance as of July 1, 2017

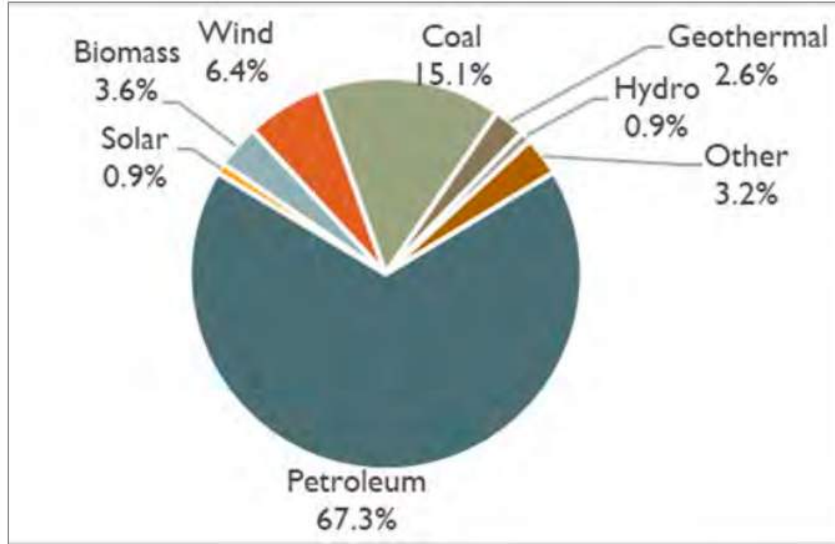
\$32.6 million



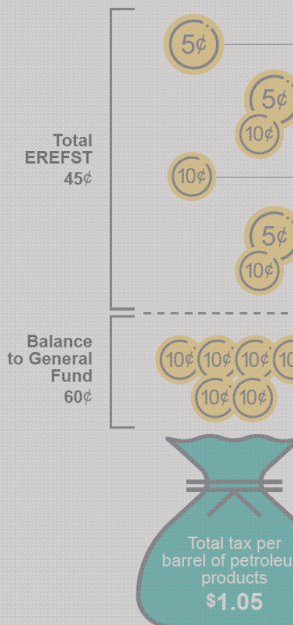
**HAWAII STATE
Energy Office**



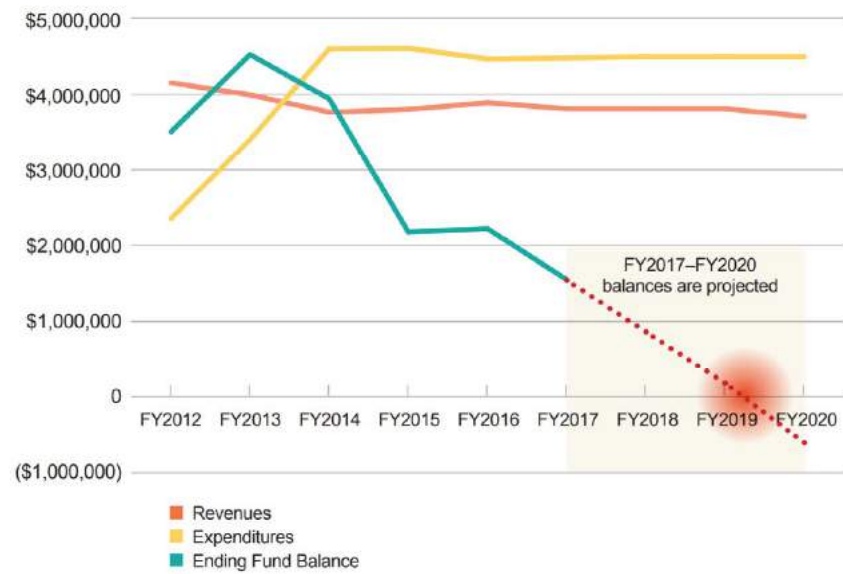
Hawaii Electricity Production by Source (2015)



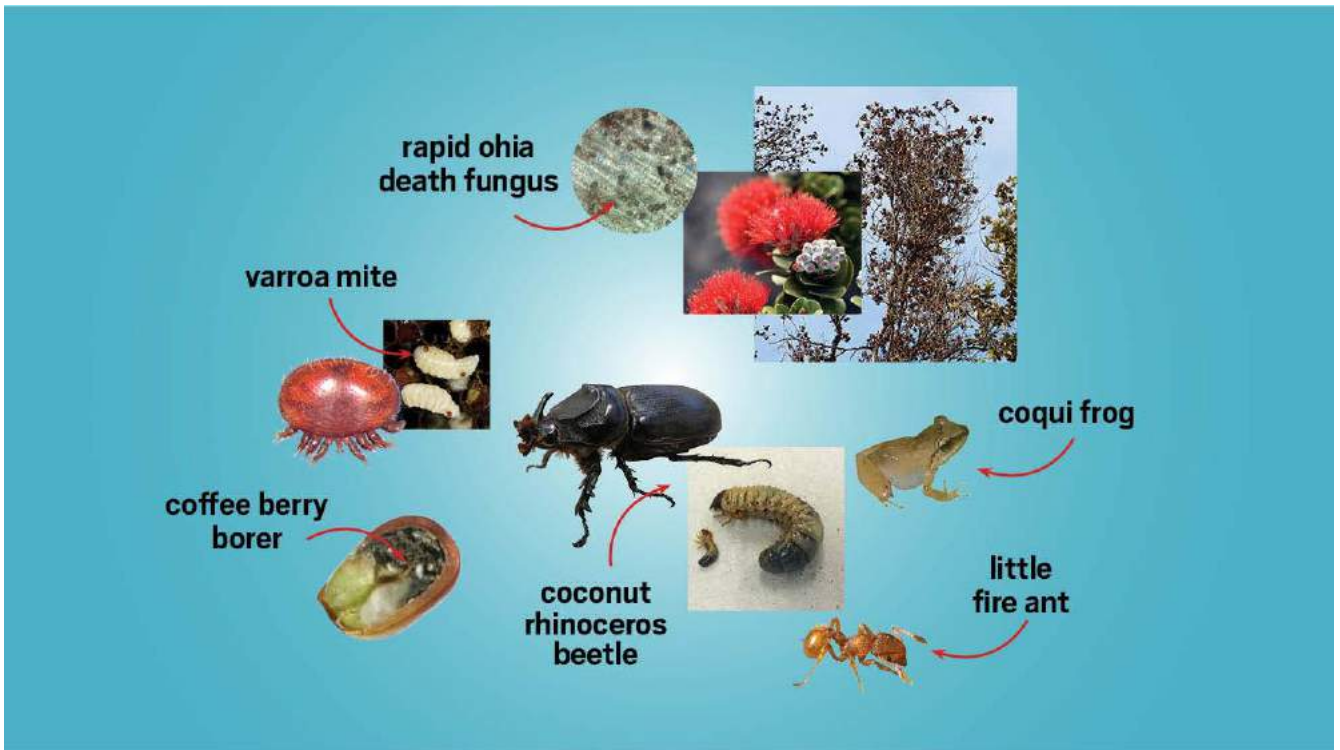
"Barrel Tax" Allocation

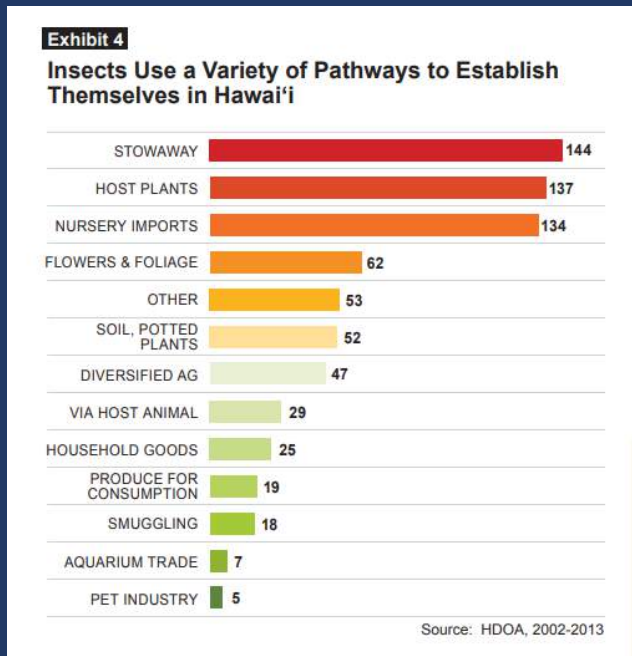
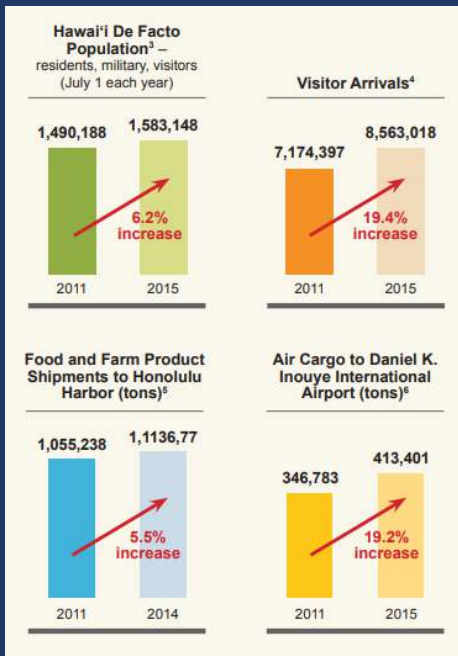
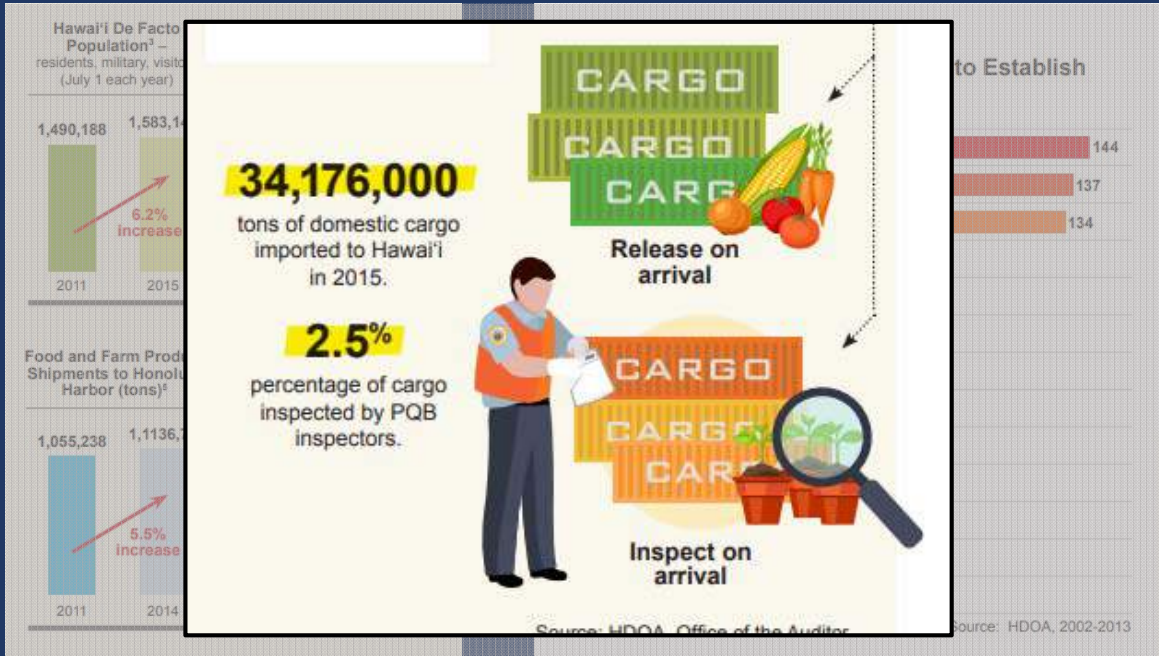


Revenues, Expenditures, and Fund Balance



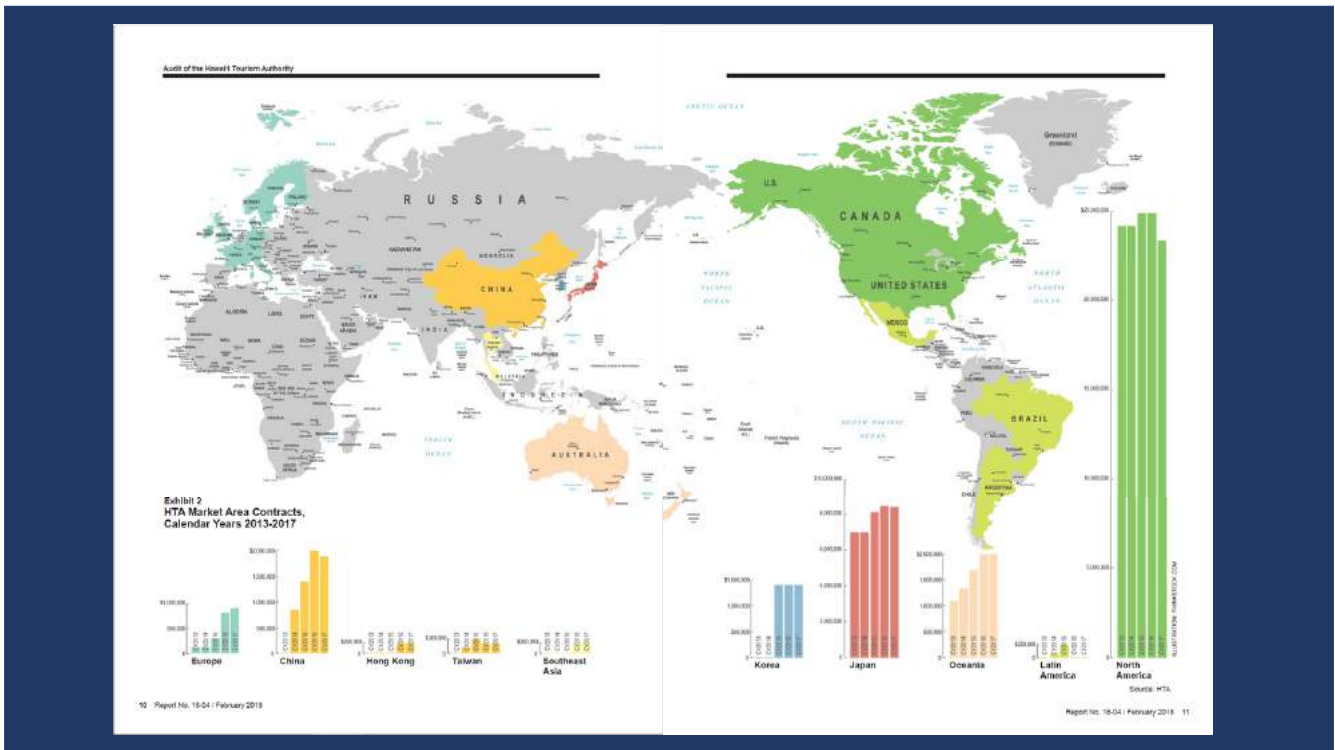
Source: Act 73, Session Laws of Hawai'i 2010, Section 243-3.5, HRS







HAWAII TOURISM
 AUTHORITY



More Autonomy, Less Accountability: Audit of the Hawai'i Tourism Authority

EA-101 2
HTA Market Area Contracts,
Calendar Years 2013-2017



10 Report No. 18-04 February 2018

Report No. 18-04 February 2018 11

AEG Contract Terms

Type of Contract
Cost Reimbursement

Scope of Service:
Management, Operations,
and Marketing of the
Convention Center

Major Repair &
Maintenance and Capital
Improvement

Contract Period:
January 1, 2014 –
December 31, 2017

Contract Amount:
\$83,620,160

HVCB Contract Terms

Type of Contract:
Fixed Fee⁹

Scope of Service:
United States & Canada
Leisure Market

Contract Period:
January 1, 2013 –
December 31, 2016
(Two-year initial contract,
with 3 additional 1-year
options, exercised twice)

Contract Amount:
\$98,295,992

One and Only? Sole Source Procurements



First Daughter MediaWorks, Inc. was awarded a sole source \$177.5k contract for an online public information campaign. The justification: "Sole source because of the team's unique experience and track record. Experience working with one billion plus page view sites per month. Created campaign for YouTube, Google and Facebook. Narrative documentary expertise that is aligned with expertise in live digital streaming."



A contract to manage the gohawaii.com website was given to the former HTA employee on the basis that she previously managed the project while employed by HTA.



Miles Valenti Ng Pack was awarded a sole source contract to refresh HTA's logo, provide brand guidelines, and develop tourism conference videos. "Because they did the logo in the past and just to keep consistency," according to HTA's acting manager for the United States and Europe Markets. That initial half-year \$287,550 agreement was subsequently expanded at an additional cost of \$166,912.



In 2016, a contract was awarded between HTA and Winfred Pong, a former employee. The \$20,000 contract called for Pong to "provide some narrative services to the state related to the drafting of regular and executive session minutes from monthly board and committee meetings... as well as various other tasks, including drafting of documents. The sole source justification stated: "Contractor has the established knowledge about our organizational structure and contacts as well as relationships with our staff and board members."

Contractor Name	Amount
Anthology "Kama Ima Finds" Educational video campaign	\$60,000
Cadex Schutte, LLP Development and implementation of 2018 Legislative regular session strategy	74,240
Community Marketing, Inc. LOST survey	71,750
Community Marketing, Inc. Samm as above	10,250
Expedia Online tourism video and global marketing campaign	3,500,000
First Daughter Digital strategy and mobile campaign	177,150
First Daughter Same as above	-
High Performance System, Inc. IT services	37,948
High Performance System, Inc. Same as above	75,895
HVCB Neighbor Island convention bureau support	821,200
HVCB Same as above	800,000
HVCB Supplemental staffing, website and social media services, and an intellectual property bank at	2,492,708
HVCB Same as above, bank #2	540,181
HVCB Same as above, bank #3	865,420
HVCB Same as above, bank #4	549,256
Hayzo Go Hawaii smartphone app	61,653
Hayzo Go Hawaii smartphone app (phase 2)	11,507
Hayzo Go Hawaii smartphone app (phase 2)	33,948
Lynn Surayan Overseeing Miles Marketing Destinations contract to develop new gohawaii.com website	4,680
Lynn Surayan Same as above	33,800
Lynn Surayan Same as above	35,360
Miles Valenti Ng Pack Branding and marketing services	287,550
Miles Valenti Ng Pack Same as above	196,152
N&K CPAs Inc. (P&P) Updating HTA's current written policies and procedure manuals	26,000
N&K CPAs Inc. (Temp. Fin.) Temporary financial staffing services	64,000
Net Results IT services	9,175
Non-Profit Technologies Software	28,916
Winfred Pong Board minute contract support	20,000

Results Don't Matter: No Contractor Evaluations



Hayzo Inc. was hired in January 2016 to develop a mobile application for the gohawaii.com website. The contract's initial value was \$53,272 and work was to be completed before Mar 2016. However, Hayzo was overpaid \$2,267,225 because of payments made after the contract expired, but before the execution of a second contract in June 2016 to complete the original project. That overpayment was paid under the initial contract, but was included in the value of the second contract for \$42,268. Then in September 2016, HTA executed an extension of the initial contract that had ended five months earlier, and provided Hayzo an additional \$51,661. The additional contract and amendments were executed prior to any written evaluation of Hayzo.

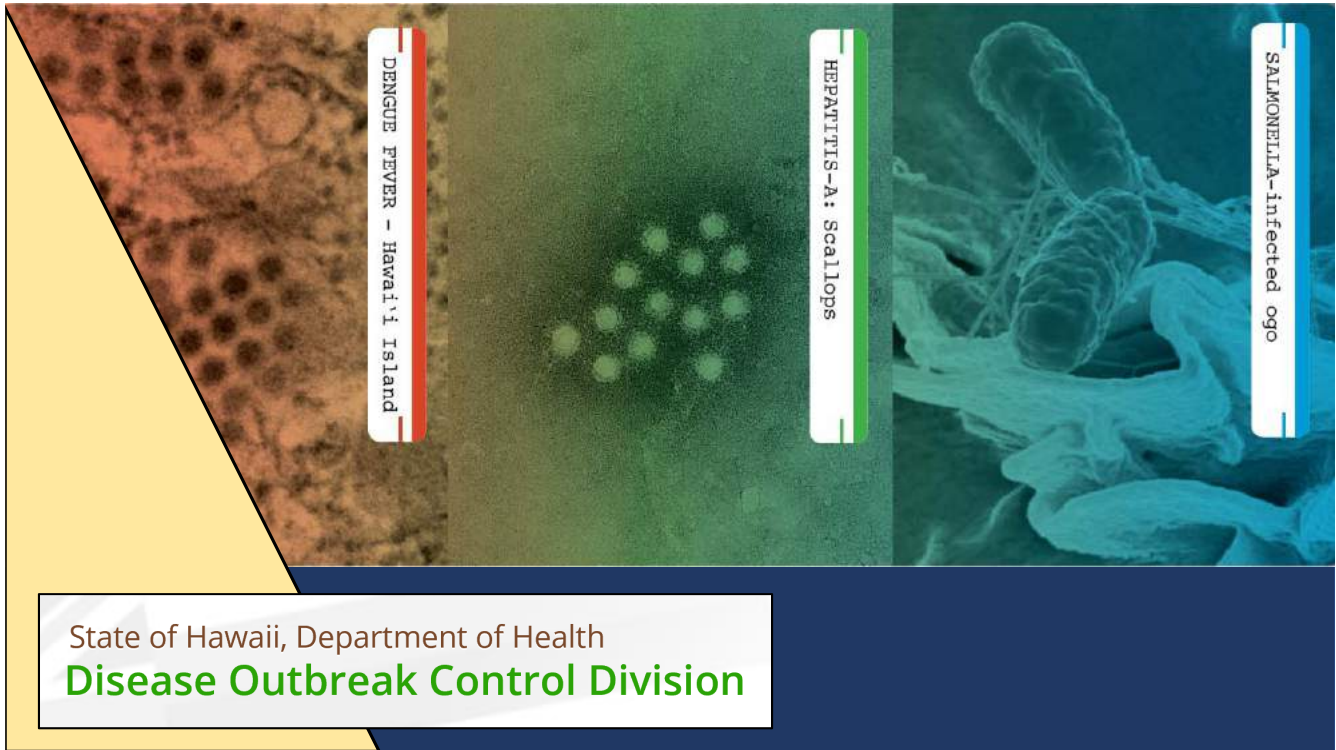


Miles Marketing's contract to develop gohawaii.com, which ended June 30, 2017, was extended by one year to include continued development without an evaluation of how the contractor performed. The extension exceeded \$200,400 for content and creative development.

Contractor Name	Amount
Anthology PR 1 For communication and outreach services	\$352,688.00
Anthology PR 2 For communication and outreach services	371,000.00
ClearPath Entertainment Contract for event planning for the 2016 Hawaii Tourism Conference	321,712.50
ClearPath Entertainment Same as above	150,000.00
Community Marketing, Inc. Contract for 2016 LGBT tourism study	71,750.00
First Daughter To develop a digital strategy and mobile campaign	177,150.00
High Performance System, Inc. Contract for HTA in-house IT services	37,947.63
HVCB To support Neighbor Island convention bureau programs and services (4/13/16 to 12/31/16)	621,200.00
HVCB Supplemental staffing and service for websites, social media, and an intellectual property bank (6/7/16 to 12/31/16)	2,492,708.84
HVCB Same as above (12/26/16 to 12/31/17)	540,181.00
HVCB Same as above (12/21/17 to 12/31/17)	865,420.48
Hayzo For development of a GoHawaii mobile application	61,632.96
Lynn Surayan To oversee development of a new gohawaii.com website (developed by Miles Marketing Destinations)	4,680.00
Lynn Surayan Same as above	33,800.00
Miles Marketing To develop and support the global GoHawaii website	600,460.00
Rapucorn To conduct event impact evaluations (5/26/16 to 5/30/17)	214,181.00
SMS To conduct domestic visitor arrival surveys (2015-2018)	1,113,060.00
WCIT Architecture, Inc. Center for Hawaiian Music and Dance	850,000.00

Expediting Expedia: Hasty Planning, Questionable Results





Dengue Fever – Hawai'i Island

Time Frame: Oct. 2015 – Apr. 2016

No. of Cases Investigated



No. of Confirmed Cases



Hepatitis-A: Scallops

Time Frame: June 2016 – Nov. 2016

No. of Cases Investigated



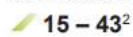
No. of Confirmed Cases



Salmonella-infected Ogo

Time Frame: Oct. 2016 – Dec. 2016

No. of Cases Investigated



No. of Confirmed Cases



0 2 7
 CONFIRMED CASES

November 6, 2015
 DOH contracts with a public relations firm for public relations and communications assistance. The firm provides strategic communication services, including creation and coordination of the branding strategies, messaging, promotional and educational materials, press conferences, press releases, press kits, social media content, website content, and information scripts for public facing personnel and for internal communications. The contract ends in December 2015 after the contracted amount of \$100,000 was expended.

November 9, 2015
 "Fight the Bite" education and outreach campaign launches at a press conference held by the County of Hawai'i Mayor's Office to urge Hawai'i Island residents and visitors to prevent, prepare, and protect against mosquito-borne diseases.

November 19, 2015
 DOH holds a press conference regarding the dengue fever outbreak featuring the governor, DOH director, Division chief, DOH Environmental Health Services Division administrator, and DOH State Laboratory director. During the press conference, they discuss the efforts by the County of Hawai'i, the State, and others to get the outbreak under control.

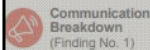
November 20, 2015
 The Division chief requests assistance from the CDC's Dengue Branch Division of Vector-Borne Diseases, the National Center for Emerging and Zoonotic Infectious Diseases, and CDC regarding entomological expertise on mosquitoes. CDC will later provide communications

Communication Breakdown
 (Finding No. 1)
 DOH has one public information officer on staff, who is responsible for issuing press releases and media advisories, as well as arranging press conferences and media interviews, for DOH's numerous divisions and officers. The public information officer said that she had difficulty receiving information from the Division, eventually having to request dengue fever outbreak details from the County of Hawai'i district health officers and DOH Vector Control Branch staff. The Division's lack of cooperation was not unique to the dengue outbreak.

Source: Disease Outbreak Control Division



Finding No. 1
 DOH and Division communication plans should be formalized.



Communication Breakdown
 (Finding No. 1)

DOH has one public information officer on staff, who is responsible for issuing press releases and media advisories, as well as arranging press conferences and media interviews, for DOH's numerous divisions and



Finding No. 2
 Consistent end-of-outbreak reviews and reports would better prepare the Division for future outbreaks.



Finding No. 3
 Lax procedures and records management may be hampering outbreak response.

National Center for Emerging and Zoonotic Infectious Diseases, and CDC regarding entomological expertise on mosquitoes. CDC will later provide communications



Kupuna Care

Audit of the Office of Health Care Assurance's Adult Residential Care Homes Program

A Report to the Governor and the Legislature of the State of Hawai'i

Report No. 18-18
November 2018

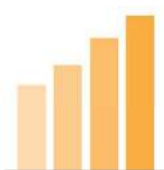


OFFICE OF THE AUDITOR
STATE OF HAWAII

By the Numbers Aging and ARCHs

479

Number of Hawai'i ARCH and E-ARCH facilities.



3.7%

Hawai'i's average annual growth rate of elderly population from April 2010 to July 2017.

2,703*

Number of beds in Hawai'i ARCHs and E-ARCHs.



17.8

Percentage of Hawai'i's population of 1.43 million who are considered "elderly," i.e., 65 years and older, in 2017.

Where's the money?



**Special,
Revolving
and Trust
Funds**



Hawai'i Aloha



Mahalo



OFFICE OF THE AUDITOR
STATE OF HAWAII



107

**OIA 2019 Budget Update,
Tom Bussanich, DOI-OIA**

2019 Budget Request Office of Insular Affairs



1

2019 Budget Request Office of Insular Affairs

- 2019 Budget Request Summary
- The Big Picture
 - Mission
 - Resources
- 2019 Budget Presentation
 - Assistance to Territories
 - Compacts of Free Association (Current)
 - Compacts of Free Association (Permanent)
 - Fiscal Payments

2

The Big Picture

Total 2019 Budget Request
 (Dollars in Thousands)

Budget Authority	2017 Actual	2018 CR	2019 Request
Current Discretionary	67,523	67,064	56,356
Current Mandatory	40,867	40,778	27,720
Total Current	108,390	107,842	84,076
Permanent	544,069	520,809	523,929
Total OIA	652,459	628,651	608,005
FTEs	33	36	36
DoD Transfer	0	0	111,000
Total OIA w/ DoD Transfer	652,302	628,651	719,005



Ofu National Park of American Samoa



St. Thomas, USVI



Yap, FSM

The Big Picture

OIA's Mission

Strengthen economic and health capacities in the US Territories, and fulfill US compact obligations to the freely associated states

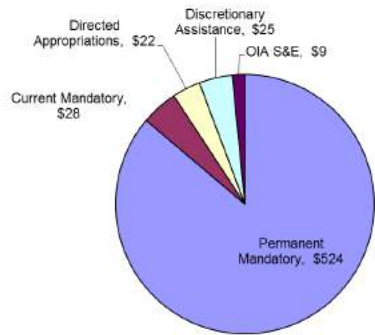
- Bolster Healthcare Capacity
- Strengthen Island Economies
- Fulfill US Compact Obligations





The Big Picture

OIA 2019 Target Budget Request - \$608 Million



Discretionary Assistance - \$25.6 million

- Technical Assistance - \$14.7 million
- Maintenance Assistance Fund - \$1.0 million
- Brown Tree Snake Control - \$2.8 million
- Coral Reef Initiative & Natural Resources - \$946,000
- Empowering Insular Communities - \$2.8 million
- Federal Services - \$2.6 million
- Enewetak - \$473,000

OIA S&E - \$9.4 million

- Office of Insular Affairs - \$9.43 million

Permanent Mandatory - \$523.9 million

- Compacts of Free Association - \$221.9 million
- Fiscal Payments (Guam Section 30, VI Rum Taxes) - \$302.0 million

Current Mandatory - \$27.7 million

- CIP Grants - \$27.7 million

Directed Appropriations - \$21.5 million

- American Samoa Operations - \$21.5 million

FY 2019 Budget at a Glance Office of Insular Affairs (Dollars in Thousands)					
	2017 Actual	2018 CR	Fixed Costs & Related Program		2019 Request
			Changes	Changes	
Assistance to Territories					
American Samoa Operations	22,752	22,597	0	-1,068	21,529
Capital Improvement Projects	27,720	27,720	0	0	27,720
Territorial Assistance					
Office of Insular Affairs	9,448	9,384	-62	+108	9,430
Technical Assistance	16,784	16,670	0	-1,999	14,671
Maintenance Assistance	4,000	3,973	0	-2,950	1,023
Brown Tree Snake Control	3,500	3,476	0	-639	2,837
Coral Reef Initiative & Natural Resources	1,250	1,242	0	-296	946
Empowering Insular Communities	3,471	3,447	0	-636	2,811
Compact Impact Disc.	3,000	2,980	0	-2,980	0
Total, Assistance to Territories	91,925	91,489	-62	-10,460	80,967
Compact of Free Association - Current					
Federal Services	2,818	2,798	0	-162	2,636
Enewetak	500	497	0	-24	473
Palau Compact Extension	13,147	13,058	0	-13,058	0
Total, Compact of Free Association - Current	16,465	16,353	0	-13,244	3,109
Total Current Discretionary/Mandatory	108,390	107,842	-62	-23,704	84,076
Compact of Free Association					
Marshall Islands Compact	76,065	76,948	0	+1,270	78,218
Federated States of Micronesia Compact	110,135	111,500	0	+1,844	113,344
Compact Impact	30,000	30,000	0	0	30,000
Judicial Training	370	361	0	46	362
Total Compact (Permanent)	216,570	218,809	0	+3,120	221,929
Fiscal Payments					
Guam Section 30 Income Taxes	85,712	78,000	0	0	78,000
VI Rum Excise Taxes	242,099	224,000	0	0	224,000
Total, Fiscal Payments (Permanent)	327,811	302,000	0	0	302,000
American Samoa Loan Program Account	0	0	0	0	0
American Samoa Loan Financing Account	-312	0	0	0	0
Total, American Samoa Loan (Permanent)	-312	0	0	0	0
Total, Office of Insular Affairs	652,459	628,651	-62	-20,584	608,005
Palau Compact DoD Transfer	0	0	0	+111,000	111,000
Total, Office of Insular Affairs w DoD Transfer	652,459	628,651	-62	+90,416	719,005

2019 Budget Request

7

Assistance to Territories

2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR*		Fixed Costs & Related Program Changes		Internal Transfers		Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE	Changes	Transfers	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES														
1. American Samoa Operations	22,752	2	22,597		-	-						2	21,529	- (1,068)

- American Samoa Operations 2017 Usage
 - Education - \$12.6 million
 - LBJ Hospital - \$7.9 million
 - American Samoa Community College - \$1.4 million
 - High Court of American Samoa - \$923,000



8

Assistance to Territories 2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR*		Fixed Costs & Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES												
2. Capital Improvement Project (CIP) Grants												
Northern Mariana Islands Construction	9,082	-	9,082	-	-	-	-	583	-	9,665	-	583
American Samoa Construction	9,613	-	9,613	-	-	-	-	251	-	9,864	-	251
Guam Construction	6,578	-	6,578	-	-	-	-	(251)	-	6,327	-	(251)
Virgin Islands Construction	2,447	-	2,447	-	-	-	-	(583)	-	1,864	-	(583)
Total, CIP Grants	27,720	-	27,720	-	-	-	-	-	-	27,720	-	-

*Capital Improvement Project grant allocations by territory for 2018 will follow the competitive outcome displayed in the 2018 budget request once full year appropriations are enacted instead of the 2018 CR allocations shown above.

- **Capital Improvement Program**

- General infrastructure construction including water, sewer, power, schools and hospitals
- Competitive Criteria



Manu'atalele - American Samoa Ferry Boat



Guam Environmental Public Health Lab



Puerto Rico Dump Closure, CNMI

Assistance to Territories 2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR*		Fixed Costs & Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES												
3. Territorial Assistance												
Office of Insular Affairs	9,448	34	9,384	34	(62)	-	-	108	34	9,430	-	46

- **Office of Insular Affairs**

- 34 FTE Staff in DC, HI, Am. Samoa, CNMI, FSM, RMI
- Oversight resources are crucial



Assistance to Territories

2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR*		Fixed Costs & Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES												
3. Territorial Assistance												
Technical Assistance	16,784	-	16,670	-	-	-	(1,999)	-	14,671	-	(1,999)	

- Technical Assistance
 - \$30.4 million in requests in 2017
 - Focus on urgent emergent needs and effective governance.



USVI - Juan F. Luis Hospital Equipment Upgrades



American Samoa Drug Sniffing Dogs

Technical Assistance to Territories

2019 Budget Request

The Office of Insular Affairs is requesting proposals for its Technical Assistance Program (TAP) which provides grant funding for short-term projects intended to meet the immediate needs of the insular areas. Funding priorities include, but are not limited to, projects that foster the development of the insular areas in the following categories:

Accountability, financial management, economic development, education, energy production, management control initiatives, disaster assistance, natural and cultural resources, capacity building, public safety/emergencies, health initiatives, and invasive species management.

USVI - Juan F. Luis Hospital Equipment Upgrades

American Samoa Drug Sniffing Dogs

Assistance to Territories

2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR*		Fixed Costs & Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES												
3, Territorial Assistance												
Maintenance Assistance	4,000	-	3,973	-	-	-	-	(2,950)	-	1,023	-	(2,950)

- Maintenance Assistance Fund
 - Institutionalize good maintenance practices
 - Training, planning, tools, and repairs
 - Assessment of Buildings and Classrooms (ABCs) Initiative
 - 2013 report noting \$177 million in deferred maintenance; \$17 million health and safety
 - 5-year push to reduce deferred maintenance



American Samoa Comprehensive Bus Safety Program



The Pacific Lineman Training



Insular ABC's Assessment

Maintenance Assistance to Territories

2019 Budget Request

The Office of Insular Affairs (OIA) is requesting funding proposals for its Maintenance Assistance Program (MAP). MAP funding is used to support, develop, improve and, as much as possible, institutionalize infrastructure maintenance practices in the seven insular areas. Activities will support maintenance training to extend the life of island infrastructure, ensure the safety of maintenance technicians, and/or increase the capacity of infrastructure to withstand extreme events; this may include training of maintenance technicians that increases knowledge and awareness of measures to be taken to protect infrastructure from severe weather impacts.

Assistance to Territories

2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR*		Fixed Costs & Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES												
3. Territorial Assistance												
Brown Tree Snake Control	3,500	-	3,476	-	-	-	-	(639)	-	2,837	-	(639)
Coral Reef Initiative & Natural Resources	1,250	-	1,242	-	-	-	-	(296)	-	946	-	(296)

- **Brown Tree Snake Control**
 - Containment; Aerial suppression system creation, testing and implementation
- **Coral Reef Initiative & Natural Resources**
 - Protect and improve the health of coral reef habitats for long-term economic and social benefit



BTS Aerial Suppression System

15

Assistance to Territories

2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR*		Fixed Costs & Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
ASSISTANCE TO TERRITORIES												
3. Territorial Assistance												
Empowering Insular Communities	3,471	-	3,447	-	-	-	-	(636)	-	2,811	-	(636)
Compact Impact - Discretionary	3,000	-	2,980	-	-	-	-	(2,980)	-	-	-	(2,980)

- **Empowering Insular Communities**
 - Energy costs up to 3X national average
 - Sustainable energy projects
 - Photovoltaic, energy efficiency, wind, geothermal, integrated resource planning
- **Compact Impact Discretionary**
 - Program Elimination



Solar panels in Manu'a, American Samoa



Pilot Wind Turbine Project (275 kW)
Guam

16

Compacts of Free Association - Current

2019 Budget Request

	2017 Actual		2018 CR		Fixed Costs & Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
COMPACT OF FREE ASSOCIATION - CURRENT												
1. Federal Services	2,818	-	2,798	-	-	-	(162)	-	2,636	-	(162)	
2. Enewetak	500	-	497	-	-	-	(24)	-	473	-	(24)	

- Federal Services
 - USPS mail service to freely associated states
- Enewetak
 - Agricultural rehabilitation and community support



17

Compacts of Free Association

2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR		Fixed Costs and Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
COMPACT OF FREE ASSOCIATION - PERMANENT												
Compact Impact	30,000		30,000		-	-	-	-	30,000		-	

- Compact Impact
 - Compact Impact enumeration to be completed in 2018
 - Updated allocations began in 2020

Compact Impact Enumeration Summary

	2008 Enumeration			2013 Enumeration			Change from 2008 to 2013		
	COFA Population	Percent of Total	Compact Impact Funding	COFA Population	Percent of Total	Compact Impact Funding	Population	COFA Percent of Population	Compact Impact Funding
Total	32,635	100%	30,000,000	34,555	100.0%	30,000,000	+1,920		
Hawaii	12,215	37%	11,228,742	14,700	43%	12,762,263	+2,485	+5.1%	+1,533,521
Guam	18,305	56%	16,827,026	17,170	50%	14,906,671	-1,135	-6.4%	-1,920,356
CNMI	2,100	6%	1,930,443	2,660	8%	2,309,362	+560	+1.3%	+378,919
AS	15	0%	13,789	25	0%	21,705	+10	+0.0%	+7,916



18

Compacts of Free Association

2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR		Fixed Costs and Related Changes	Internal Transfers	Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE			FTE	Amount	FTE	Amount	FTE	Amount
COMPACT OF FREE ASSOCIATION - PERMANENT Assistance to the Marshall Islands:												
Sector Grants	36,505		36,358		-	-	-8	36,350	-8			
Audit	500		500		-	-	-	500	-			
Trust Fund	16,053		16,855		-	-	892	17,747	892			
Rongelap Resettlement	-		-		-	-	-	-	-			
Kwajalein Lease Payment	21,404		21,670		-	-	360	22,030	360			
Enewetak	1,603		1,565		-	-	26	1,591	26			
Subtotal, Marshall Islands Assistance	76,065		76,948		-	-	1,270	78,218	1,270			
Assistance to the Federated States of Micronesia (FSM)												
Sector Grants	80,145		80,180		-	-	353	80,533	353			
Trust Fund	29,490		30,820		-	-	1,491	32,311	1,491			
Audit	500		500		-	-	-	500	-			
Subtotal, FSM Assistance	110,135		111,500		-	-	1,844	113,344	1,844			
Judicial Training	370		361		-	-	6	367	6			

- Summary of RMI and FSM assistance



Palau Compact

2019 Budget Request

REPUBLIC OF PALAU
Estimated Payments 2010-2024
Dollars in thousands

Sec. ACTIVITY (Revised Agreement)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTALS, U
1 Trust Fund Contributions									65,250							65,250
2a Infrastructure Maintenance Fund 2/									2,000	2,000	2,000	2,000	2,000	2,000	2,000	14,000
3 Fical Consolidation Fund									0							0
4a Economic Assistance - Compact Extension	13,147	13,147	13,147	13,147	13,147	13,147	13,147	13,147	2,468							107,644
Economic Assistance									22,106							22,106
5 Infrastructure Projects									20,000							20,000
Direct Assistance to Palau - Compact Extension	13,147	13,147	13,147	13,147	13,147	13,147	13,147	13,147								107,644
Direct Assistance to Palau	0	0	0	0	0	0	0	0	111,824	2,000	2,000	2,000	2,000	2,000	2,000	121,856
Total Direct Assistance to Palau	13,147	13,147	13,147	13,147	13,147	13,147	13,147	13,147	111,824	2,000	2,000	2,000	2,000	2,000	2,000	229,000
ANNUAL FUNDING, PALAU COMPACT	13,147	13,147	13,147	13,147	13,147	13,147	13,147	13,147	111,824	2,000	2,000	2,000	2,000	2,000	2,000	229,000
FUNDING STREAM									111,824	2,000	2,000	2,000	2,000	2,000	2,000	123,824

1/ Discretionary appropriations provided by the Congress in 2010-2017 italicized
2/ Entry Into Force repayment (Sec. 212) \$3 million paid into Infrastructure Maintenance Fund



Fiscal Payments

2019 Budget Request

Activity/Subactivity	2017 Actual		2018 CR*		Fixed Costs & Related Changes		Internal Transfers		Program Changes		2019 Request		Change from 2018 (+/-)	
	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	
ASSISTANCE TO TERRITORIES														
1. Guam Section 30 Income Taxes	85,712		78,000		-	-	-	-	-	-	78,000	-	-	-
2. VI Rum Excise Taxes	242,099		224,000		-	-	-	-	-	-	224,000	-	-	-

- Summary of Fiscal Payments
 - USVI Rum (\$10.50 or \$13.25 a proof gallon)
 - \$13.25 for 5 years under PL 115-123 (“Budget Deal”)





108

**Unfunded Pension Liabilities,
Frank Crawford, CPA**

Addressing Unfunded Pension Liabilities: The Pension Reform Trifecta

IGFOA 2018

Presented by
Frank Crawford, CPA
www.crawfordcpas.com
frank@crawfordcpas.com
[@fcrawford](https://twitter.com/fcrawford) (twitter)

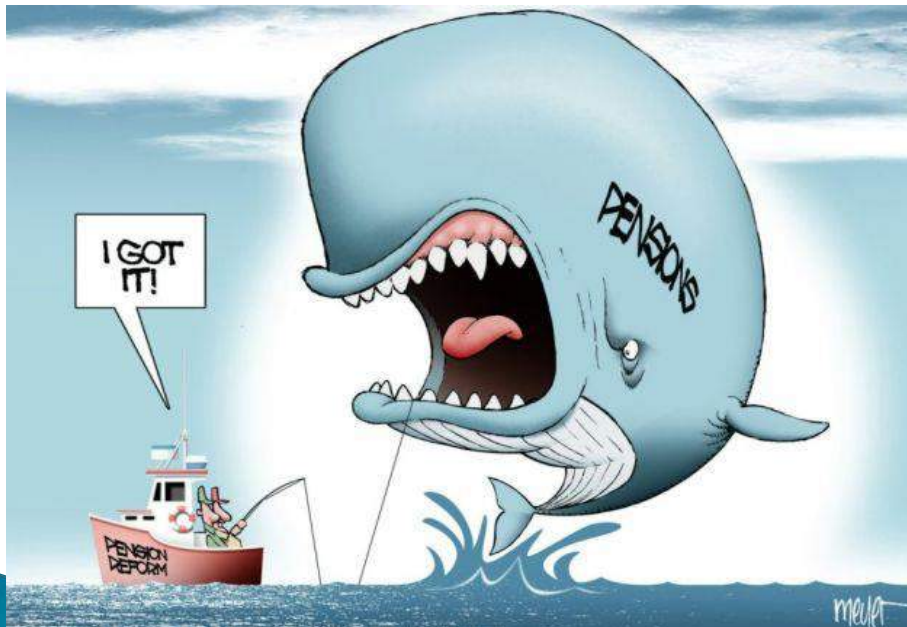


Pension Reform Trifecta

- ▶ Contributions (in)
 - ▶ Investment returns (in)
 - ▶ Benefit payments (out)
- ▶ What can you effectively do to these three things to decrease the amount of the unfunded liability?



3



Defined benefit pensions

- ▶ Liabilities to employees for pensions
 - “Net pension liability” (NPL)
 - Total pension liability (TPL), net of pension plan’s fiduciary net position
 - TPL = actuarial present value of projected benefit payments attributed to past periods
 - Fiduciary net position as measured by pension plan
 - Single/agent employers recognize 100 percent of NPL
 - Cost-sharing employers recognize proportionate shares of collective NPL



5

Changes in NPL

NPL recognized in current reporting period
(NPL recognized in prior reporting period)
Change in NPL for current reporting period

- ▶ Recognize most changes as expense in full in reporting period of change
 - Examples: service cost, interest on TPL, benefit changes, projected earnings on pension plan investments
- ▶ Exceptions:
 - Differences between expected and actual experience (TPL)
 - Changes of assumptions (TPL)
 - Difference between projected and actual earnings on pension plan investments
 - Employer contributions



6

Changes in NPL—TPL exceptions

- ▶ Expense recognized in current and future periods
 - Systematic and rational method
 - Closed period
 - Average of expected remaining service lives of all employees (active and inactive, including retirees)
- ▶ Portion not recognized in expense = deferred outflow of resources/deferred inflow of resources related to pensions



7

Changes in NPL—investment earnings exception

- ▶ Expense recognized in current and future periods
 - Systematic and rational method
 - Closed, 5-year period
- ▶ Portion not recognized in expense = deferred outflow of resources/deferred inflow of resources related to pensions
- ▶ Report net deferred outflow of resources/deferred inflow of resources from this source



8

Defined contribution pensions

- ▶ Pension expense for amounts defined by benefit terms as attributable to the reporting period
 - Net of forfeited amounts removed from employee accounts
- ▶ Liability for difference between pension expense and contributions
- ▶ Note disclosures
 - Descriptive information about plan, benefit terms, contribution rates, amount of expense, amount of forfeitures, amount of liability
- ▶ Nonemployer contributing entities with legal requirements to contribute directly to pension plan also addressed



9

DB – DC Hybrid Plans

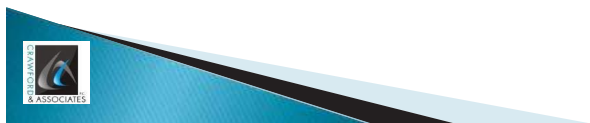
- ▶ A newer option that we are starting to see appear
 - A plan where part of the retirement benefit is fixed, i.e., a defined contribution (DC plan), and part of the plan is a defined benefit (DB plan)
 - The DB component of this plan is usually small, but still will required a funding component beyond the retirement date



Calculating Total Pension Liability

▶ Discount Rate

- Single rate reflective of:
 - Long-term expected rate of return to the extent that plan net position from specified sources is
 - Projected to be sufficient to make benefit payments
 - Expected to be invested using a long-term investment strategy
 - Index rate for a tax-exempt 20-year municipal bond rated AA/Aa (or equivalent) or higher



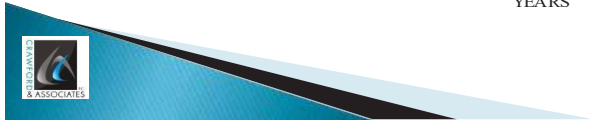
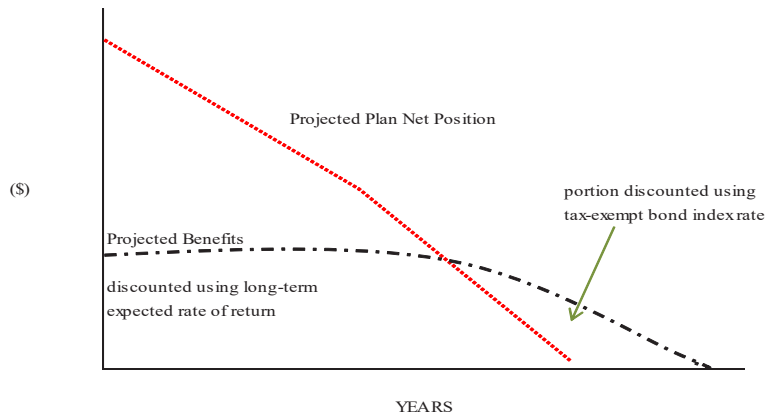
Calculating Total Pension Liability

▶ Long-term expected rate of return

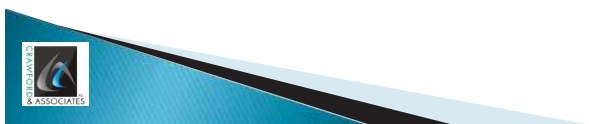
- Should consider the nature and mix of current and expected pension plan investments
- For determination of future plan net position:
 - Include expected future employer contributions intended to fund benefits of current plan members
 - Exclude expected future employer contributions intended to fund benefits of future plan members and expected future contributions by future plan members

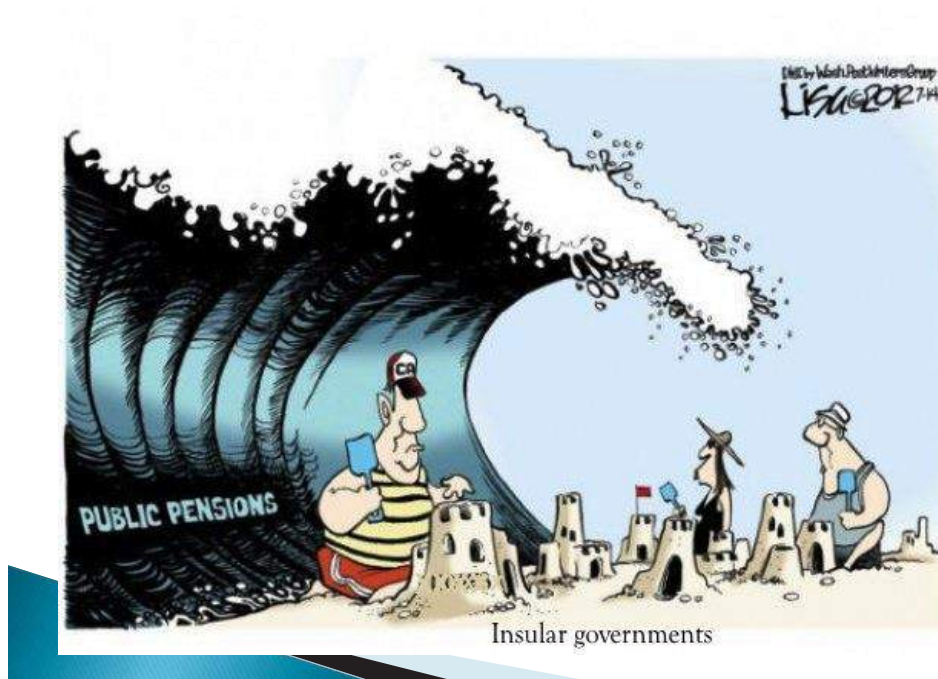


Calculating Total Pension Liability



Let's take a quick look at the current status of the Insular governments pension plans and Social Security systems

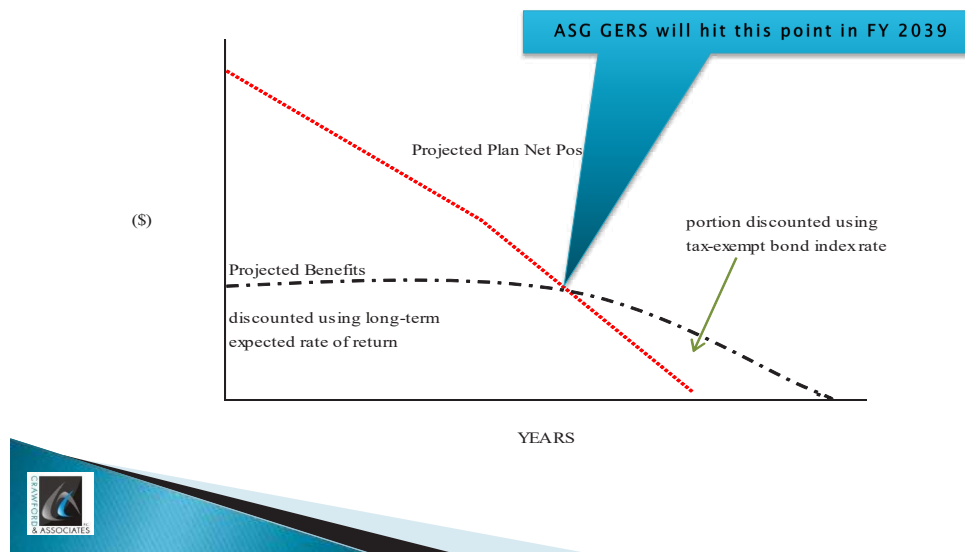




ASG GERS, as of 9-30-16

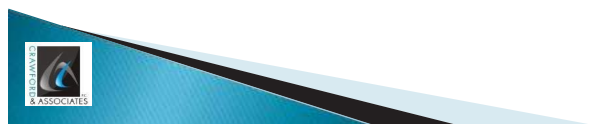
- ▶ Current contribution rates *paid* (% of covered payroll)
 - Employer 8%
 - Employee 3%
 - Total 11%
- ▶ Total Contribution rate *needed* = 18.11%
- ▶ Net Pension Liability = \$159,221,857 (that's \$150.2 million)
- ▶ Funded ratio = 55.03%
- ▶ Discount rate = 5.87%
- ▶ Estimated crossover date - FY 2039

Calculating Net Pension Liability

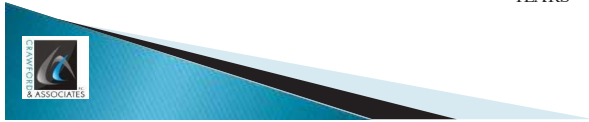
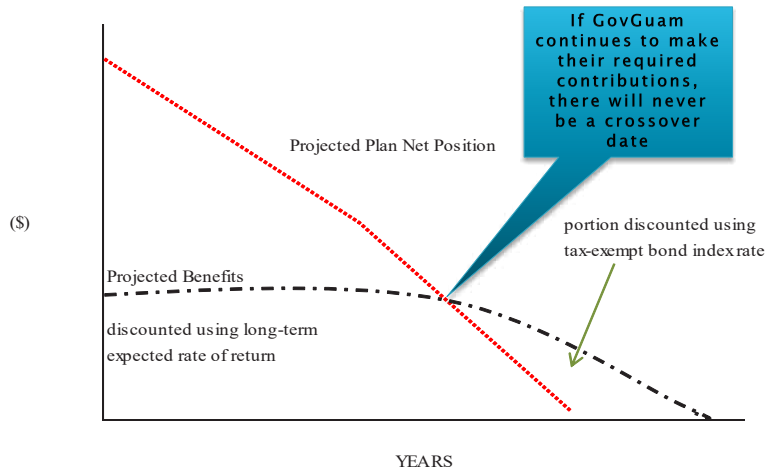


Guam GGRF, as of 9-30-16

- ▶ Current contribution rates *paid* (% of covered payroll)
 - Employer 27.41%
 - Employee 9.55%
 - Total 36.96%
- ▶ Total Contribution rate *needed* = 36.96%
- ▶ Net Pension Liability = \$1,659,820,401 (that's \$1.66 billion, with a b), for all three DB plans in existence
- ▶ Funded ratio = 49.81%
- ▶ Discount rate = 6.7% for two plans, 3.06% for the third
- ▶ Estimated crossover date - None, plan closed, with post 1995 hires in a DC plan, which only requires GovGuam to make 5% contributions annually
- ▶ It appears that Guam has created a DB - DC Hybrid Pension Plan for all post 1995 employees currently enrolled only in the DC plan. Effective date was 1-1-18, or maybe 1-1-19.



Calculating Net Pension Liability

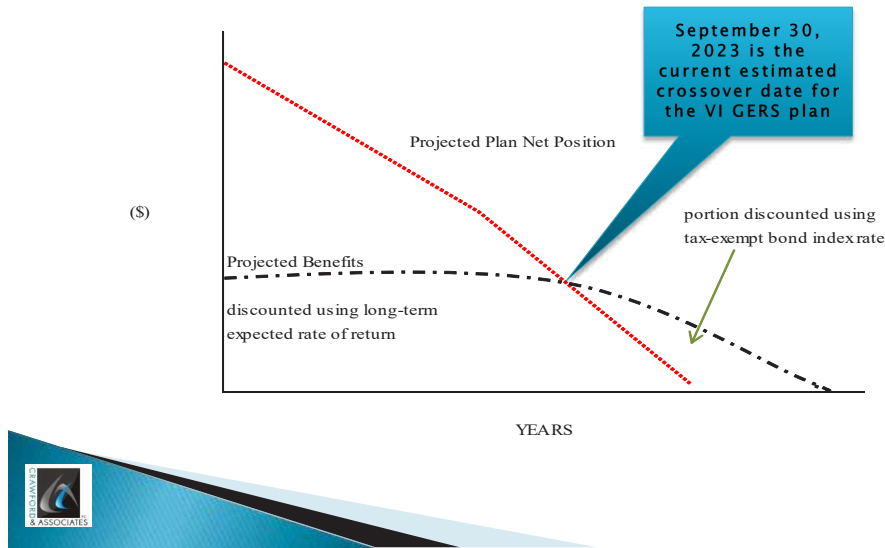


VI GERS, as of 9-30-17

- ▶ Current contribution rates *paid* (% of covered payroll)
 - Employer 20.50%
 - Employee 11.95%
 - Total 32.45%
- ▶ Total Contribution rate *needed* = 74.6%
- ▶ Net Pension Liability = \$4,380,440,589 (that's \$4.4 billion, with a b)
- ▶ Funded ratio = 16.2%
- ▶ Discount rate = 3.74%
- ▶ Estimated crossover date 9-30-2023



Calculating Net Pension Liability

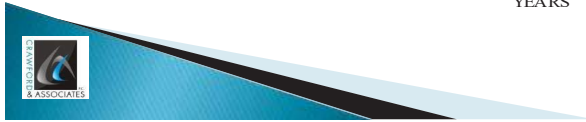
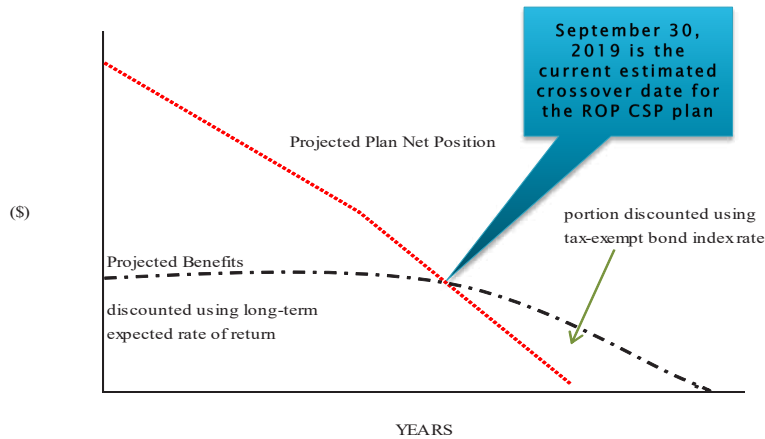


ROP CSPP, as of 9-30-16

- ▶ Current contribution rates *paid (% of covered payroll)*
 - Employer 6%
 - Employee 6%
 - Total 12%
- ▶ Total Contribution rate *needed* = 33.30%
- ▶ Total Unfunded Accrued Actuarial Liability = \$249,444,443
- ▶ Funded ratio = 10.55%
- ▶ Discount rate = 2.98%
- ▶ Estimated crossover date 9-30-2019
- ▶ Palau also has a Social Security trust fund, for social security payments to all citizens

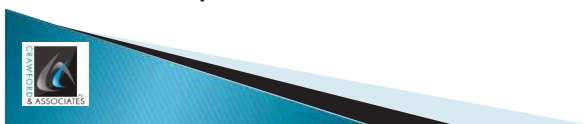


Calculating Net Pension Liability

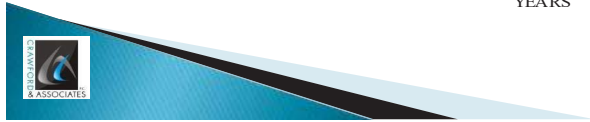
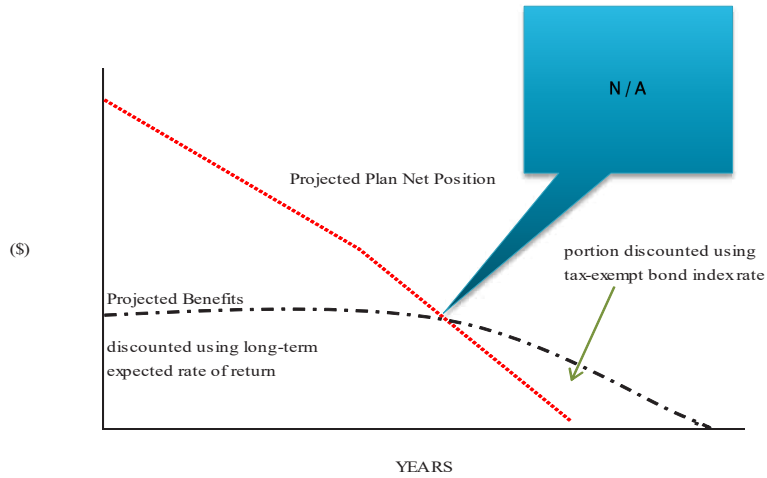


CNMI NMISF, as of 9-30-16 (post-settlement amounts)

- ▶ Current contribution rates *paid (% of covered payroll)*
 - Employer 100%
 - Employee 0%
 - Total 100%
- ▶ Total Contribution rate *needed* = 100%
- ▶ Net Pension Liability = \$1,004,561,770
- ▶ Funded ratio = 7.50%
- ▶ Discount rate = 2.68%
- ▶ Estimated crossover date N/A
- ▶ Although this is actually a settlement trust fund and not a pension plan anymore, we attempted to create pension-like elements for this comparison



Calculating Net Pension Liability



CLIENT	Year Performed	TYPE OF PLAN	Date of Actuarial Valuation	Employer Contribution Rate	Employee Rates Paid	Retirement Provider	UAAL	Funded Ratio	Discount Rate	Estimated crossover date	Total Contribution Requirements as % of Annual Salary	
Virgin Islands	2013	DB	9/30/11	17.50%	8%-11% Depends on position held	GERS	\$119,110,906	45.74%	7.50%	9/30/2023	59.10%	Actuarial
Guam	2013	DB	9/30/12	23.17%	9.50%	GGRF	\$482,646,076	47.26%	7.00%	N/A	35.91%	For all emp
		DC		5.00%	5.00%	GGRF	N/A	N/A	N/A	N/A	N/A	For all emp
CNMI	2013	DB	10/1/10	0.00%	9.5%-11% Depends on position held	NMIRF	\$574,000,000	5.5%-2.7%	3.20%	3-14/11-16	82.22%-83.72%	Gov'tate
American Samoa	2013	DB	10/1/12	8.00%	3.00%	ASGERF	\$8,446,771	80.80%	8.00%	Unable to det	15.79%	Actuarial
Palau	2012	DB	10/1/11	6.00%	6.00%	ROP-CSPP	\$3,899,191	25.80%	7.50%	9/30/2023	39.00%	39% total

\$928,102,944



CLIENT	Year Performed	TYPE OF PLAN	Date of Actuarial Valuation	Contributi on Rates Paid Employer	Employee	Retirement Provider	Net Pension Liability	Funded Ratio	Discount Rate	Estimated crossover date	Total Contribution Requirement as a % of Annual Salary
Virgin Islands	2017	DB	9/30/2017	20.50%	11.95% Depends on position held	GERS	\$ 4,380,440,589	16.20%	3.74%	9/30/2023	71.6% - 74.6%
Guam	2017	DB-A	9/30/2016	27.41%	9.55%	GGRF	\$1,368,645,559	54.62%	6.70%	N/A	36.96%
		DB-B	9/30/2016	N/A	N/A	GGRF	\$229,486,817	0.00%	6.70%	N/A	N/A
		DB	9/30/2016	N/A	N/A	GGRF	\$61,688,025	0.00%	3.06%	N/A	N/A
							\$1,659,820,401	49.81%			
CNMI	2017	DB?	9/30/2016	100.00%	0.00%	NMISF	\$ 1,004,561,770	7.50%	2.68%	N/A	N/A
American Samoa	2017	DB	9/30/2017	8.00%	3.00%	ASGERF	\$ 159,221,857	55.03%	5.87%	9/30/2039	18.11%
Palau	2017	DB	9/30/2016	6.00%	6.00%	ROP-CSPP	\$ 249,444,443	10.55%	2.98%	9/30/2019	33.30%
							9,113,309,461				
Pension spreadsheet totals from 2013 under old methodology							4,928,102,944				
							4,185,206,517				
								85%			



What about FSM, RMI and Palau Social Security Trust Funds?

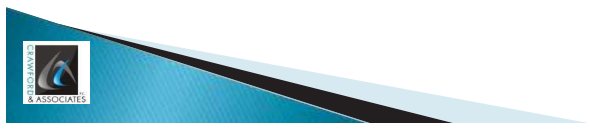
- ▶ Since their “Social Security” trust funds are not technically “Pension” trust funds, they don’t have to follow GASB accounting for pensions that the rest of us with pension plans have to do, BUT
 - I can measure the unfunded liability of their SS plans by doing a bit of homework
 - RMI Social Security Trust Fund
 - Unfunded liability = \$370,143,000, as of 10-1-2014
 - FSM Social Security Trust Fund
 - Unfunded liability = \$258,394,920, as of 1-1-2014
 - Palau Social Security Trust Fund, as of 9-30-11
 - Unfunded liability = \$176,995,000, as of 10-1-2015
- ▶ So the grand total of unfunded pension and SS liabilities is.....

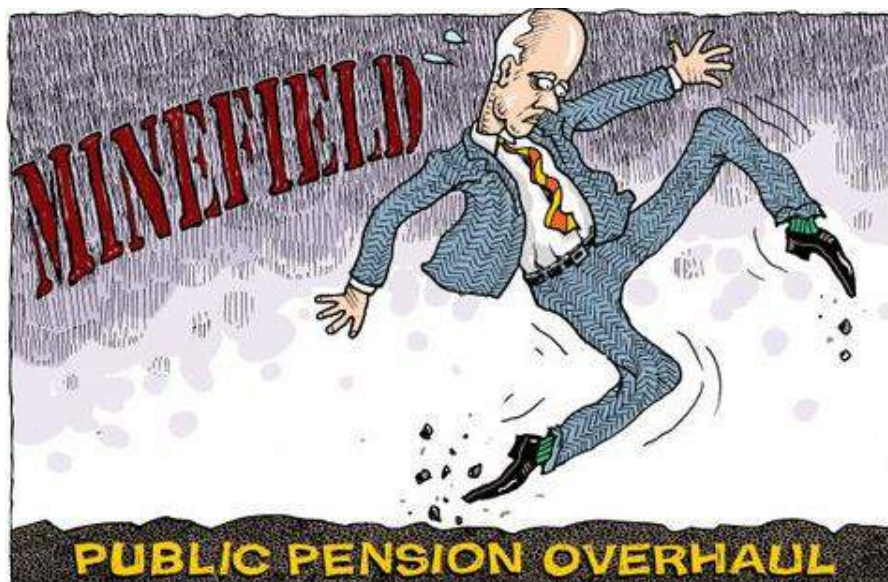
\$9,918,842,381 billion
(that’s billion with a B...)



➤ Solutions?

- What can you affect that can materially help?
- Remember the pension trifecta:
 - Contributions, both employer and employee
 - Investment returns
 - Benefit payments
- What would you do to restructure one or all of the above elements?





PREPARING YOUR PRESENTATION FOR THURSDAY A.M. CONSIDER:

1. Define the Size, Timeline and Cause(s) of the Problem*
2. Identify the range of solutions available for consideration, e.g. the pension trifecta: contributions, investment returns, benefits
3. Highlight what you would recommend to your legislature to sufficiently address your jurisdiction's pension (or SS) liability:
 - Specific reform actions
 - Timing and/or phasing of recommended actions
 - Monitoring mechanism(s) that would reduce future risks

*please include a description of the pension benefit: e.g. for an employee who worked for 30 years and retired at age 60 what % of final salary is promised?





109

**Measuring our Measures,
What are the Rules?
Debbie Milks, CPA**



MEASURING OUR MEASURES, WHAT ARE THE RULES?

IGFOA WINTER CONFERENCE
HONOLULU, HAWAII
DECEMBER 4-7, 2017

FINANCE OFFICE PERFORMANCE MEASURES WHAT WORKS, WHAT DOESN'T

- What are our measures and why were they selected?
- What are the issues with the data collection and calculation of the measure?
- Group exercise
- Government “votes” on usefulness and ease of collection for each measure

A BRIEF HISTORY

- Audit Improvement Program started in 2003
- Initially the only measures were timeliness, # of qualifications and # of findings
- As audit improvement plans became more focused on quality, each government selected their own measures to demonstrate interim progress on their improvement plans
- In Dec 2011 six measures were adopted by the group:

Performance Measure	# Governments with related findings historically	# Governments with related findings currently
Timely completion of bank reconciliations	6	3
Reduction in overdue travel advances	4	2
Completion of a cash management plan	9	1
Number of days to process an invoice		
Accuracy of revenue estimates		
Completion of the Fixed Asset inventory	11	3

- At subsequent meetings new measures were discussed and selected by the group
- May 2014 IGFOA began using a standard dashboard—modified May 2018

IGFOA MEASURES	FOCUS	Since
1. Number of days to process an invoice (general and federal)	Grant & Cash Management	2011--split between general & federal in 2013
2. Reduction in overdue travel advances	Cash Management	2011
3. Completion of fixed asset inventory	Reconciliation & Internal Cntrl	2011
4. Bank reconciliations completed on a timely basis	Reconciliation & Internal Cntrl	2011
5. Revenue Estimates within target %	Budget & Cash Management	2011
6. Completion of comprehensive Cash Management Plan	Cash Management	2011
7. Timeliness of SF425 reports	Grant Management	2013
8. Reduction in Federal Grant Receivable balance	Grant & Cash Management	2013
9. % of unspent federal funds	Grant Management	2013
10. Completion of Personnel Evaluations	Capacity Building	2017
11. # training hours per finance employee	Capacity Building	2017

WHY ARE WE MEASURING?

Monitor routine operations / Measuring progress on improvement projects

- Timeliness of bank reconciliations
- Timeliness of SF 425 reports
- Process for Travel advance collections
- Process for Fixed Asset inventories
- Invoice payment process
- Process to collect grant receivables

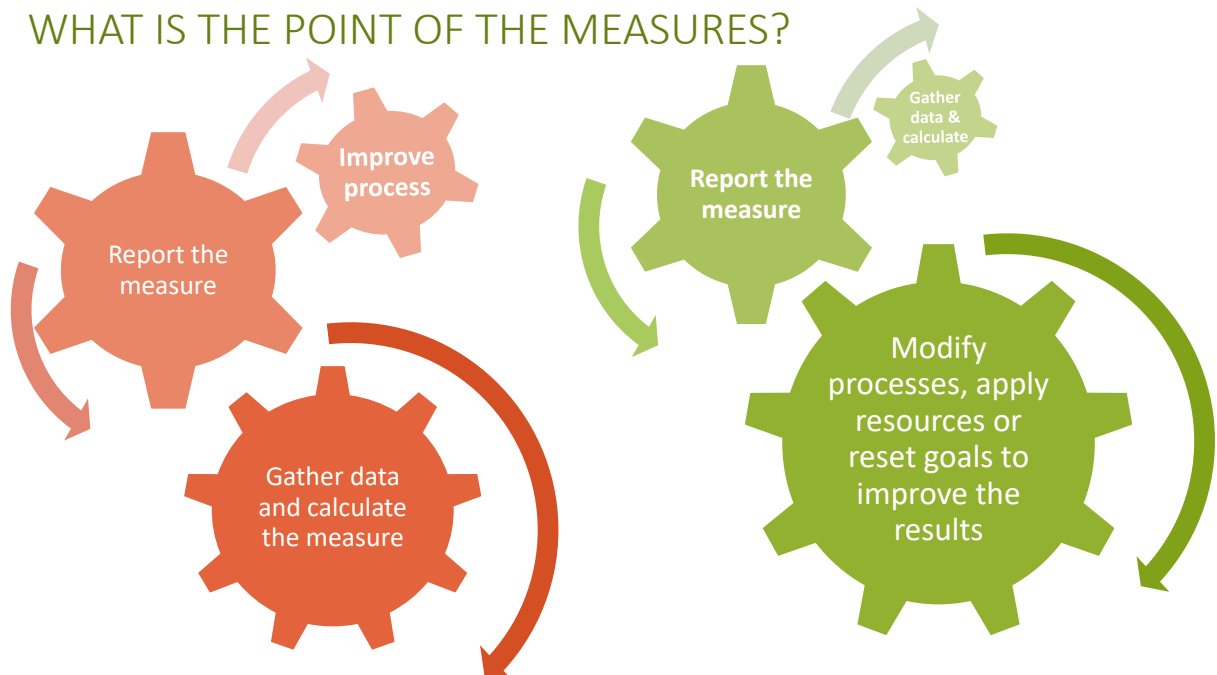
Monitor Financial efficiency

- Accuracy of revenue estimates
- Unused federal funds

Staff capacity building

- # performance evaluations
- # hours staff training

WHAT IS THE POINT OF THE MEASURES?



REVENUE ESTIMATE WITHIN A TARGET %

- The % is relevant whether high or low
- If revenues are higher than estimates by a significant amount, they are often not spent effectively.
 - Not part of the normal planning and budgetary cycle
 - Supplemental appropriation process can be a quick “give away”
 - If left unappropriated, effectively reduce deficit
- Of all the measures, is least likely to be under the control of the finance office
- Affects cash flow

COMPLETION OF THE CASH MANAGEMENT PLAN

- Cash management plan came out of all the cash management findings

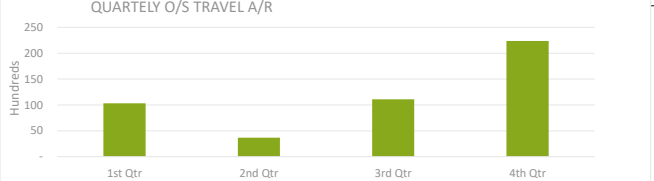
Cause: The cause of the above condition is the lack of procedures for timely disbursement of cash advanced from the grantor agency in accordance with the requirements of the CMIAA.

- Lack of “procedures” and often a recommendation to develop a plan
- Plan consists of multiple parts including a listing of all the bank accounts—purpose, funding sources, signatories, etc

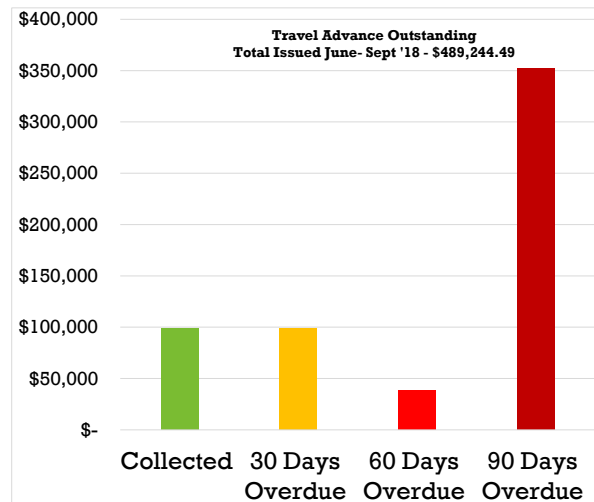
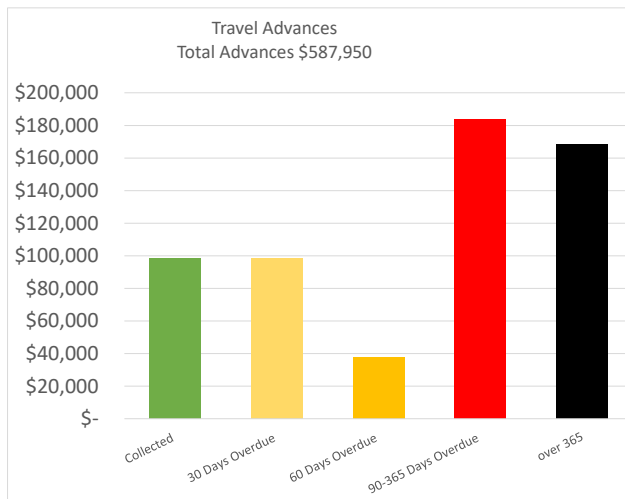
1. The government's legislation and regulations regarding cash.
2. A listing of cash accounts with associated relevant information. This document provides the auditors as well as anyone working with the general ledger & Treasury, a "one stop shop" for information regarding the government's cash accounts.
3. Cash procedures. At a minimum the procedures should include:
Bank reconciliation procedures
NSF checks procedures
Petty cash procedures
Remote deposit procedures
Federal grant (including Sector grants) drawdown and disbursement procedures
4. Grant specific documentation:
Treasury State Agreement document (for flag territories)
the average clearance pattern calculations
the grant drawdown/disbursement spreadsheet
5. Cash management plan checklist and internal control assessment
This checklist is designed to be filled out on an annual basis by the Finance officer and is the proof to the auditors that your office is reviewing compliance with your cash management plan.

IGFOA CASH MANAGEMENT PLAN REVIEW CHECKLIST		
CASH MANAGEMENT OVER RECEIPTS:	YES	NO
1. Are the cash receipt procedures documented in your existing plan still current?		
2. Does your current Cash Management Plan include the following:		
a. Deposit cutoff times and overnight safeguarding procedures?		
b. Any daily deposit requirement exceptions?		
c. Accounts receivable procedures?		
d. Documented federal fund draw down procedures?		
e. Procedures for the acceptance of electronic payments (credit/debit card and ACH/EFT)?		
CASH MANAGEMENT OVER DISBURSEMENTS:	YES	NO
3. Are the cash disbursement procedures documented in your existing plan still current?		
4. Does your current Cash Management Plan include the following:		
a. Bank reconciliation procedures?		
b. Procedures for ACH/EFT payments?		
5. Are procedures documented and in place to ensure that checks are not released before supporting requisitions are approved and updated?		
6. Are the reconciliations for all bank accounts current?		
CASH INTERNAL CONTROL ASSESSMENT:	YES	NO
7. Has staff not responsible for cash entries performed the annual internal control assessment for cash?		
8. Have any deficiencies noted in the review been corrected?		

REDUCTION IN OVERDUE TRAVEL ADVANCES

___% reduction from prior period	Qtrly	56%	35%	30%	
20% reduction from prior period	Mntly	0	17%	29%	Figures presented are percentage of travel advances outstanding.
<u>25%</u> reduction from prior period	Mntly	July 18 67%	Aug 18 68%	Sept 18 60%	Slightly improving. The old TA's outstanding continues to make our percentage high. Once we clear them it should improve drastically. On management letter, outstanding over 90 days be investigated and reconciled.
10% Reduction from prior period	Qtrly	FY18 Q2 2% \$3K	FY18 Q3 3% \$11K	FY18 Q4 7% \$22K	

CALCULATING OVERDUE TRAVEL ADVANCES



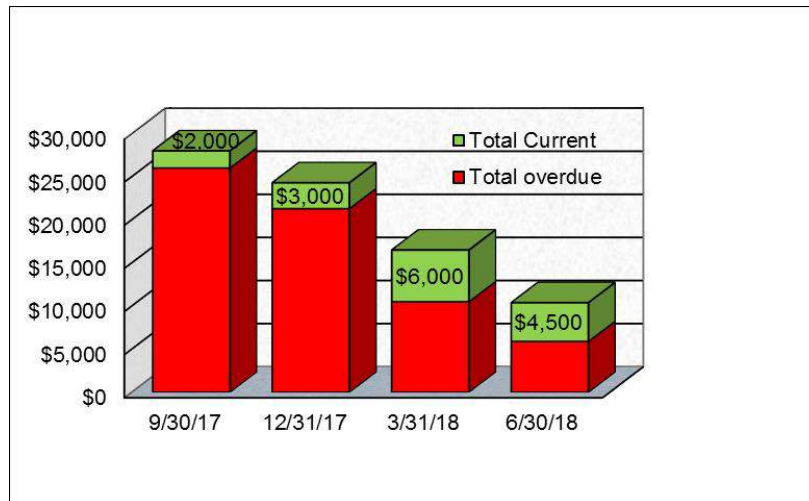
TRAVEL ADVANCE EXAMPLE

	Current 0-?? Days	Over 30	Over 60	Over 120	Over a year	Total overdue	Total advance	% overdue	Change
9/30/17	2000	3000	6000	10000	7000	26000	28000	93%	
12/31/17	3000	3500	2000	9000	6800	21300	24300	88%	-5%
3/31/18	6000	500	1000	5000	4000	10500	16500	64%	-24%
6/30/18	4500	500	400	1000	4000	5900	10400	57%	-7%
9/30/18	1000	1000	2000	2400	4000	9400	10400	90%	34%

What should the measure be? The total % overdue or the improvement?

No change in advance balance between June and September, but major shift in overdue %

Should advances >year old be included in the measure?



FIXED ASSET INVENTORY

Every government presented a measure on an annual or biannual basis

is it done or not?

How to measure interim progress?

by grant?

by department?

by asset type?

When does the inventory process start

Who is responsible for the actual inventory observations

How are the inventory worksheets produced & set up?

Who is responsible for gathering the data?

Is someone in charge of monitoring the progress?



REMINDERS ABOUT MEASUREMENT BASICS

- Should be meaningful
 - Tell a story to stakeholders
 - Motivate to improve a process, re-allocate resources
 - Monitor a high-risk situation
- Should be a number
- Measurement data should be readily available
- Should include a target/goal
- The measurement period should be determined
- The reporting format and frequency should consider the primary audience



10

**Cybersecurity Readiness,
Vincent Hoang, Hawaii Chief Information
Security Officer**



Cybersecurity Readiness

@ Island Government Finance
Officer's Association Winter Meeting

Vincent Hoang
Chief Information Security Officer

05 DEC 2018



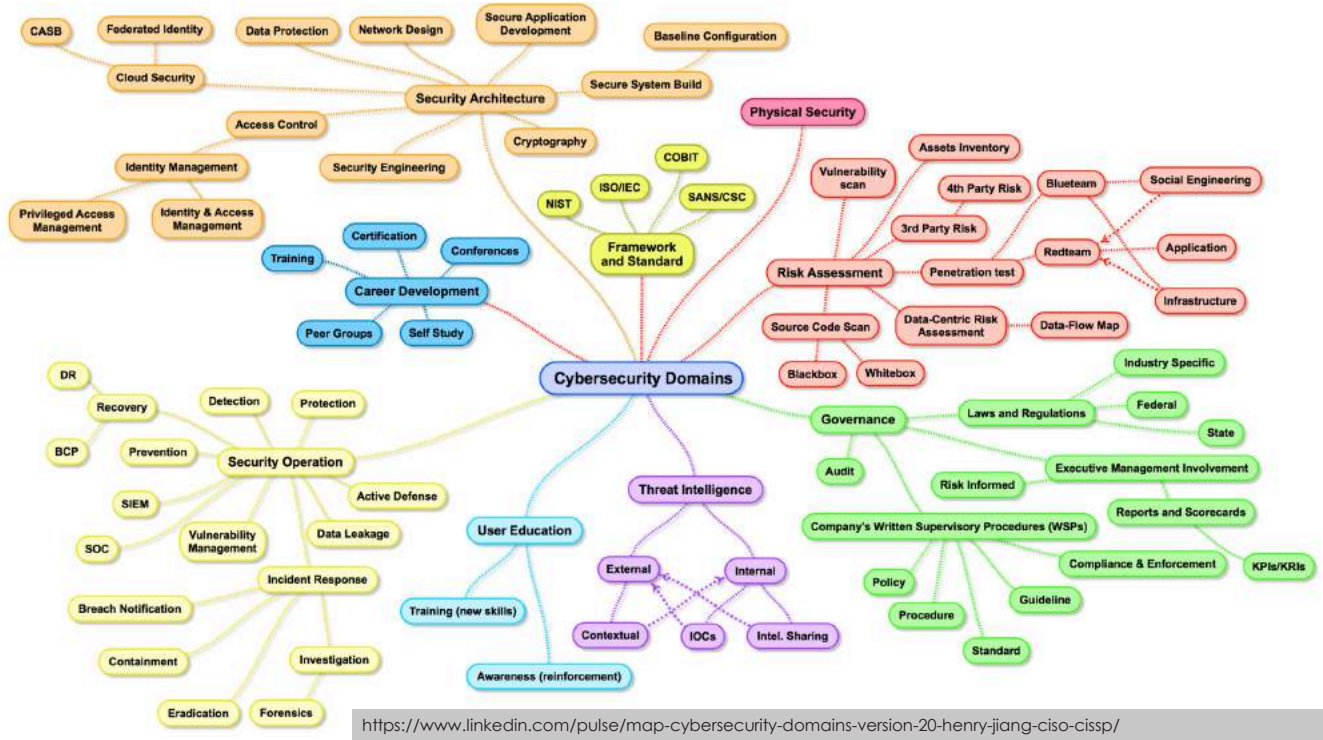
ETS
OFFICE OF ENTERPRISE
TECHNOLOGY SERVICES

Agenda

- ▶ Cybersecurity domain
- ▶ Risks of Data Breaches
- ▶ Common attack vectors?
- ▶ Why do breaches keep happening?
- ▶ Responsibilities and authority
- ▶ Preparing for the breach
- ▶ Technology initiatives

Evolving Cybersecurity Domain

A MIND MAP



Risks of Data Breaches

Impact of Data Breaches

- ▶ Loss of Professional Reputation
- ▶ Loss of Trust in Managing Public Funds
- ▶ Heavy Penalties
- ▶ Ongoing Remediation Efforts

Notable Data Breaches

- ▶ Marriot / Starwood (2018)
 - ▶ Theft of 500 million records
 - ▶ Costs yet to be determined
- ▶ Equifax (2017)
 - ▶ Theft of personal information for over 145 million Americans
 - ▶ \$439 million costs combined in 2017 and 2018
- ▶ Home Depot (2014)
 - ▶ Theft of credit card information for over 50 million customers
 - ▶ \$179 million
- ▶ Target (2013)
 - ▶ Theft of credit card information for over 40 million customers
 - ▶ \$300 million in costs

What Keeps Me Up at Night?

COMMON ATTACK VECTORS

Unknown

“Marriott has not finished identifying duplicate information in the database, but believes it contains information on up to approximately 500 million guests who made a reservation at a Starwood property.

For approximately 327 million of these guests, the information includes some combination of name, mailing address, phone number, email address, passport number, Starwood Preferred Guest (“SPG”) account information, date of birth, gender, arrival and departure information, reservation date, and communication preferences.”



<https://answers.kroll.com/us/index.htm>
<https://www.consumer.ftc.gov/blog/2018/12/marriott-data-breach>

<https://krebsonsecurity.com/2018/11/marriott-data-on-500-million-guests-stolen-in-4-year-breach/>

Exploits

“If you have a credit report, there’s a good chance that you’re one of the 143 million American consumers whose sensitive personal information was exposed in a data break at Equifax, one of the nation’s three major credit reporting agencies.”

—Seena Gressin, Attorney, FTC, 2017

EQUIFAX

Equifax Says Cyberattack May Have Affected 143 Million in the U.S.

By TARA SIEGEL BERNARD, TIFFANY HSU, NICOLE PERLROTH and RON LIEBER SEPT. 7, 2017

2.5 Million More People Potentially Exposed in Equifax Breach

By STACY COWLEY OCT. 2, 2017

12 Ayuda! (Help!) Equifax Has My Data!

SEP 17

<https://www.nytimes.com/2017/09/07/business/equifax-cyberattack.html>
<https://www.nytimes.com/2017/10/02/business/equifax-breach.html>

<https://krebsonsecurity.com/2017/09/ayuda-help-equifax-has-my-data/>
<https://www.consumer.ftc.gov/blog/2017/09/equifax-data-breach-what-do>



DoS

► Denial of Service Attacks



<https://imgur.com/gallery/zvr7fzI>
<https://www.youtube.com/watch?v=-Eqjh5G9d9I>
<https://www.incapsula.com/ddos/denial-of-service.html>

All of your important files encrypted with RSA-2048 is a powerful cryptography algorithm. For more information you can use Wikipedia.
 Attention: Don't remove or edit encrypted files because it will be impossible to decrypt your files.

Wanna is a symmetric cryptographic algorithm, you need the key:
 1-Public key: you need it for encryption
 2-Private key: you need it for decryption
 so you need private key to recover your files.
 It's not possible to recover your files without private key.

You can receive your Private Key in 3 easy steps:
 Step1: You must send us One Bitcoin for each affected PC to receive Private Key.
 Step2: After you send us one Bitcoin, leave a comment on our blog with these details: Your Bitcoin
 Your computer name: [hostname]
 Step3: we will reply to your comment with a decryption software, you should run it on your affect
 Your blog address: <https://idolnews.com/news>

Ransomware

[https://en.wikipedia.org/wiki/Petya_\(malware\)](https://en.wikipedia.org/wiki/Petya_(malware))
https://en.wikipedia.org/wiki/WannaCry_ransomware_attack
[https://en.wikipedia.org/wiki/Jigsaw_\(ransomware\)](https://en.wikipedia.org/wiki/Jigsaw_(ransomware))

Phishing

From: Office Server <no-reply@messaging.microsoft.com>
 Sent: Monday, September 17, 2018 4:37 AM
 To: [Redacted]
 Subject: 12 Undelivered Mails
 Importance: High

Message is from a trusted source.

OUTGOING MAILS ON HOLD

Dear [Redacted]

Due to continuous violation of our email policy,
 Please verify account and continue to safely use your email.
<http://www.restore.org.in/status/>
 >> [Click here](#) Click or tap to follow link.
 >> [Click here](#)<< to release hold mails.

Notice: Ignoring this message will cause your account to be terminated without your permission.

Thank you,
 This notification was sent to [Redacted] from Microsoft.com

Why Do Breaches Keep Happening?

INCONSISTENT CYBERSECURITY HYGIENE

<https://www.amazon.com/Timmy-Failure-Mistakes-Were-Made/dp/076366927X/>

Passwords

“63% of confirmed data breaches involved weak, default or stolen passwords”

2016 Data Breach Investigations Report

89% of breaches had a financial or espionage motive.



<http://www.verizonenterprise.com/verizon-insights-lab/dbir/>

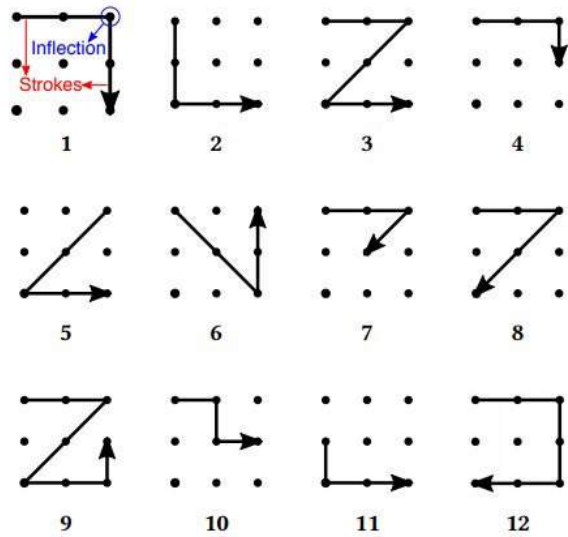


Figure 1: The twelve most popular unlock patterns according to [9]. An unlock pattern connects a number of dots, and it can be decomposed into several strokes separated by inflections.

<https://www.ieee-security.org/TC/SP2017/papers/226.pdf>

12 most popular unlock patterns on Android



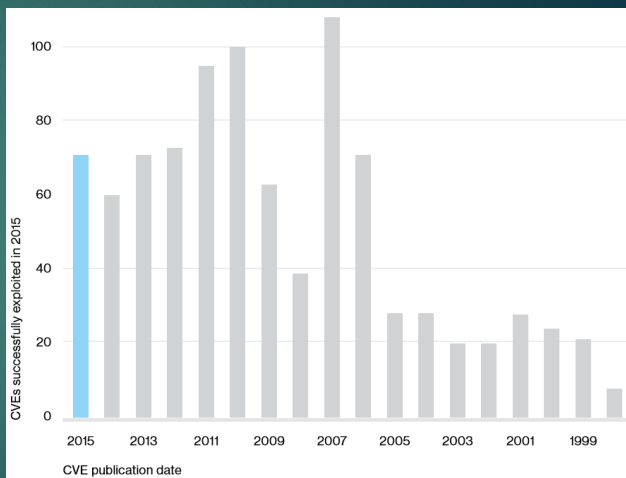
HOW PASSWORD LENGTH WINS THE INTERNET

Passwords 102

<http://i.imgur.com/zFyBtyA.gif>
<https://howsecureismypassword.net/>
<http://www.passwordmeter.com/>

Patches

“Older vulnerabilities are still heavily targeted; a methodical patch approach that emphasizes consistency and coverage is more important than expedient patching”

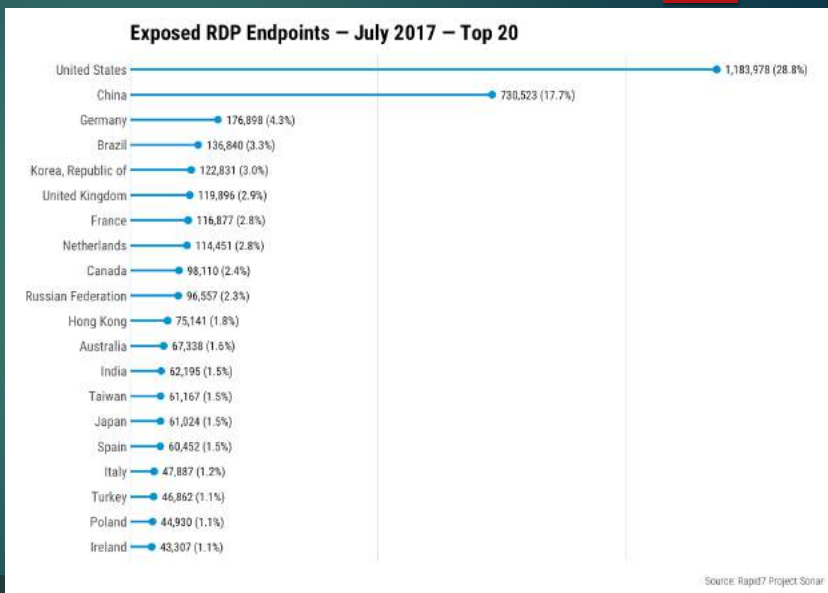


https://www.verizonenterprise.com/resources/reports/rp_DBIR_2016_Report_en_xg.pdf

Remote Administration Ports

“Remote administration tools, such as Remote Desktop Protocol (RDP), as an attack vector has been on the rise since mid-late 2016 with the rise of dark markets selling RDP Access. Malicious cyber actors have developed methods of identifying and exploiting vulnerable RDP sessions over the Internet to compromise identities, steal login credentials, and ransom other sensitive information.”

FBI IC3, 27 SEP 2018



Source: Rapid7 Project Solaris

<https://www.ic3.gov/media/2018/180927.aspx>
<https://blog.rapid7.com/2017/08/09/remote-desktop-protocol-exposure/>

Preparing for the Breach

REDUCING INCIDENT DETECTION AND RESPONSE TIMES



FireEye 2018 M-trends Report

Dwell time is the number of days from first evidence of compromise that an attacker is present on a victim network before detection.

The global median dwell time is 101 days. However, actual global dwell times vary significantly ranging from less than one week to over 2,000 days.

<https://www.fireeye.com/content/dam/collateral/en/mtrends-2018.pdf>

Incident Response Life Cycle



<https://csrc.nist.gov/publications/detail/sp/800-61/rev-2/final>

Authority

HAWAII REVISED STATUTES

Applicable Cybersecurity Statutes

Act 58 of 2016 authorizes the CIO to coordinate each executive branch department and agency's IT budget request to ensure compliance ... with ETS' IT governance processes and enterprise architecture policies and standards, including policies and standards for systems, services, hardware, software, and security management.	HRS §27-43
Provide for periodic security audits of all executive branch departments and agencies regarding the protection of government information and data communication infrastructure.	HRS §27-43.5
Set policies, procedures and standards for each executive branch department's reasonable efforts to make appropriate and existing electronic data sets maintained by the department electronically available to the public through the State's open data portal at data.hawaii.gov or successor website.	HRS §27-44
Provide services through centralized web portal and Internet presence (hawaii.gov) that allow citizens to conduct business electronically with the government, in accordance with statute (i.e., Access Hawai'i Committee).	HRS §27G
Provide guidance to protect personal information that is collected and maintained by state and county government agencies (i.e., Information Privacy and Security Council).	HRS §487N

Initiatives

Blockchain?



Education

Microsoft Security Admin Team <do-not-reply@office360securityadmin.com> | [Redacted] 10/11/2018

Security Alert: Action Required

Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Dear [Redacted],

We detected a suspicious login from a foreign location that is not typical to your normal sign-in locations. To review and validate the activities, please [sign-in](#) to review and validate the activities or your account will be disabled if you don't to update your account and add security.

Regards,

MS Security Admin Team
Microsoft Outlook Technical Team, Inc.

Education

This is an authorized simulated cybersecurity awareness training conducted by the State of Hawaii Office of Enterprise Technology Services - Security Operations Center (ETS SOC). This exercise was performed to raise the awareness about Microsoft-based phishing emails that threat actors will continue to utilize in order to harvest your credentials (e.g. username and password), install malicious software, etc. If you receive any suspicious emails or encounter any cybersecurity-related activities, we highly encourage you to report it to your designated IT coordinator as well as ETS SOC via email (x@hawaii.gov) or by phone (808-000-000).



MFA

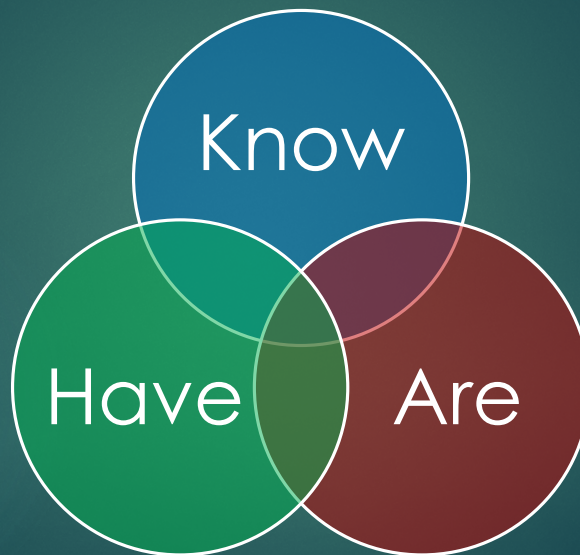
Trust Identity using Multi-Factor Authentication

Something You:

- Know
- Have
- Are

Have

- Access Card
- Phone

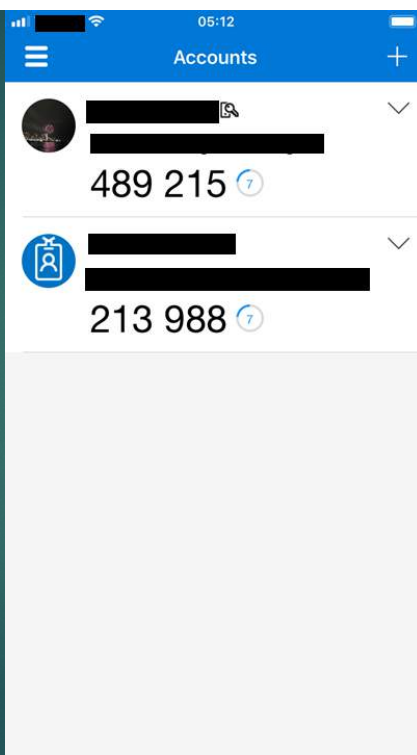


Know

- Password
- PIN

Are

- Fingerprint
- Facial Pattern



MFA
Authenticators
- Google
- Microsoft

Basic

- 1 Inventory and Control of Hardware Assets
- 2 Inventory and Control of Software Assets
- 3 Continuous Vulnerability Management
- 4 Controlled Use of Administrative Privileges
- 5 Secure Configuration for Hardware and Software on Mobile Devices, Laptops, Workstations and Servers
- 6 Maintenance, Monitoring and Analysis of Audit Logs

Foundational

- 7 Email and Web Browser Protections
- 8 Malware Defenses
- 9 Limitation and Control of Network Ports, Protocols, and Services
- 10 Data Recovery Capabilities
- 11 Secure Configuration for Network Devices, such as Firewalls, Routers and Switches
- 12 Boundary Defense
- 13 Data Protection
- 14 Controlled Access Based on the Need to Know
- 15 Wireless Access Control
- 16 Account Monitoring and Control

Organizational

- 17 Implement a Security Awareness and Training Program
- 18 Application Software Security
- 19 Incident Response and Management
- 20 Penetration Tests and Red Team Exercises



<https://www.cisecurity.org/controls/>

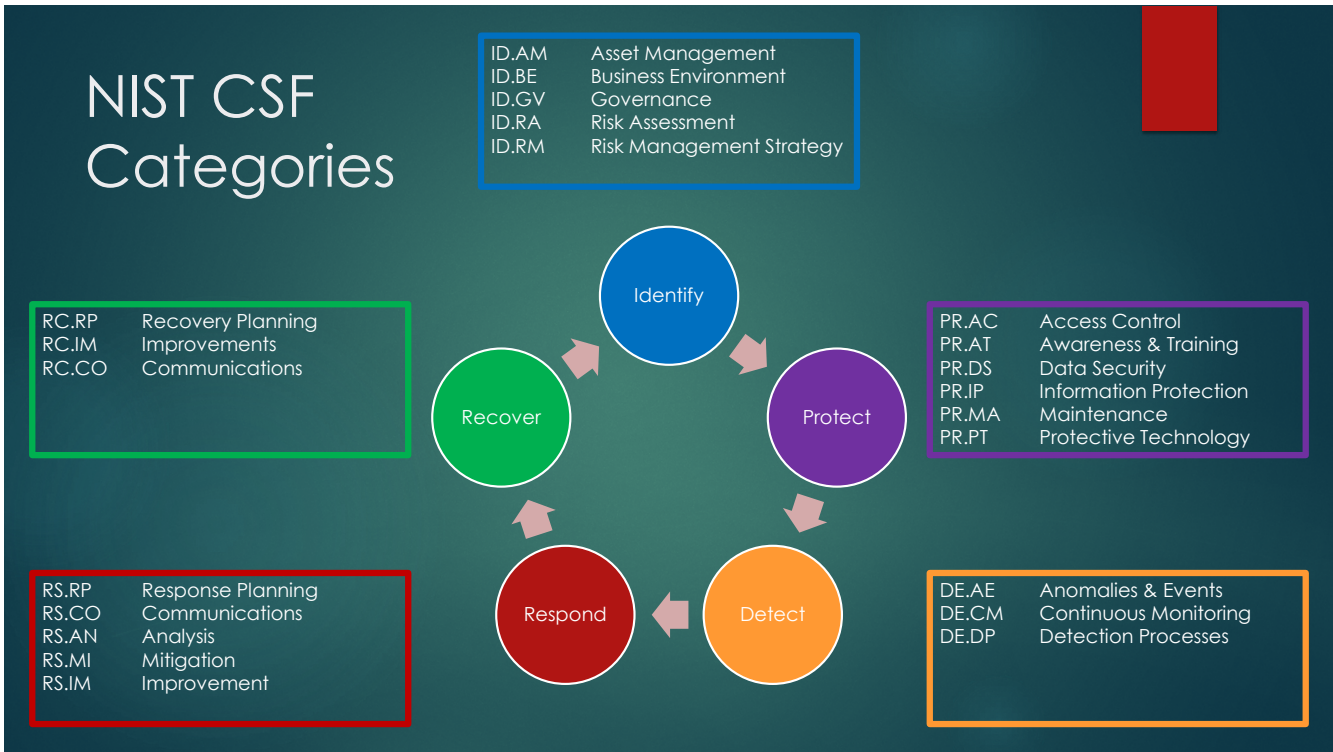


NIST CSF Functions

Prioritize Risk using the NIST Cyber Security Framework

Identify				
Protect				
Detect				
Respond				
Recover				
Tier	1	2	3	4

<https://www.nist.gov/cyberframework>



TLS

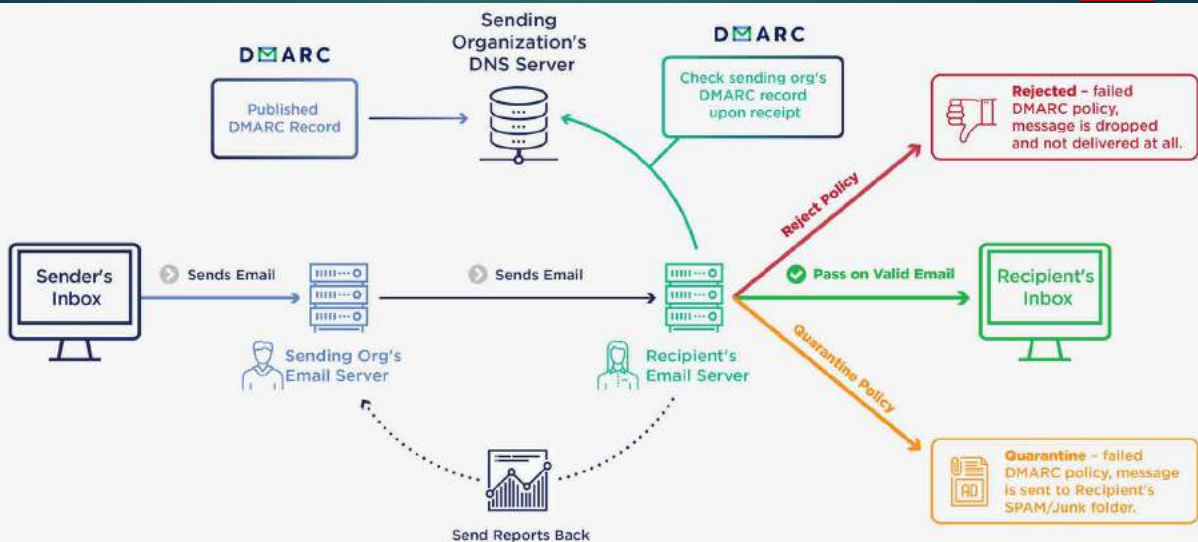
Encrypting Mail and Web Traffic using Transport Layer Security

Protocol	RFC	Date
SSL 1.0	-	-
SSL 2.0	-	Feb-95
SSL 3.0	-	Mar-96
TLS 1.0	2246	Jan-99
TLS 1.1	4346	Apr-06
TLS 1.2	5264	Aug-08
TLS 1.3	8446	Aug-18

https://en.wikipedia.org/wiki/Transport_Layer_Security

DMARC

Trust Sender Domains using Domain Message Authentication Reporting & Conformance



<https://dmarc.org/>
<https://dmarc.globalcyberalliance.org/>



Closing



Questions?



ETS
OFFICE OF ENTERPRISE
TECHNOLOGY SERVICES

Thank
you



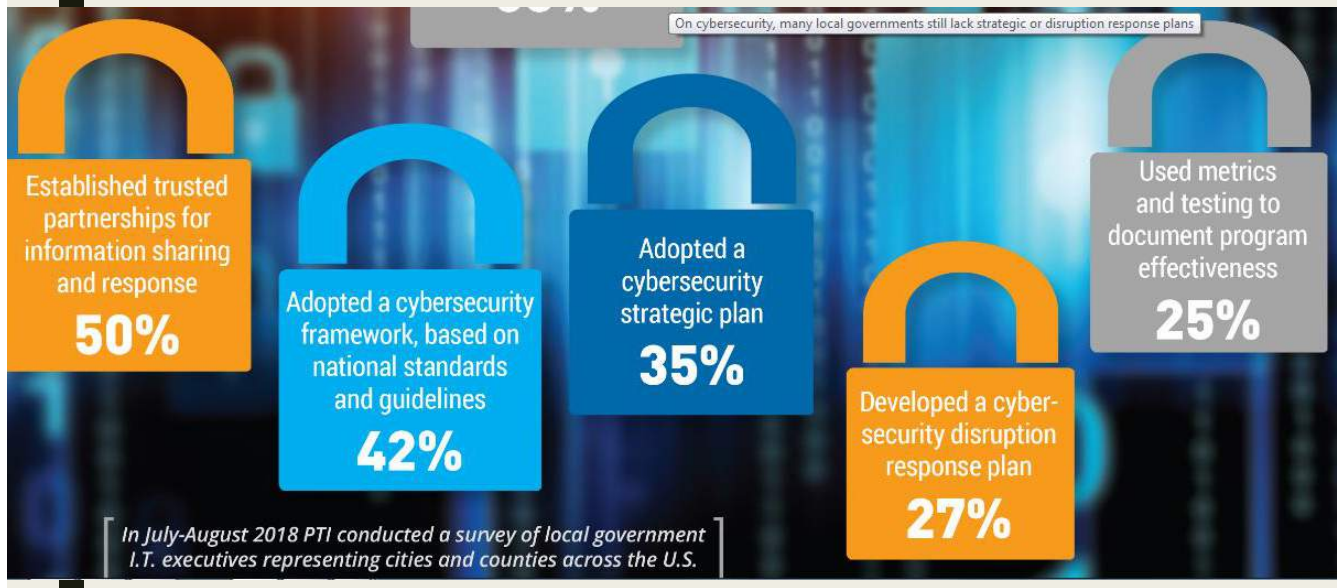
11

**Cybersecurity Island Style,
Debbie Milks, CPA**

CYBERSECURITY ISLAND STYLE

IGFOA Winter Conference
December 2018
Honolulu, HI

Not many governments are prepared



Basic

- 1 Inventory and Control of Hardware Assets
- 2 Inventory and Control of Software Assets
- 3 Continuous Vulnerability Management
- 4 Controlled Use of Administrative Privileges
- 5 Secure Configuration for Hardware and Software on Mobile Devices, Laptops, Workstations and Servers
- 6 Maintenance, Monitoring and Analysis of Audit Logs

Foundational

- 7 Email and Web Browser Protections
- 8 Malware Defenses
- 9 Limitation and Control of Network Ports, Protocols, and Services
- 10 Data Recovery Capabilities
- 11 Secure Configuration for Network Devices, such as Firewalls, Routers and Switches
- 12 Boundary Defense
- 13 Data Protection
- 14 Controlled Access Based on the Need to Know
- 15 Wireless Access Control
- 16 Account Monitoring and Control

Organizational

- 17 Implement a Security Awareness and Training Program
- 18 Application Software Security
- 19 Incident Response and Management
- 20 Penetration Tests and Red Team Exercises

Plan for the inevitable

- Don't just rely upon the IT staff
- Make lawmakers (budget makers!) aware of the risk and the needed investments
- Prepare an incident response plan
- Invest in redundancy around all mission-critical services \$\$\$\$
- Think like a hacker
- Invest in good people

stuff you can do now

basic

- Inventory hardware and software
- Inventory all your data
- Control admin privileges
- Monitor audit logs

foundational

- Set up email and browser protections
- Keep firewall, malware and virus protections up to date
- Keep software up to date
- Set up wireless access controls

organizational

- Implement a security awareness program
- Update application security
- Keep software up to date

Prepare an incident response plan

- outline what to do in the event of a breach, including specific tactics and roles for everyone involved.
- know exactly what the most crucial data is, where it can be found, and how it can be protected.
- Time is of the essence, so the more prepared they are ahead of time, the better they can recover.

Invest in redundancy around all mission-critical services

- redundant network infrastructure, such as standby switches and routers, can ensure the network isn't completely unavailable in the event that the initial path is compromised.
- ensure that there is additional back-up infrastructure available in the event that the first option is compromised.
- alternate network equipment is especially vital for maintaining network availability in case a government is hit by a distributed denial-of-service cyberattack.

Leverage analytics

- automate and simplify cybersecurity incident response
- analytics can increase detection accuracy
- analytics technologies can continually collect, correlate, and understand data from multiple sources

<https://learn.cisecurity.org/cis-ram>

<https://www.cisecurity.org/ms-isac/services/ncsr/>

https://www.washingtonpost.com/news/powerpost/paloma/the-cybersecurity-202/2018/10/22/the-cybersecurity-202-pros-to-government-if-your-defenses-fail-think-pen-and-paper/5bcc91581b326b7c8a8d1ab3/?utm_term=.957b05f4a43f

<https://niccs.us-cert.gov/training/search/skillssoft/information-security-governance-developing-action-plan>

https://enterprise.verizon.com/resources/reports/DBIR_2018_Report_execsummary.pdf



12

**GASB Updates,
Frank Crawford, CPA**

GASB Update: Will it ever end?

Prepared and Presented by
Frank Crawford, CPA
Crawford & Associates, P.C.
www.crawfordcpas.com
frank@crawfordcpas.com

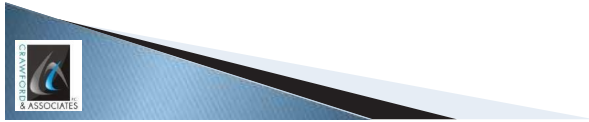


Effective Dates, using June 30 an example

- ▶ 2018
 - Statement 75—OPEB (employers)
 - Statement 81—Irrevocable split-interest agreements
 - Statement 85 – Omnibus 2017 (partial implementation)
 - Statement 86 – Certain Debt Extinguishment Issues
 - Implementation Guide 2017-1
 - Implementation Guide 2017-2
 - Statement No. 74 & 85
 - Implementation Guide 2017-3
 - Statement No. 75
- ▶ 2019
 - Statement 83—Certain asset retirement obligations
 - Statement 85 – Omnibus 2017 (remaining implementation)
 - Statement 88 – Certain Disclosures related to Debt
- ▶ 2020—Statement 84—Fiduciary activities
- ▶ 2020 – Statement 90, Majority equity interests
- ▶ 2021 – Statement 89, Accounting for interest costs incurred before the end of a construction period
- ▶ 2021 – Statement 87 – Leases
- ▶ And on and on.....
 - Financial Reporting Model
 - Revenue and Expense Recognition
 - Going Concern Disclosures Reexamination
 - Equity interest ownership issues
 - IT Arrangements – including Cloud Computing
 - Overall Note Disclosures Reexamination
 - Public-Private Partnerships



2018 Implementation



Statement 74 & 75, and some of 85 – OPEB

- ▶ Addresses both OPEB Plans Administered through trust & not administered through trust
 - Same trust criteria as the pension standards

- ▶ Requires reporting of liability in the FS
 - If there is a Trust: Total OPEB Liability (TOL) – FNP (fiduciary net position) = NOL (net opeb liability)
 - If no Trust: TOL = NOL, therefore you report the TOL, and label it as the TOL throughout the FS

- ▶ Effective Date:
 - 74 (plan) – fiscal years beginning after June 15, 2016
 - 75 (employer) – fiscal years beginning after June 15, 2017
 - 85 – fiscal years beginning after June 15, 2017



What is 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
 - Implicit Rate Subsidy
- ▶ What about termination benefits?
 - GASB 47



5

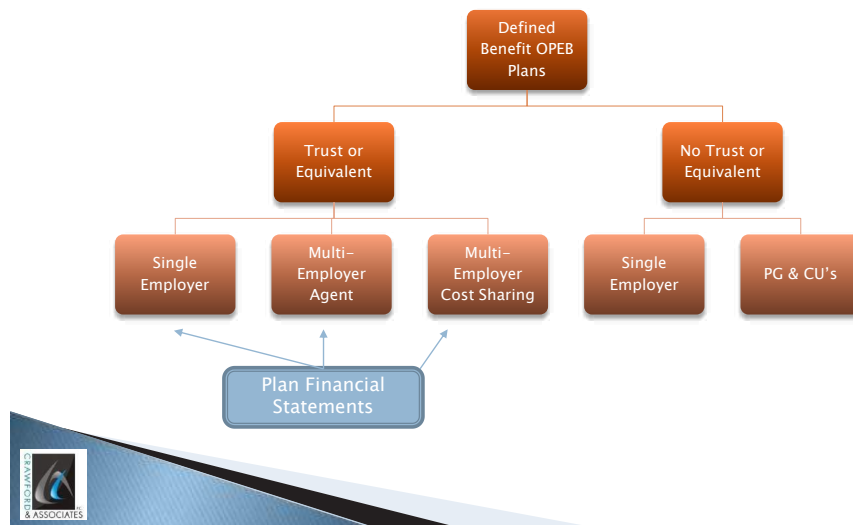
Types of OPEB Plans

- ▶ Through a trust:
 - Single-employer defined benefit plans
 - Agent multiple-employer defined benefit plans
 - Cost-sharing multiple-employer defined benefit plans
- ▶ Not administered through a trust:
 - Single-employer defined benefit plan
 - Multiple-employer defined benefit defined benefit plans
- ▶ Defined Contribution OPEB



6

Types of OPEB Plans



GASB Definition of a Qualifying Trust

- ▶ Paragraph 4 of GASB 75 – three criteria
 - Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
 - OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
 - OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.



Trust Considerations

- ▶ Reimbursement
 - Trust reimburses employer for OPEB benefits paid as they come due
 - Still a qualifying trust
 - Plan considerations
 - Amount to be reimbursed – No additional consideration in trust financials
 - Amount not to be reimbursed – Requires additional recognition
 - OPEB provided through a single trust with other benefits (pension or active employee health care, etc.)
 - Qualifying trust if OPEB portion is dedicated solely to providing OPEB Benefits.



Trust Considerations

- ▶ GASB Implementation Guide
 - Trust reimburses employer for OPEB benefits paid as they come due
 - Qualifying trust
 - Trust agreement calls for a return of amounts remaining in trust once all obligations have been fulfilled
 - Qualifying trust
 - Trust agreement calls for a return of trust assets to an employer if funded status reaches a specified level
 - Not a qualifying trust



Allocation of OPEB to Funds

- ▶ GASB Implementation Guide 2015-1, 5.161.2
 - For proprietary and fiduciary funds, consideration should be given to National Council on Governmental Accounting (NCGA) Statement 1, *Governmental Accounting and Financial Reporting Principles*, paragraph 42, as amended, which requires that long-term liabilities that are "directly related to, and expected to be paid from" those funds be reported in the statement of net position or statement of fiduciary net position, respectively.



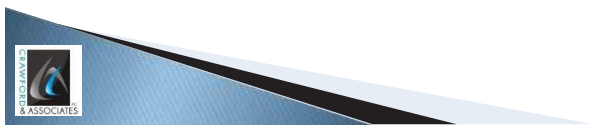
Dates & Frequency

- ▶ Old:
 - Actuarial valuation frequency
 - Total membership of 200 or more - biennially
 - Total membership of fewer than 200 - triennially
 - Total membership of fewer than 100 - alternative method (optional)
- ▶ New:
 - Measurement date
 - As of date no earlier than end of prior fiscal year
 - Total OPEB liability determined at this date based on an actuarial valuation or the use of update procedures
 - Actuarial Valuation Date:
 - As of date no more than 30 months (+1 day) prior to FYE
 - Assumptions used should be in conformity with Actuarial Standards of Practice.
 - Same *deviation* language used as in Statement No. 73
 - Alternative Method still an option



GASB 81: Irrevocable Split-Interest Agreements

- ▶ **What:** Statement 81 addresses irrevocable split-interest agreements, which are particularly prevalent among public colleges and universities and public healthcare entities
- ▶ **Why:** Limited guidance exists for irrevocable split-interest agreements in which the government acts as trustee (and is one of the beneficiaries); no guidance exists for situations in which a third party is the trustee and the government is one of the beneficiaries; users need information about these arrangements
- ▶ **When:** Effective for periods beginning after December 15, 2016

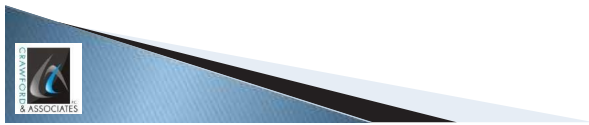


Statement 86: Certain Debt Extinguishment Issues

- ▶ Addresses the accounting and financial reporting for in-substance defeasances using **ONLY** existing resources
 - Placed with escrow agent in trust used solely for making scheduled payments of interest and principal
 - Trust restricted to only owning assets that are essentially risk-free
 - Direct obligations of the US Government
 - Obligations guaranteed by the US Government
 - Securities backed by the US government obligations as collateral
 - Cash flows from assets should coincide with scheduled defeased debt payments



2019 Implementation



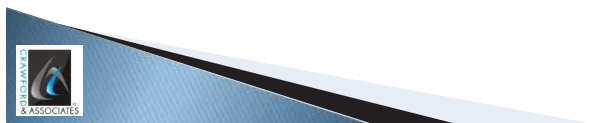
GASB 83: Certain Asset Retirement Obligations

- ▶ **What:** The Board issued Statement 83 to establish accounting and financial reporting standards for legal obligations to retire certain capital assets, such as decommissioning nuclear power plants, other radiation related capital assets, or removing sewage treatment plants
- ▶ **Why:** Statement 18 addressed only municipal landfills but governments have retirement obligations for other types of capital assets. Diversity exists in practice.
- ▶ **When:** Effective for fiscal years beginning after June 15, 2018. Earlier application is encouraged.



GASB 88: Certain Disclosures related to Debt

- ▶ **Effective:** The effective date for this standard is for reporting periods beginning after June 15, 2018
- ▶ **Purpose:** To improve consistency in debt related disclosures including direct borrowings and direct placements.
- ▶ Debt is actually defined in this standard for the first time
 - Debt does not include in its definition the net pension liability or the net or total OPEB liability (those are long-term obligations, but are not defined as long-term debt for the disclosure purposes of this standard)

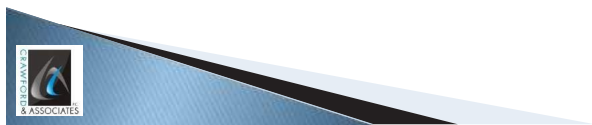


2020 Implementation



GASB 84: Fiduciary Activities

- ▶ **What:** The Board issued Statement 84 to clarify when a government has a fiduciary responsibility and is required to present fiduciary fund financial statements
- ▶ **Why:** Existing standards require reporting of fiduciary responsibilities but do not define what fiduciary activities are; use of private-purpose trust funds and agency funds is inconsistent; business-type activities are uncertain about how to report fiduciary activities
- ▶ **When:** Effective for fiscal years beginning after December 15, 2018. Earlier application is encouraged.



When Should a Government Report Assets in a Fiduciary Fund?

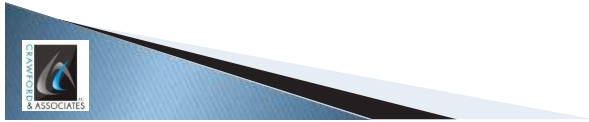
Four paths to making this determination:

- ▶ Component units that provide postemployment benefits
- ▶ Component units that do not provide postemployment benefits
- ▶ Postemployment benefit arrangements that are not component units
- ▶ All other fiduciary activities not meeting the above 3 pathways



What is Control?

- ▶ GASB 84 defines control as:
 - Government holds the assets
 - Government (or designee) has the ability to direct the use, exchange, or employment
 - Having a designee does not relinquish fiduciary responsibility from the government



All Other Activities

Fiduciary if all three of the following are met:

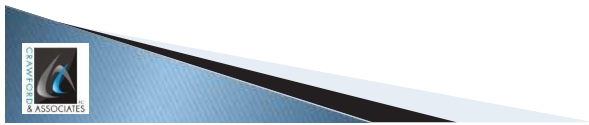
- ▶ The government **controls** the assets
- ▶ Those assets are *not* derived either:
 - Solely from the government's own-source revenues
 - From government-mandated nonexchange transactions or voluntary nonexchange transactions with the exception of pass-through grants and for which the government does not have administrative or direct financial involvement
- ▶ One of the criteria on the next slide is met



Administrative Involvement or Direct Involvement

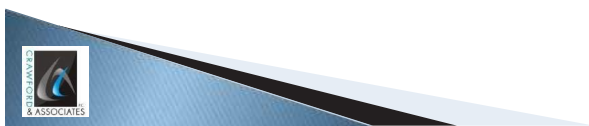
- ▶ GASBS 84, Footnote 2 – A government has administrative involvement if, for example, it
 - Monitors secondary recipients for compliance with program-specific requirements,
 - Determines eligible secondary recipients or projects, even if using grantor-established criteria, or
 - Has the ability to exercise discretion in how the funds are allocated.

- ▶ A recipient government has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or is liable for disallowed costs.



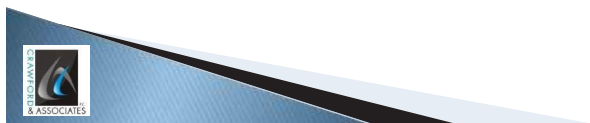
Examples

- ▶ Student Activity Accounts
- ▶ Pass-through Grants
- ▶ IRC 457 Plans



Fiduciary Fund Types

- ▶ No more Agency Funds
- ▶ *Custodial funds*, which now replace Agency funds, would report fiduciary activities for which there is no trust agreement or equivalent arrangement.
 - External portions of investment pools that are *not* held in trust should be reported in a separate column under the custodial fund umbrella

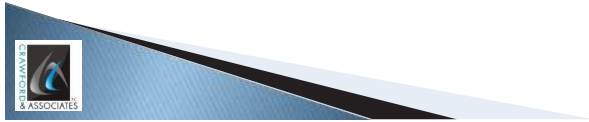


GASB 90 – Majority Equity Interests

- defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment
- A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund
- Those governments and funds should measure the majority equity interest at fair value.



2021 Implementation



GASB 87: Leases

- ▶ **What:** In June 2017, the GASB issued Statement 87, which establishes revised standards on lease accounting and financial reporting.
- ▶ **Why:** The previous standards had been in effect for decades without review; FASB/IASB joint project updated their lease standards; opportunity to increase comparability, usefulness of information, and reduce complexity
- ▶ **When:** New standards are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.



Leases – Overview

- ▶ Single approach—right of use
 - No classification of leases into operating/capital or other categories
 - Potentially develop some exceptions
 - Underlying assumption that leases are financings
- ▶ Practicality exceptions—short-term lease
 - Lease that, at the beginning of the lease, has maximum possible term under the contract, including any options to extend, of 12 months or less
- ▶ All standard setters changing, but not all at once



Exclusions

- ▶ Leases of intangible assets
 - Except for the sublease of an intangible right-to-use asset
- ▶ Biological assets– timber or living animals
- ▶ Inventory
- ▶ Service concession arrangements (GASB 60)
- ▶ Asset financed with outstanding conduit debt unless both the asset and the conduit debt are reported by the lessor
- ▶ Ownership transfers without termination options = financed sales (notes receivable)
- ▶ Supply contracts
- ▶ Other
 - Short-term leases
 - Contracts that ultimately transfer ownership of the underlying asset to the lessee



Definition of a lease

- ▶ Applied to any contract that meets the definition of a lease:
“A lease is a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) for a period of time in an exchange or exchange-like transaction.”
 - The right-to-use asset is that “specified in the contract”
 - Control is manifested by (1) the right to obtain present service capacity from use of the underlying asset and (2) the right to determine the nature and manner of use of the underlying asset
- ▶ Leases are financings of the right to use an underlying asset
 - Therefore, single approach applied to accounting for leases with some exceptions, such as short-term leases



Definition of a lease

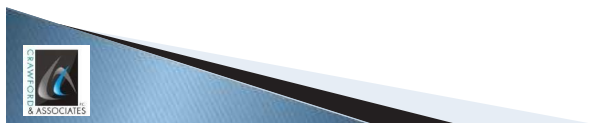
- ▶ Nonfinancial Assets
 - ▶ Land, Buildings, vehicles, and equipment
 - ▶ Yes even those pesky copier leases
 - ▶ Excludes contracts for services except those that contain both a lease component and a service component.
- ▶ Capital or Operating?



Right-to-use

- ▶ Leases are financings of the right to use an underlying asset
 - Control not limited to contracts that convey substantially all of the present service capacity
 - Includes right to use underlying asset for portions of time, such as certain days each week or certain hours each day
 - Single approach applied to accounting for leases with some exception, such as short-term leases

- Intangible vs Capital Asset
 - Lease = *Right To USE*



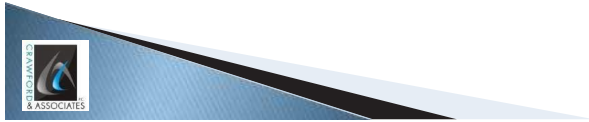
Lease Term

- ▶ For financial reporting, when does the lease start and end?
- ▶ Starts with the noncancelable period, plus periods covered by lessees' and lessor's options to:
 - Extend the lease, if the option is **reasonably certain** of being exercised
 - Terminate the lease, if the option is **reasonably certain** of NOT being exercised



Lease Term, continued

- ▶ Excludes “cancelable” periods
 - Periods for which the lessee and lessor each have the option to terminate without permission or both parties agree to extend
 - Rolling month –to-month lease
 - Lease continues into holdover period until a new lease is signed
- ▶ Fiscal funding/cancellation clauses ignored unless *reasonably certain* of being exercised



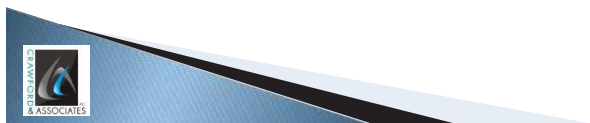
Transfer of Ownership

- ▶ An agreement that transfers ownership of the asset at the end of the contract
 - Agreement does not have termination options
 - Excluding fiscal funding cancellations
 - Not reasonably certain to be exercised
- ▶ Lessee – treat these agreements as financed purchases
- ▶ Lessor – treat as sale of the asset



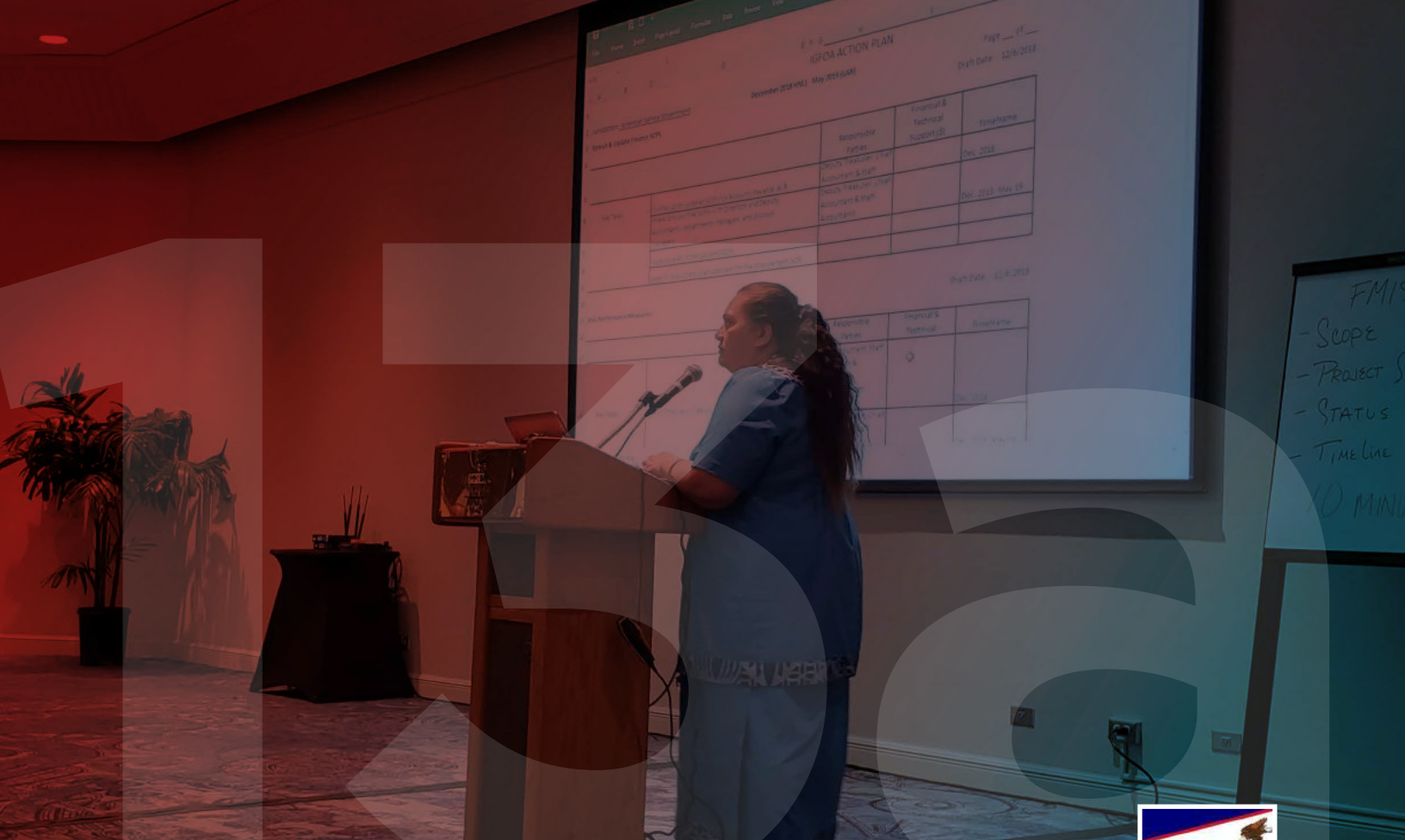
GASB 89 – Construction period interest costs

- Removes the requirement to capitalize construction period interest costs in proprietary funds and BTA
- Prospective application only
- Perhaps the only GASB Statement I've ever seen that you can implement by doing NOTHING
- No restatements, no reclassifications, no capitalization, no lookback period
- An easy target if you wish to early implement; in fact, we recommend it



Questions?





13a

Government Action Plan: American Samoa

American Samoa Government Action Plan



Revisit & Update Finance SOPs		Responsible Parties	Financial & Technical Support (\$)	Timeframe
Key Tasks:	> Follow-up on updated SOPs for Accounts Payable, A/R	Deputy Treasurer, Chief Accountant & Staff		Dec. 2018
	> Share, discuss final SOPs with Directors and Deputy, accountants, departments managers, and division managers	Deputy Treasurer, Chief Accountant & Staff Accountants		Dec. 2018- May 19
	> Issue booklet of the updated SOPs			
	> Meet to Discuss and plan approach for the Procurement SOP			

Improve Grant Processes		Responsible Parties	Financial & Technical	Timeframe
Key Tasks:	> SF-425 Timeliness- Treasury Grant Analyst Enforce Timely Filing	Chief Accountant, Staff Accountants & Departments Finance/Program Officer		Dec. 2018
	>	Deputy Treasurer, Chief Accountant & Staff Accountants		Dec. 2018- May 19
	> Reduction in Federal Grants Receivable	Deputy Treasurer, Chief Accountant & Staff Accountants		Dec. 2018- May 19
	> % of Unused Funds	Accountants & Departments Finance/Program Officer		Dec. 2018- May 19

Audit Improvement		Responsible Parties	Financial & Technical Support (\$)	Timeframe
Key Tasks:	> Thorough review of files submitted to auditors' for auditing	Treasurer, Deputy, Chief		Dec. 2018- May 19
	> Thorough review of auditors' opinions and findings	Treasurer, Deputy, Chief		Dec. 2018- May 19
	> Prepare and work on matrix to ensure all accounts are reconciled	Treasurer, Deputy, Chief		Dec. 2018- May 19
	>			

Pension Unfunded Liability		Responsible Parties	Financial & Technical Support (\$)	Timeframe
Key Tasks:	> Working with Fono Leaders on Proposed Legislation	Treasurer, Deputy, Chief		Dec. 2018- May 19
	>	Treasurer, Deputy		Dec. 2018- May 19
	>			

Cybersecurity		Responsible Parties	Financial & Technical Support (\$)	Timeframe
Key Tasks:	> Working with IT on Plan	IT, Deputy		Dec. 2018- May 19
	>			



13b

Government Action Plan: Commonwealth of the Northern Mariana Islands

CNMI Government Action Plan



DECEMBER 2018 (FINAL) - MAY 2019 (LTA)

Jurisdiction: CNMI

Page 1 of 2

Draft Date: 3/19/2019

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 1 of 3	Fixed Assets Inventory			
Key Tasks:	> Meet with CRM to discuss successful completion	Ryan	DOF	Completed
	> Apply for grant assistance to implement project	Ryan	OGM	Completed
	> Conduct Physical Inventory	Epi/Ryan	OGM/P&S	Sep-19
	> Conduct Physical Inventory	Epi/Ryan	OGM/P&S	Jun-20

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 2 of 3	Personnel Training			
Key Tasks:	> Contact Program Managers	Epi	OGM	Completed
	> Determine Courses needed	Epi	OGM	Completed
	> Contract Instructors	Epi	OGM/CMLO	Feb-19
	> Conduct Training	Epi	OGM	June-Oct 2019

Draft Date: 3/19/2019

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 3 of 3	Electronic Document Management			
Key Tasks:	> Develop Business Case/Apply for grant	EDP/Ryan	EDP/OIA	Completed
	> Pre-Installation: Track Supply Costs and Production time	EDP/Ryan	EDP/OIA	March-Dec 2019
	> YR 1: Installation of hardware and Workflow development	EDP/Ryan	EDP/OIA	FY 2020
	> YR 2: Desktop infrastructure and Review pilot implementation	EDP/Ryan	EDP/OIA	FY 2021
	> YR 3: Program Implementation & Ongoing Training	EDP/Ryan	EDP/OIA	FY 2022



13c

Government Action Plan: Guam

Guam Government Action Plan



Jurisdiction: GUAM

December 2018 (HNL)- May 2019 (LA)

Page 1 of 4
Draft Date: 12-6-18

FOCUS AREA for improvement:	Transparency	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Share/Post IGFOA action plans with all staff	Acctg Staff	FM	MA	31-01-19
	Review Action plans with financial manager				
	Add task list to each action plan				
	Finalized Action plans and submit to Debbie				
	Identify best solution to post final action plan				

FOCUS AREA for improvement:	Transparency	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Create dashboard for tracking measuring	Acctg Staff	MA	FM, GAS	30-06-19
	Identify other useful measures for managers to use				
	Identify each measure update frequency (daily, weekly, monthly)				
	Identify data source of measure (system, manual)				
	Explore dashboard feature of content management solution as option				

FOCUS AREA for improvement:	Reporting	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Continue quarterly closing schedule notification	All Agencies	FM, GAS	GAS, AO	30-06-19
	Create quarterly closing circular (similar to year-end)				
	Review and approve circular				
	Issue Organization Circular quarterly				

FOCUS AREA for improvement:	Reporting	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Improve cash forecasting	Gov, Leg, DRT	Director, FM, GAS	Accountants	On-going
	Review FIRM/400 Cash Flow Module (Option 24)				
	Identify issues / weaknesses				
	Develop plan to improve process				
	Review, Test and Implement improvements				
Update FIRM/400 Cash Flow Module (Option 24)					

FOCUS AREA for improvement:	Reporting	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Improve A/P aging report	Gov, Leg, DRT	FM, GAS	Accountants	On-going
	Identify preferred format and output (detail/aggregate)				
	Document specifications				
	Create report function on FIRM/400 System				

Guam Government Action Plan



FOCUS AREA for improvement:	Reporting	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Develop Tax Receivable Forcast Module	Gov, Leg, DRT	DIRECTOR	DRT, DFM	31-12-19
	Meet with DRT to identify project members				
	Identify forcast data requirements and source				
	Identify forcast process and calculation				
	Review and Test forcast				
	Implement forcast module				

FOCUS AREA for improvement:	Reporting	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Monitor FMS System Grant Projects	DOA Dir, DOI	FM,Project Mgr	GAS, Accountants	On-going
	Schedule Monthly Status reports				
	Identify challenges				
	Provide resources to prevent delays				
	Submit Narrative and Financial Reports on-time				

FOCUS AREA for improvement:	Reporting	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Formalize DOA annual and periodic reporting formats	Gov, All	FM, GAS	MA, GAS	On-going
	Identify all internal and external reports and audience				
	Review similar reports for merging or consolidation				
	Issue new reports				

FOCUS AREA for improvement:	Reporting	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Implement SF425 reporting status policy and procedure	Gov, All	FM, GAS	MA, GAS	31-12-19
	Identify all grant project managers				
	Identify all grant project managers and frequency of reporting status report				

FOCUS AREA for improvement:	SUMMARY	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Key Tasks: >	Share/Post IGFOA action plans with all staff	Acctg Staff	FM	MA	31-01-19
	Create dashboard for tracking measuring	Acctg Staff	MA	FM, GAS	30-06-19
	Implement quarterly closing schedule notification	All Agencies	FM, GAS	GAS, AO	30-06-19
	Improve cash forecasting	Gov, Leg, DRT	Director, FM, GAS	Accountants	On-going
	Improve A/P aging report	Gov, Leg, DRT	FM, GAS	Accountants	On-going
	Develop Tax Receivable Forcast Module	Gov, Leg, DRT	DIRECTOR	DRT, DFM	31-12-19
	Monitor FMS System Grant Projects	DOA Dir, DOI	FM,Project Mgr	GAS, Accountants	On-going
	Formalize DOA annual and periodic reporting formats	Gov, All	FM, GAS	MA, GAS	On-going
	Implement SF425 reporting status policy and procedure	Gov, All	FM, GAS	MA, GAS	31-12-19



13d

Government Action Plan: Federated States of Micronesia

FSM

Government Action Plan



FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
Key Tasks:	> Clear Question Cost Finding	Assistant Secretary of Finance and Advisor & Deputy	Accountants	30-01-19
	> Staff Performance evaluation	Secretary and Assistant Secretary	Manager and Supervisor for each section	30-09-18
	> Increase Tax Collection	Secretary of Finance & Office of Revenue & Tax	CTA Agents	30-12-18
	> Cybersecurity	Secretary and Assistant Secretary & Department IT	World Bank and CFSM Funding	01-10-20
	> Travel Advance Reconciliation	Travel Section Staff, Manager and Supervisor	<i>Traveler's, Accountant and the Manager</i>	30-09-18



13e

Government Action Plan: Republic of the Marshall Islands

RMI

Government Action Plan



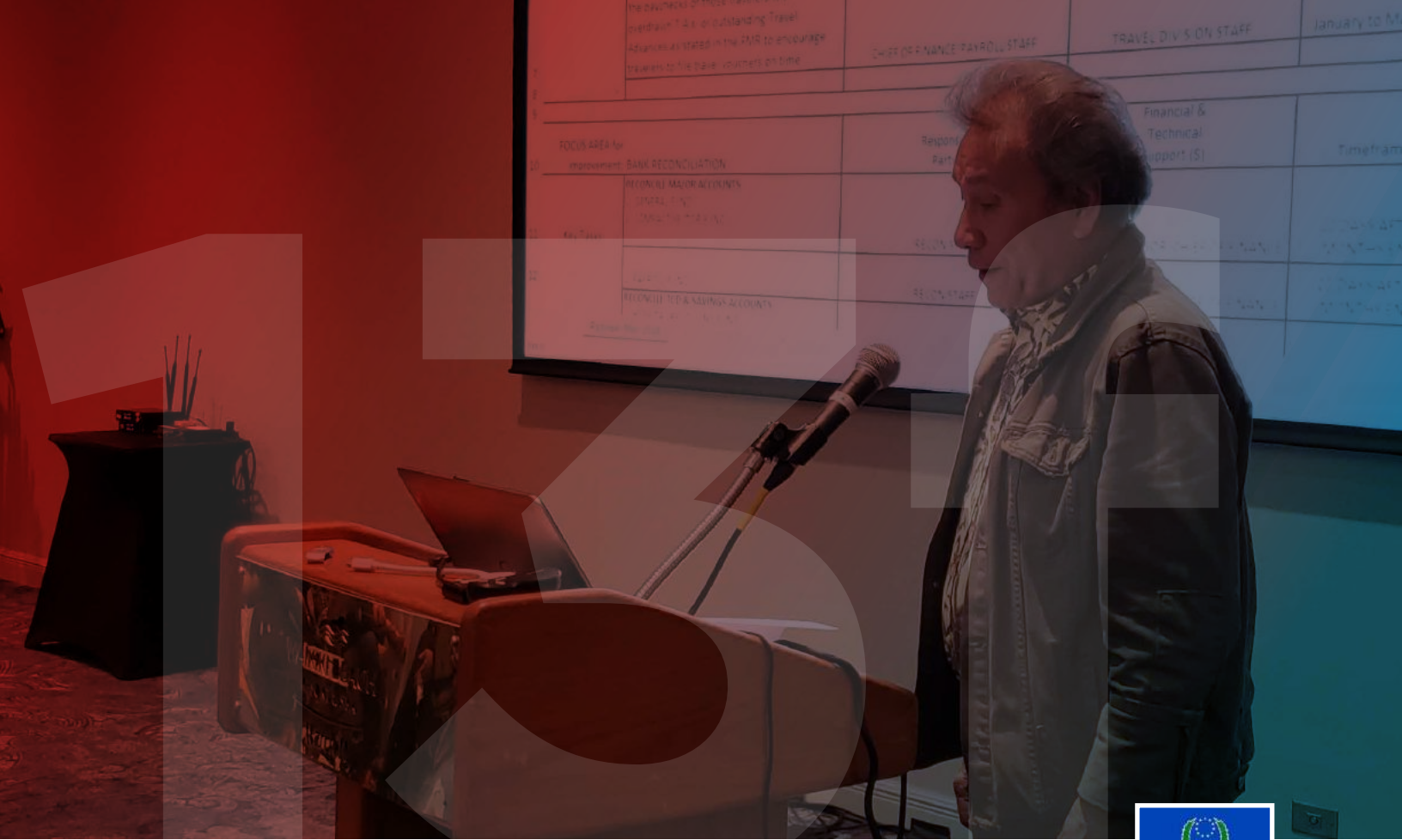
FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 1 of 5	Cash Management			
Key Tasks:	> Reducing Outstanding Advances (14 days Policy Implemented)	A/R Staff and Asst.		Ongoing
	> Shift some responsibilities to other ministries to help close TA	Secretary		19-Jan
	> Request other Ministries to assign a dedicated TA officer			19-Jan
	>			

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 2 of 5	Fixed Asset Inventory			
Key Tasks:	> Complete FY18 Inventory	Procurement & Supply		Ongoing
	> Established a Schedule to look at Fixed Assets in each Ministries/Agencies			Ongoing
	> Coordinate with PSS to have the head teachers take pictures			19-Jan
	>			

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 3 of 5	Develop an Ethics Training Program			
Key Tasks:	> Ethics Training Program to be conducted by the Ethics Committee	HR Unit		Jan 19-Feb 19
	>			

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 4 of 5	Identify new innovations to improve business processes			
Key Tasks:	> Schedule meeting with staff	CSO/MOF		Ongoing
	> Identify critical problems needing immediate fix	CSO/MOF		Ongoing
	> Get ideas and inputs from staff	CAO/MOF		Ongoing
	>			

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 5 of 5	CyberSecurity System			
Key Tasks:	> CyberSecurity Plan	MOF		Dec-20
	> Collaborate with NTA through Ministry Transportation, Communication and IT to come up with Security Plans and			
	>			



13f

Government Action Plan: Pohnpei State

Pohnpei

Government Action Plan



FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
REDUCTION IN OVERDUE TRAVEL ADVANCES				
Key Tasks:	> Strictly re-enforce the travel regulations to ensure that all travelers file their travel vouchers no later than 10 days upon arrival.	PROGRAM MANAGERS/CHIEF OF FINANCE	FINANCE STAFF/FISCAL & ADMIN STAFF ROM ALL DEPTS %	January to May 2019
	> Apply automatic bi-weekly deduction from the paychecks of those travelers with overdrawn T.A.s or outstanding Travel Advances as stated in the FMR to encourage travelers to file travel vouchers on time.	CHIEF OF FINANCE/PAYROLL STAFF	TRAVEL DIVISION STAFF	January to May 2019

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
BANK RECONCILIATION				
Key Tasks:	> RECONCILE MAJOR ACCOUNTS: 1. GENERAL FUND 2. COMPACT SECTOR FUND	RECON STAFF	FINANCE ADVISOR/CHIEF OF FINANCE	10 DAYS AFTER MONTHS END
	> 1. PAYROLL FUND	RECON STAFF	FINANCE ADVISOR/CHIEF OF FINANCE	20 DAYS AFTER MONTHS END
	> RECONCILE TCD & SAVINGS ACCOUNTS: 1. HOSPITAL REVOLVING FUND 2. ESCROW FUND 3. LOCAL INFRASTRUCTURE MAINTENANCE FUND 4. TCD	RECON STAFF	FINANCE ADVISOR/CHIEF OF FINANCE	5 DAYS AFTER MONTHS END
	>			
	>			

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
GL TO SUB-LEDGER RECONCILIATION				
Key Tasks:	> Travel Advances	FINANCE ACCOUNTANTS/DEPARTMENT HEADS	FINANCE CHIEF/FINANCE ADVISOR	15th of each month
	> Federal Receivables	FINANCE ACCOUNTANTS	FINANCE CHIEF/FINANCE ADVISOR	15th of each month
	> Other Receivables	FINANCE ACCOUNTANTS	FINANCE CHIEF/FINANCE ADVISOR	15th of each month
	> Accounts Payable	FINANCE ACCOUNTANTS/DEPARTMENT HEADS	FINANCE CHIEF/FINANCE ADVISOR	15th of each month
	> Payroll	FINANCE ACCOUNTANTS	FINANCE CHIEF/FINANCE ADVISOR	15th of each month
	> Revenue	FINANCE ACCOUNTANTS	FINANCE CHIEF/FINANCE ADVISOR	15th of each month

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
IMPROVE OUR PERFORMER RATING				
Key Tasks:	> Collaboration between the Program Manager and Finance and eventually the Grantor in resolving remaining prior year questioned costs	PROGRAM MANAGERS/FINANCE CHIEF	FINANCE ADVISOR/FINANCE STAFF/GRANTOR	January to May 2019
	> Resolve All Repeated Findings	PROGRAM MANAGERS/CHIEF OF FINANCE	FINANCE ADVISOR/FINANCE STAFF	JANUARY TO DECEMBER 2019
	> Schedule monthly meetings with Finance Staff to improve performances in all areas	DOTA DIRECTOR/FINANCE CHIEF	FINANCE ADVISOR/FINANCE STAFF	January to May 2019

Pohnpei

Government Action Plan



FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
	FIXED ASSETS INVENTORY			
Key Tasks: >	Conduct Physical Inventory To Determine Fairness & Value Of The Assets	PROCUREMENT ACCOUNTABILITY OFFICER/PROPERTY & SUPPLY ACCOUNTANTS/PROGRAM MANAGERS	CHIEF OF FINANCE/DOTA DIRECTOR	BI-ANNUALY
>	Collaborate with Program Managers to maintain an updated listing and status of assets in their custody	PROCUREMENT ACCOUNTABILITY OFFICER/PROPERTY & SUPPLY ACCOUNTANTS/PROGRAM MANAGERS	CHIEF OF FINANCE/DOTA DIRECTOR	QUARTERLY
>				
>				

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
	FIXED ASSETS MAINTENANCE PLAN			
Key Tasks: >	Work With The Agencies And Departments To Come Up With A New Plan which includes updates on The Maintenance Of Their Fixed Assets	PROCUREMENT ACCOUNTABILITY OFFICER/HEAD OF DEPTS & AGENCIES	PROCUREMENT STAFF/DEPT & AGENCY STAFF	JANUARY TO MAY 2019
>				
>				

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
	REDUCE % OF UNSPENT FEDERAL FUNDS			
Key Tasks: >	Strictly Monitor Federal Expenditures VS. Budget	FINANCE CHIEF	PROCUREMENT STAFF/DEPT & AGENCY STAFF	MONTHLY
>				



13g

**Government Action Plan:
Chuuk State**

Chuuk

Government Action Plan



FOCUS AREA for improvement: IGFOA performance measures				
Key Tasks	Report to	Responsible Parties	Financial & Technical Support	Timeframe
Employee Evaluations	Dept.Heads	Chiefs	no	annually
Collection of outstanding travel advances	Director/PMGR	Chief/Finance	yes	monthly
Monthly reporting using template developed	Chief/Finance	Yanser/Anasita	yes	monthly
Federal Grants Receivable monitoring	Director/PMGR	Chief/Finance	Yes	Monthly
Monthly reporting using template developed	Chief/Finance	Betsy/Sharon	yes	Monthly
Revenue/Budget Tracking	Director/PMGR	Chief/Budget	yes	Quarterly
Monthly reporting using template developed	Chief/Budget	Resme/JD	yes	Quarterly

FOCUS AREA for improvement: IGFOA performance measures				
Key Tasks	Report to	Responsible Parties	Financial & Technical Support	Timeframe
# of Trainings for Finance Employees (The training sessions will be coordinated and held by Sept 2019)	Director	Chief/Finance	yes	Jan-Sept. 19 (3 training sessions)
Trainings for Finance/budget employees	Director/PMGR	Chiefs/F&B	yes	May/July/August
15 employees received trainings (along with many others from departments/agencies)		Chiefs/F&B	CFCC/DAS Provided training	Feb-19
15 employees will receive trainings (along with many others from departments/agencies)	Director/PMGR	Chiefs/F&B	Graduate School Will provide training (confirmed)	by Sept.19
15 employees will receive trainings (along with many others from departments/agencies)	Director/PMGR	Chiefs/F&B	Public Auditor, Deloitte, FSM Finance Conference in Chuuk	Aug-19
Track the number of employees attending training sessions and report to Director/PMGR	The Chiefs of Finance and Budget			
Note: Training sessions are defined as those specifically designed for financial/budgeting/personnel management and are more than 1 day.				
Cyber Security Plan (Cyber Security framework is in draft form and should be under review and completed by June 19, including recovery plan.)	Director/PMGR	IT Manager	yes	Jun-19
Draft outline and parameters with estimated costs under review				



13h

Government Action Plan: Republic of Palau

Palau

Government Action Plan



FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 1 of 6	HUMAN RESOURCES DEVELOPMENT			
Key Tasks:	> Develop tracking system to ensure timely and comprehensive employee evaluation	BPSS		May-19
	> Conduct Employee Engagement Survey to get feedback on management SWOT	BPSS		Mar-19
	> Training calendar	All Bureaus (BPSS)		Jul-19
	>			

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 2 of 6	CSPP UNFUNDED LIABILITY			
Key Tasks:	> Provide recommendation to Legislature based on actuarial report and recommendations	Minister of Finance		Mar-19
	>			

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 3 of 6	PERFORMANCE MEASURES			
Key Tasks:	> Develop CHECKLIST for measures	All Bureaus		May-19
	> Present PERFORMETER to appropriate Ministry Employees	All Bureaus		Mar-19
	> Payroll Measures (Migration ACH)	BNT		May-19
	>			

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 4 of 6	FINANCIAL REPORTING - PAFR			
Key Tasks:	> Identify content and coverage (Audited & Unaudited)	BNT; BBP		Mar-19
	> Produce DRAFT	BNT; BBP		Jun-19
	> Publish PAFR	BNT; BBP		Aug-19
	>			

Palau

Government Action Plan



FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 5 of 6	TRAVEL OUTSTANDING			
Key Tasks:	> Write off old travel advance outstanding (6 yrs +)	BNT		Jan-19
	> Reconcile 90 days + travel advance outstanding	BNT		Mar-19
	> Reconcile current travel advance outstanding	BNT		May-19
	> Email to all employees to inform their outstanding balance	BNT		Jul-19

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
# 6 of 6	IT TRAINING			
Key Tasks:	> Cyber Security Awareness	ISSS		May-19
	> Office tools training	ISSS		May-19
	> Develop Cyber Security Plan	ISSS		May-19

FOCUS AREA for improvement:		Responsible Parties	Financial & Technical Support (\$)	Timeframe
	FMIS ACQUISITION			
Key Tasks:	> RFP Closing, Evaluation, and Award	FMIS Tech. Team		Mar-19
	> RFP for Project Coordinator Consultant	FMIS Tech. Team		Feb-19
	> FMIS Implementation	Implementation Team		April 2019 to September 2019



14

Conference Evaluations Summary

IGFOA

HONOLULU, HAWAII
DEC 4-6, 2018
IGFOA Winter Meeting
MARRIOTT WAIKIKI HOTEL

CONFERENCE EVALUATION

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 IGFOA Meeting by circling the appropriate number.

IGFOA MEETING

1. The IGFOA meeting sessions were relevant and timely.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
83%	17%	0%	0%	0%
Score: 4.8				

2. The meeting's objectives were substantially met.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
80%	14%	6%	0%	0%
Score: 4.7				

3. Logistics for bringing participants to and from Honolulu were handled satisfactorily.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
80%	11%	9%	0%	0%
Score: 4.7				

4. The IGFOA meeting site (Marriott Waikiki Resort and Spa) was comfortable and conducive to the meeting.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
74%	26%	0%	0%	0%
Score: 4.7				

5. 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
89%	9%	3%	0%	0%
Score: 4.9				

6. Overall, this conference of the Island Government Finance Officers' Association (IGFOA) was:

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
80%	14%	3%	3%	0%
Score: 4.7				

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

- The Performer and the unfunded pension liabilities because I can use information to show our government our financial standing.
- Performer slides stating stats of each country
- One session in particular was on lessons learned in auditing. Since I do not have as much information on auditing as I'd like, it proved to be very informative for me. Also, the update from DOI was relevant to my work in grants.
- Cybersecurity readiness – Vincent Hoang, Developing a Cybersecurity Plan – Debbie.
- Because it is new to me (the conference) found all information meaningful.
- Government updates and further materials on issues.
- The outcome of FY17 Audit
- Updates, Performer
- Pensions, FMIS, Performers.
- Performer Session
- Pension.
- The sessions where we were discussing the goals of each government and learning during that process.
- Report on Pacific Islands' financial status
- The Gov't sharing of information + advice from the Graduate School
- *Budget Updates *Performance measure/Insular Gov't performance measure
*Action Plan updates *FMIS
- The session on auditing was the most relevant to my line of work.
- All the sessions were useful.
- All of them
- All of the topics for 3 days are really good and important tools to use.
- All the sessions were relevant to contributing Government Growth & improvement. It was very interesting listening to the Government presentation & seeing how they are doing; & what their strategies are when it comes to improvement.
- All were relevant!
- (II) ALL
- Addressing Unfunded Liability, Lessons Learned: Island Auditing
- Addressing Unfunded Liabilities, Audit improvement updates, Performer
- Honestly, all of them.
- Presentations, especially the Public Auditor presentation
- Going over the action plans
- Audit update and Performer

- Sharing of financial tasks, issues, & position of each of the island governments.
- The session on unfunded pension liability – Frank Crawford. It was very interesting and helped me to understand pension liability more.
- 1) Lessons learned in island auditing – Les Kondo, 2) Addressing Unfunded Liabilities – Crawford, 3) Performer
- Cybersecurity & GASB update
- Last day action plan report outs - good ideas shared that could be adapted. Pensions & strategies for addressing via legislatures

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

- Mr. Les Kondo's role as the Hawaii State Auditor- performance audits
- I liked all of it
- 1) Cybersecurity readiness and how we can better prepare ourselves for any future attacks. When I return home, I will look through the items in the first column of cybersecurity. 2) How to handle fixed asset inventory – I will make suggestions to work with other agencies to complete the fixed asset inventory in a timely manner.
- Password complexity < Password length
- *Training leave application *tracking mechanism for performance evaluations + communicating info to all departments *identifying partners for all ministries to completing key tasks
- Cyber security and to bring up the subject to get something positive towards establishing one. -Performer, and how to minimize adaptations/cut costs and feed trust funds/put towards debt.
- How to maintain the performance evaluations of employee.
- DOI – other source funding. Audit issues/lessons in Island Auditing.
- 1) Presentation by the Hawaii Auditor 2) Mr. Frank Crawford presentations
- *Pension Reform *Financial measures.
- 1) Improving on audit issues @ all levels 2) Collaborating & learning from other governments
- 1) Learned to take roles seriously to get an unmodified/clean opinion. 2) Learned of ways to improve performance.
- 1) leave code for training to keep track of training hours 2) Performer – how to improve our performance
- Performance Measure – continual collaborating w/Ministry of Finance to ensure we continue to perform to standard... Pension Plan/S.S. Plan – continual pushing to help support the sustainability of the fund
- The development of cybersecurity plan for not only attacks but also data protection was very important. I will take steps to ensure my information is kept

secure. Also, changing how we handle fixed asset management is something I plan on looking into.

- The importance of all the performance measures and I will make sure we do monthly monitoring in all the areas.
- *Cybersecurity – to ensure that IT manager will work to develop plans on policies to put in place to ensure that we are saved. *GASB updates – to review what are applicable for us + prepare for it before the implementation, or implement what we need to implement.
- I need to do employee evaluations when I get back home.
- Cybersecurity, Performer scores
- Performer
- Password Phrase, Unfunded Pensions
- 1) The increasing problem of unfunded pension liabilities 2) The ongoing improvement audits
- Everything
- Cyber Security, and it is something I have to alert my leaders back home on its importance
- GASB requirement on “leases” & Auditor’s reporting format to catch people’s attention & to lure people to at least look at report. Will imitate them as much as possible.
- 1 – GASB, 2 – Cybersecurity
- Cybersecurity plan and resolve all the audit findings
- Net financial position of our government, Performance measures for each island government
- Cybersecurity and the presentation by Les Kondo. I will apply the first by protecting my desk area better and the second was a great input on what is important about the audit.
- 1) Ways of tracking or encouraging performance evaluations, 2) Island Auditing
- Utilizing the performance measures outside of Dept. of Finance – public perception.
- Cybersecurity – heavy but important, looking into this

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

- (XI) None
- The updates on GASB weren’t as meaningful to me because I don’t deal with it primarily.
- Addressing unfunded pension liabilities
- *Unfunded pension/SSA liabilities
- The performance evaluation

- Most: GASB, Performance Measures. Least: Pension reforms
- GASB
- All sessions were relevant and meaningful.
- Although very meaningful, the presentation on GASB isn't really relevant to my line of work.
- None. Even if some do not apply to my gov't, I still learn valuable information.
- As I said on question #7, all are good and useful.
- All were relevant!
- FMIS Panel
- I enjoyed the cybersecurity but I understood very little
- N/A
- All of them were relevant.
- Cybersecurity
- All relevant

10. Please list any measurable achievement your government has made as a result of being represented at IGFOA conferences.

- Timely bank recon & awareness of the importance of the single audit.
- Raising/rising financial status => CONTENTS
- Les' findings on our audit and fixing more of our questioned costs.
- We started the ERD Project
- Timely financial audits, less findings and more efficient financial process implemented and concepts.
- Fixed assets, Performance evaluation
- Improvements in timeliness and quality of financial reporting
- Improvements on audits over a couple years and submission of audits.
- Timely filing & completing of audit report and issuance of CAFR.
- Unfunded Pension Liability - How to decrease net effect.
- This is my first time, so next time.
- There are less findings/QCs on our audits
- Improvement in our Performer as presented by Frank. Yay!!
- *#'s of days to process an invoice, bank recon, fixed asset reconciliation, performance eval.
- Performer
- -Question costs -Staff evaluations -Cybersecurity
- Improved Employee Eval completions
- We gain confidence in the professionalism of the island finance offices.
- HR unit has been established, Improved on cash management, FMIS in progress

- Reduced funding (audit), Improved performance
- Improve audits, improve management of funds, improve in performance
- 1) FMIS, 2) Drawdowns, 3) TAs
- Help to reduce audit findings, New GASB update
- Progress on our findings.
- Amend procurement law, Establish use of performance measures in staff meetings
- Consistent, timely bank reconciliations & SF425 findings
- Reporting back to IGFOA added pressure for working towards focus areas w/renewed commitment & new team members to add to meeting goals.

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.

- Wide variety of courses to be provided
- Great conference!
- Frankly, I thought that Guam was left behind. It has the largest population and has almost every problem addressed, but very little credit for past and future achievements.
- At some point, time wasn't enough to really dive deeper into the issues and really come up with concrete solutions.
- Effective means of education & be updated with latest GASB and motivation to be the model of effective government to maintain public's trust in government.
- A wider variety of sessions would be awesome.
- To be honest, Graduate School has always prepared the meetings to my satisfaction. I can never complain. Thank you all!
- No complaint & no comments.
- ****Continue to make paperless****
- (II) GREAT JOB!
- They won't be the same without Tom
- I'm still interested in having more presentations in the areas of audit preparation and information leading to technical knowledge in fiscal inventory
- Sponsor more participants! Thank you!!
- Thank you Graduate School for a job well done
- It's always good to share finance tasks and measures amongst the other island nations.
- Less paper is better. Thank you for taking the initiative!
- Thank you always!!
- Great that there is less use of paper!



15

Conference Participant Contact Information

American Samoa



Catherine Saelua
Director, Department of Budget
P.O. Box 561, Pago Pago, AS 96799
catherine.saelua@obp.as.gov
tel: 684.633.4201

Tina Va'a
Deputy Director, Department of Treasury
P.O. Box 3585, Pago Pago, AS 96799
tina.vaa@tr.as.gov
tel: 684.731-3744

CNMI



Ryan Camacho
Financial Services Manager, Department of Finance, Secretary's Office
PO Box 5234 CHRB
rc.camacho@cnmidof.net
tel: 670-664-1105

Henry Cepeda
Computer Programmer, Division of Electronic Data Processing (Department of Finance)
P.O. Box 503710
henryzhaocpeda@gmail.com
tel:

Ezra Justice Lizama
Grants Specialist, Office of Grants Management & State Clearinghouse, CNMI Office of the Governor
Caller Box 10007 Saipan, MP 96950
elizama.ogm@gmail.com
tel: 670-237-2221

Jody Ogo
Accounting Technician I, Department of Finance, Secretary' Office
P.O. Box 5234 CHRB, Saipan MP 96960
jodyogo.sof@gmail.com
tel: (670)287-3356

A. Kodep Ogumoro-Uludong
Director, Office of Planning & Development, CNMI Office of the Governor
P.O. Box 501310, Saipan, MP 96950
kodep.uludong@govla.mp
tel: (670) 285-3282

Bernadita Palacios
Director, Division of Finance and Accounting, CNMI Department of Finance

P. O. Box 5402 CHRB Saipan MP 96950
palacios@pticom.com
tel:

Jace Allyson Pineda
Grants Specialist, Office of Grants Management & State Clearinghouse, CNMI Office of the Governor
Caller Box 10007 Saipan, MP 96950
jpineda.ogm@gmail.com
tel: 670-237-2221

Margaret Bertha Torres
Director, Office of Administrative Services
P.O. Box 501826 Saipan, MP 96950
berthatorres128@gmail.com
tel: 670-664-1104

FSM



Akiama George
Operation Manager, Dept. of Finance & Administration
P.O. Box PS 52 Palikir, Pohnpei FM 96941
akiarthurgeorge@gmail.com
tel: 691-320-2823

Kelly Keller
Project Manager, Project for Strengthening Public Financial Management, FSM National Government
P.O. Box PS 52 Palikir, Pohnpei FM 96941
kelly.keller@gov.fm
tel: 691-320-2823

Faniger Poll
Account Receivable & Billing Manager, Department of Finance, FSM National Government
PO BOX PS 17 PALIKIR FM 96941
fanipoll691@gmail.com
tel: 691-320-8399

Chuuk, FSM



Tiser Reynold
Advisor, Department of Finance and Administration, Chuuk
P.O Box 174 Weno, Chuuk FSM 96942
treynold.kos@gmail.com
tel: 691.330.2230

Pohnpei, FSM



Feliciano Perman
Director, PSG Department of Treasury & Administration
P.O. Box 1457 Kolonia, Pohnpei FM 96941

directordota.psg@gmail.com
tel: 691-320-2243/2323

Rodriguez Judy
Accountant, Pohnpei Department of Treasury & Administration
P.O. Box 1457 Kolonia, Pohnpei FM 96941
rodrigjudz@gmail.com
tel: (691) 320-2323/2243

Yap, FSM



Pius Talimeisei
Chief of Budget, Department of Budget, Yap
P.O. Box 471, Yap, FM 96943
piustlim@yahoo.com
tel: (691)350-2166

Guam



Edward Birn
Director, Department of Administration
P.O. Box 884 Hagatna, GU 96932
edward.birn@doa.guam.gov
tel: 671-475-1117

Ken Borja
Management Analyst, Department of Administration
P.O. Box 884 Hagatna, GU 96932
ken.c.borja@doa.guam.gov
tel: 671-475-1117

Palau



Ellbuchel Sadang
Minister of Finance, Republic of Palau
PO BOX 6011 Koror PW 96940
esadang@gmail.com
tel: 680-488-2566/767-2561

Umerang Imetengel
Director of Public Service System, Ministry of Finance
P.O. Box 6011 Koror, Palau 96940
umerangi@palaugov.org
tel: 680-775-2114

Jonathan Isechal
Congressman, Tenth Olbiil Era Kelulau (OEK)

Caryn Koshiba
Chief of the Division of Finance and Accounting (BNT),
PO BOX 6011 Koror PW 96940
carynk@palaugov.org
tel: 680-767-2561

Gail Rengiil
Director of the Bureau of National Treasury (BNT),
PO BOX 6011 Koror PW 96940
gailr@palaugov.org
tel: 680-488-2566

Terra Nabeyama
Chief of the Division of Human Resources, Bureau of PSS
P. O. Box 6011 Koror, Palau 96940
terran@palaugov.org
tel: (680)775-7026

Marhsall Islands



Brenson Wase
Minister of Finance, Ministry of Finance
P.O. Box D
brensonwase@gmail.com
tel: (692) 625-8311

Maybeline Andon-Bing
Secretary, Ministry of Finance
PO Box 752 Majuro MH 96960
mayabing@gmail.com
tel: (692) 625-8311

Sally Ann de Brum
Associate Commissioner for Budget and Finance, RMI Public School System
P.O. Box 3 Majuro MH 96960
sdebrum@pss.edu.mh
tel: 692-625-5261

Kanchi Hosia
Commissioner, RMI Public School System
P.O Box 3 Majuro MH 96960
khosia@pss.edu.mh
tel: 692-625-6698

Spencer Joe
Assistant Secretary for Accounting, Ministry of Finance
P.O. Box D

spencermjoe@gmail.com
tel: (692) 625-8311

Tokiko Kabua
Internal Auditor, Ministry of Finance
P.O. Box D
kabuatokiko8@gmail.com
tel: 625-8311

Sef Korok
Assistant Secretary for Ebeve Finance, Ministry of Finance
PO Box 5146 Ebeve, MH 96970
skorok@rmimof.com
tel: (692) 329-8011

Casper Lejjena
Senior Budget Officer, Ministry of Finance
P.O.Box D Majuro MH 96960
casperlejjena2521@gmail.com
tel: (692)625-8835

Gee Leong Bing
Associate Commissioner for HR and Admin, RMI Public School System
P.O. Box 3 Majuro MH 96960
gbing@pss.edu.mh
tel: (692) 625-5261/5262

Gjergevich Masao
Assistant Federal Grant Coordinator, Ministry of Finance
PO Box 752 Majuro MH 96960
gmasaoding@gmail.com
tel: (692) 458-3050

U.S. Department of the Interior, Office of Insular Affairs



Nikolao Pula
Director, U.S. Department of the Interior
1849 C Street, N.W., Washington, DC 20240
nikolao_pula@ios.doi.gov
tel: +1 202 208 5920

Tom Bussanich
Budget Director, U.S. Department of the Interior
1849 C Street, N.W., Washington, DC 20240
tom_bussanich@ios.doi.gov
tel: +1 202 208 5920



Resource Consultants

Diane Arakaki
Subject Matter Expert, Graduate School USA
900 Fort Street Mall, Suite 1540, Honolulu, HI 96813
dianearakaki@yahoo.com
tel: +1 808 523 1650

Frank Crawford, CPA
Subject Matter Expert, Graduate School USA
900 Fort Street Mall, Suite 1540, Honolulu, HI 96813
frank@crawfordcpas.com
tel: +1 808 523 1650

Deborah Milks
Consultant, Graduate School USA
900 Fort Street Mall, Suite 1540, Honolulu, HI 96813
milksdeb@aol.com
tel: +1 808 523 1650

Kevin O'Keefe
Subject Matter Expert, Graduate School USA
900 Fort Street Mall, Suite 1540, Honolulu, HI 96813
kevin@econmap.org
tel: +1 808 523 1650

Graduate School USA

Jason Aubuchon
Program Manager, Graduate School USA
900 Fort Street Mall, Suite 1540, Honolulu, HI 96813
jason.aubuchon@graduateschool.edu
tel: +1 808 523 1650

Judy Perry
Office Manager, Graduate School USA
900 Fort Street Mall, Suite 1540, Honolulu, HI 96813
judith.perry@graduateschool.edu
tel: +1 808 523 1650

Rebeka Rainwater
Program Specialist, Graduate School USA
900 Fort Street Mall, Suite 1540, Honolulu, HI 96813
rebeka.rainwater@graduateschool.edu
tel: +1 808 523 1650

IGFOA

Island Government Finance
Officers' Association

WINTER REPORT

Honolulu, Hawaii
December 4-6, 2018



Graduate School USA, Pacific & Virgin Islands Training Initiatives (PITI-VITI)
900 Fort Street Mall, Suite 1540, Honolulu, Hawaii 96813
Additional information online at www.pitiviti.org

The IGFOA is supported by the United States Department of the Interior's Office of Insular Affairs www.doi.gov/oia through the Graduate School USA's PITI-VITI Program www.pitiviti.org.