

GFOA & IGFOA



SEATTLE 2009

JUNE 28 - JULY 2

ISLAND GOVERNMENT FINANCE
OFFICERS' ASSOCIATION

CONFERENCE REPORT



AMERICAN
SAMOA



CNMI



FSM



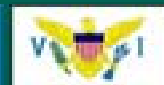
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Table of Contents

| | |
|--|----|
| 1. Executive Summary | 1 |
| 2. Background | 3 |
| 3. Conference Goals | 3 |
| 4. Welcoming Remarks..... | 4 |
| 5. General Discussion of the GFOA Conference sessions..... | 5 |
| 6. Human Resource Strategies for Effectively Managing a Finance Office in the 21st Century | 7 |
| 7. Field Trip to King County Finance and Business Operations Division (FBOD) | 8 |
| 8. Grant Management Reporting Requirements (ARRA preparations) | 10 |
| 9. American Recovery and Reinvestment Act (ARRA) | 14 |
| 10. Managing and Reporting on Federal Grants in the Insular Areas: A Federal Perspective | 15 |
| 11. Audit Status Update | 16 |
| 12. The New Fund Balance | 17 |
| 13. Financial Management Initiatives Best Practices | 18 |
| 14. Conference Action Plans..... | 20 |

Appendices

| | | |
|------------|---|-----|
| Appendix A | Conference Agenda | 21 |
| Appendix B | Attracting, Developing and Retaining the New Generation of Talent | 25 |
| Appendix C | King County Overview | 37 |
| Appendix D | King County Accountable Business Transformation | 51 |
| Appendix E | King County ARRA status | 65 |
| Appendix F | CNMI ARRA status | 69 |
| Appendix G | Gov Guam ARRA status | 73 |
| Appendix H | Virgin Islands ARRA status | 77 |
| Appendix I | Summary of Sharon Fujii's presentation | 91 |
| Appendix J | FSM Audit Status | 93 |
| Appendix K | GASB 54 Presentation | 95 |
| Appendix L | Summary of Guam MIP status | 107 |
| Appendix M | Kosrae State Audit Improvement | 111 |
| Appendix N | ASG Action Plan | 115 |
| Appendix O | Pohnpei State Action Plan | 117 |
| Appendix P | Yap State Action Plan | 119 |
| Appendix Q | Virgin Islands Action Plan | 121 |
| Appendix R | Gov Guam Action Plan | 123 |
| Appendix S | Summary of Conference Evaluations | 125 |
| Appendix T | List of Conference Participants | 131 |

1. Executive Summary

Since 2000, the summer meeting of the Island Government Financial Officers' Association (IGFOA) has immediately followed the annual conference of the Government Finance Officers Association. This year the conferences were held in Seattle, Washington from June 28th to July 2nd, 2009. The theme of the GFOA conference was "Financial Strategies for Challenging Times" and the IGFOA built on that theme with the following objectives:

- Follow up on discussions held in December 2008 for developing strategies for recruiting and retaining qualified professional financial staff;
- Develop strategies for managing and reporting American Reinvestment and Recovery Act (ARRA) funds;
- Review progress and plan for next steps on key financial initiatives: the Audit Improvement Project, Executive Leadership Development Program, and Finance Office Assessment Tool; and
- Develop action plans to address each government's highest priority issues in improving their performance.

The IGFOA agenda was ambitious for the short day and half that was available. However, the IGFOA participants took full advantage of the opportunity to participate in professional development and networking activities and to work with their peers on common issues and strategies. IGFOA members also found it beneficial to have the 3 representatives from the Department of Interior Office of Insular Affairs available to hear and understand the finance offices' challenges and successes and to discuss shared training, capacity building and technical assistance needs.

Dr. Lowell Kuehn, the meeting facilitator, conducted a "pre-meeting" with a goal setting session. The participants were asked to establish goals for themselves over the rest of the week. Participants were asked to set a personal goal aimed at using the week to improve well-being, a professional goal to improve their capabilities as financial managers and an institutional goal directed to improvements for their government and/or agency.

The IGFOA conference began on Wednesday afternoon. After the opening remarks, the participants discussed GFOA sessions which had specific application to the island government finance offices. Monitoring internal controls, issues with the budgetary statements on the CAFR, emergency preparedness, international accounting standards and imaging technology were just a few of the GFOA sessions which apply directly to the issues facing the insular finance offices.

Bob Lavigna, Vice-President of Research for the nonprofit Partnership for Public Service, followed up on the sessions which he conducted at the December 2008 meeting of the IGFOA. Mr. Lavigna questioned the finance officers on the outcomes from their December action plans. Many of the offices still face considerable challenges in succession planning and the group discussed possible solutions, including taking advantage of internship programs offered by OIA and sharing recruiting strategies and tools.

The IGFOA group took a morning for a field trip to the King County Finance and Business Operations Division (FBOD). It was the first time that IGFOA included a field trip in their agenda and the participants found it both confirming and informative. Although the size of the budget and population of King County is much greater than the insular governments (King County is the 13th largest county in the United States), the issues facing the finance office are quite similar. The Director and Division managers spoke about their challenges and best practices around the Single Audit, performance measurements, system implementation and business redesign, and the new grants under the American Reinvestment and Recovery Act.

The U.S. flag territories of Guam, American Samoa, Virgin Island and Commonwealth of the Northern Mariana Islands presented overviews of their preparations for monitoring and reporting on ARRA funds. They provided information on their web sites, their fund accounting and cash accounting procedures and special preparations for expedited document processing.

Ms. Sharon Fujii, Region IX Administrator, Administration for Children and Families, Department of Health and Human Services gave the luncheon address and a following session on the opportunities, challenges and accountability of ARRA funds. Ms. Fujii emphasized what a historic opportunity this funding offers to the governments while challenging them to respond quickly to the developing requirements of the Act.

Ms. Marina Tinitali provided a federal prospective on grant reporting with an emphasis on the annual audits. She challenged every government member to have a clean, unqualified financial audit opinion by FY2010. Ms. Tinitali also addressed concerns over audit representation letters when there has been a change in the government administration. She suggested that modifications and concerns over specific language and representations can be discussed with the auditors prior to a new administration signing the representation letter.

Mr. Frank Crawford, CPA gave an informative session on the "New Fund Balance". The GASB has redefined the categories of fund balance in order to give more information to financial statement users and more control to the governments. There will be a clear distinction between what can be appropriated (unassigned) and what cannot (restricted, committed or assigned). The implementation date is FY 2011; however, early implementation is encouraged and would be helpful to the insular governments.

Representatives of specific governments presented their best practices and status of the major IGFOA financial management initiatives, including the Audit Improvement Project, the Financial Management Improvement Project, the Executive Leadership Development Project and the Finance Office Assessment.

As a final task, IGFOA members were asked to prepare an action plan to take advantage of lessons learned at the GFOA and IGFOA conferences.

2. Background

In 1999 the Department of Interior's (DOI) Office of Insular Affairs (OIA) and insular Government financial management officials decided to form the Island Government Finance Officers Association (IGFOA). The purpose of IGFOA was to promote improved financial management in the insular governments. The IGFOA was incorporated in the Commonwealth of the Northern Mariana Islands and its by-laws were approved in 2001.

Since 1999, IGFOA members have met at least annually to participate in professional development and networking activities and to establish an agenda for financial management improvement. The conferences also provided a forum for participants to discuss common issues and strategies, and to develop a shared agenda for training, organizational development, and technical assistance.

For the past two conferences IGFOA has focused on succession planning. The mobility of the younger island residents, the challenges with pay scale and the aging of many of the financial leaders have prompted the members to work specifically on building the finance management workforce for the future. Newer initiatives sponsored by the IGFOA include the Finance Office Assessment Tool which provides information to management about their personnel practices and risks, the Executive Leadership Development Program which focuses on skill building for new leaders. At the same time, the association continues to monitor their basic operations through the Financial Management Improvement Project, the Audit Improvement Project, and use of the Performeter.

(See Appendix A for the complete conference agenda).

3. Conference Goals

The theme of the GFOA conference was "Financial Strategies for Challenging Times" and the IGFOA built on that theme with the following objectives:

- Follow up on discussions held in December 2008 for developing strategies for recruiting and retaining qualified professional financial staff;
- Develop strategies for managing and reporting American Reinvestment and Recovery Act (ARRA) funds;
- Review progress and plan for next steps on key financial initiatives: the Audit Improvement Project,
- Develop action plans to address each government's highest priority issues in improving their performance.

4. Welcoming Remarks

Jefferson Barton, Secretary of Finance, Republic of the Marshall Islands and Vice President of the IGFOA welcomed all the participants. He mentioned that it was his second time to open the conference as Vice President of IGFOA. Mr. Barton expressed thanks to the OIA and to the Graduate School for their continued assistance and support of the IGFOA.

Lourdes Perez, Director of Administration, Government of Guam also welcomed the group. Ms. Perez noted that she has been attending the IGFOA conferences since 2003 and has always found them to be informative and useful to her job and her position. She noted that a great deal of the benefit of the conferences was in meeting with your peers and learning from them. She encouraged all the members to attend regularly and to bring other staff from their offices in order to keep building capacity for the future.

Ms. Mary Baltimore, Grants Manager, Technical Assistance Division, Office of Insular Affairs (OIA) greeted the group on behalf of Mr. Nikolao Pula and introduced the representatives from OIA, Ms. Merriam Porte Grants Manager and Ms. Marina Tinitali, Accountability and Insular Policy Specialist. She gave the group an overview of the history of the OIA. She said the office first opened in 1934 as the Division of Territories. The office changed names several times before becoming Office of Insular affairs in 1995. She also noted that a new name change was being discussed. In 1981 the Technical Assistance (TA) Division was opened. Currently the TA Division manages 140 open grants for the Territories

Jack Maykoski, Senior Executive for the Graduate School in Washington, DC welcomed the group to Seattle and the IGFOA meeting on behalf of the Graduate School and its PITI-VITI team.

He began by thanking the Office of Insular Affairs, Department of the Interior for their continued leadership and support in sponsoring senior financial management leaders from each of the insular governments at GFOA, and enabling them to benefit from professional development sessions offered through the sessions.

Jack went on to congratulate the financial leaders on their excellent stewardship in financial management for their governments, and highlighted such successes as the continued progress and success in issuing timely financial reports and single audits, implementation of financial management improvement plans, and addressing the leadership succession needs through the Executive Leadership Development Program (ELDP).

Jack also spoke to the immediate challenges balancing opportunities with the demands that is being faced by the governments as they look to take best advantage of the American Recovery and Reinvestment Act (ARRA). The opportunities including economic and infrastructure development and strengthened government services are balanced by ARRA's demands on human and systems capacities, business processes and management controls, and reporting. He also noted that the structure of ARRA offers a view of governance in the future, namely, openness and transparency; accountability and

outcomes orientation; citizen engagement and the important role that strong financial management and leadership practices will play. Finally, Jack thanked the participants for their commitment to their work, support and utilization of the PITI/VITI program, and for building such strong foundations from which to move into the future.

5. General Discussion of the GFOA Conference sessions

Members of the IGFOA highlighted the issues presented in specific GFOA sessions which they attended.

We've Got a Pulse! Monitoring Internal Control

presented by Thomas Pablo, Director of Finance, Pohnpei State

Most offices have established internal control procedures; however the management often fails to monitor the procedures. The best practice is to do a risk assessment so that efforts are concentrated where risk is high. Set the tone at the top, implement the monitoring procedures, then assess them and follow up.

Essentially, managers need to ensure that employees are doing their jobs.

Imaging Technology and the Treasury Function

presented by Epifania Iosefo, American Samoa

Treasury operations should perform a cost benefit analysis on the cost of imaging and consider the following:

- The increasing costs of paper and storage
- The increases of benefits in Productivity and Compliance.
 - Staff is able to find documents quickly
 - Imaging avoids lost documents during the audit.
 - Images are available to all users
- Sensitive information must be protected.
- The entity must set up a legal framework and write a procedure manual.

Covering All the Bases: Budgetary Reporting in the CAFR

presented by Junior Patrick, Asst Sec for Accounting and Administration, Republic of the Marshall Islands

A governmental budget sets public policy and spending control. Budgets can be single or multi-year.

The appropriated budget must be reported in the CAFR for the General Fund and Major Special Revenue Funds

The columns are as follows:

6

Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)

| Original Budget | Final Budget | Variance (optional) | Actuals (optional) | Variance (optional) |
|-----------------|--------------|---------------------|--------------------|---------------------|
|-----------------|--------------|---------------------|--------------------|---------------------|

The original budget includes initial appropriation and reappropriated encumbrance carryover. Final budgets include reprogramming and transfers.

The budgetary statement must be presented at the legal level of control (specifically what is presented in the appropriation law). If the government wishes to present the budget at a lower level, it is appropriate, but the subtotals should show the legal levels.

Disclosures in the footnotes are important and depend upon whether the budgetary statement is part of the basic financials or as required supplementary information.

Emergency Management: Pre-Planning Basics

presented by Vicky Villagomez, CIP Administrator, Commonwealth of the Northern Marianas

Consider the non-federal cost share of FEMA funding. Post disaster revenues often decline.

Figure out how to use all the life-lines including Red Cross, other governments, private businesses and volunteers

Do now some of the things that will have to otherwise be done in the heat of battle.

- Set up a State Administrative Plan. Option to let FEMA coordinate and the State administer.
- The administrative costs are 3% of the grant.
- Prepare a manual for how to set up the emergency accounting procedures.
- Policies and procedures should be updated and approved before the FEMA funds are needed.

“No heat, no light, not a single luxury”, but we need a bean counter? Remember all the administrative and procurement rules. The government does not want to be in the position of having to pay back funds.

Understanding and Mitigating IT Project Risks

presented by Ms. Claudia Acfalle, Chief Procurement Officer, Department of Administration, Gov Guam

The Procurement Division is considering an on-line procurement module. It is important to communicate and partner with the Finance office to ensure that the accounting interface works. All projects should:

- Clarify goals of the project
- Identify stakeholders and “team”,
- Consider the accountability of multiple partners within single solution
- Manage the scope.

Going Global: The Move to International Financial Accounting Standards

presented by Ms. Debbie Milks

International accounting standards are being developed primarily for the private sector international business. The U.S. is unlikely to adopt international standards on the same timetable as other countries; however it will allow some reporting standards as an alternative to GAAP.

The public sector international standards board (IPSASB) has no authority and few resources. Change to public sector standards will be very slow.

There is a movement to harmonize the national account statistics. The insular areas have the ability within their financial management systems to report using the global financial statistics model (using the "function of government" data elements) and should consider standardizing this reporting tool.

Who Knew? Creating a Fraud-Free Environment

presented by Ms. Debbie Milks

There are many clues which, if management is paying attention, will point out areas of risk and possibility of fraud. Unusual lifestyles, "trusted" employees who never take leave, little or no controls over higher management, just to name a few.

The presenter, Frank Crawford, noted that "there is a little thief in all of us" and it is up to management to control the environment to mitigate the possibility of fraud.

Specific areas of risk in the insular areas:

- Hand written cash receipts during power outages
- Lack of direct links between systems (manual interface)
- Lack of segregation of duties due to small staff
- Lack of reconciliations as a mitigating control—good example is the lack of reconciliations of travel and vendor advances making it easy to write off advances for a friend.

6. Human Resource Strategies for Effectively Managing a Finance Office in the 21st Century: Follow-up on HR Action Plans Developed During the December 2008 Meeting, presented by Bob Lavigna, Partnership for Public Service

Mr. Bob Lavigna presented a session as a follow up to his presentations in December 2008 to the IGFOA group. He spoke about attracting, developing and retaining talent. He noted that a survey taken by Grant Thornton showed that companies and managers consider that their biggest challenge is human

8 Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)

resources. Without strong leadership and good staff, the government finance offices will not be able to fulfill their core mission. (see Appendix B for the presentation slides)

In response to questions from Bob, suggestions were offered by the IGFOA members:

American Samoa—Employers must surround themselves with good people. They need to get them trained and make them feel needed and important to the goal of the organization.

GovGuam—They face challenges as the military buildup recruits good people. The federal government is able to pay more than GovGuam. But GovGuam can hold on to staff by using good leadership skills and working with employees on their unique needs and skills.

Virgin Islands—The government needs both talent and leadership in their employees. The government must offer some type of incentive structure to encourage employees. Besides pay, incentives can be feedback and opportunities to work on good projects.

Action steps for keeping staff

- Set up a DOI web site for jobs in Micronesia
- Set up a virtual job fair
- Use internship funding from DOI
- Encourage college students to come home
- Set up scholarships to require some government service
- Use public private partnerships for internships

Mr. Lavigna reemphasized the lessons learned:

- Even if the hiring process is lengthy, candidates are more likely to wait for you IF they understand the timeline. Communication is key.
- You must get new employees involved in the organization FROM the START
- Maximizing employee engagement is critical to keeping good people
 - #1 driver is Strong Leadership
 - #2 is work/life balance
 - #3 is skills/mission match

The Human Resources Division in your government CANNOT do the job for you.

7. Field Trip to King County Finance and Business Operations Division (FBOD)

The IGFOA group was hosted for a morning visit by the King County Finance and Business Operations Division. Mr. Ken Guy, the Director of FBOD and Ms Caroline McShane, Deputy Director welcomed the

group and briefly described King County. With a population of 1.8 million, it is the 13th largest county in the country. It has a \$5 billion budget with over 14,000 FTE employees. The finance and business office has about 200 employees and covers all aspects of the finance operations including benefits and payroll, financial management, procurement, treasury and the Director's Office and Other Support Services. A full description of King County is at Appendix C

Ms. Cheryle Broom, King County Public Auditor also spoke to the group. The mission of the public audit office is to improve government performance and effectiveness. They perform some financial audits, but primarily focus on performance audits. Ms. Broom is helping spearhead a performance management initiative in King County. They have engaged citizens in forums to give input to the government by topic area and assist with developing performance measures.

Mr. Manny Ovena, IT Executive Project Director provided the group with a thorough review of their Accountable Business Transformation project. He highlighted the challenges and the roadblocks of a large, multi-year systems project. The first attempt at the implementation simply tried to install a new financial management system and merge two entities without addressing the real business transformation. The ABT now has a solid business case, a robust project plan including change management and commitment for funding and staff resources from the affected departments. They have just issued a 1,000 page requirements document for review by the department representative. The full presentation can be found at Appendix D.

Ms. Shane also gave the group an overview of the status of the ARRA grants in King County. King County began preparing for ARRA in late 2008, well before the stimulus package was passed by Congress in February 2009. They are rigorous about fulfilling the transparency and reporting requirements and have appointed Ms. Lorrie McKay, Senior Advisor for Federal Relations as the ARRA coordinator. It was noted by the IGFOA group that King County did not feel it was necessary to separate ARRA cash and has, in fact, drawn down funds and is receiving interest on the money. The full King County ARRA presentation is at Appendix E.

Pete Anthony, Chief Accountant provided an overview of the Single Audit process at King County. The State Auditor provides the audit services for King County. Mr. Anthony noted that while there are cost savings and governmental expertise with the State Auditor, they have a more public presence than a CPA firm. He predicted that the costs of future audits will likely go up with the extensive audit requirements for ARRA grants. All the grant documents will have to be reviewed to ensure they meet the grant requirements plus the auditors will be under time pressures and higher risk. As advice to the group, Mr. Anthony suggested that they establish a Single Audit coordinator in each department and that they carefully review the governmental qualifications of the audit firm before contracting the work.

Michael Jacobson, Manager-Performance Management Section outlined the performance management project. The County Council created the Performance and Accountability Act which gives overarching structure to the project. The Council wants to take King County from a compliance based culture to a performance culture that rewards innovation instead of control. The PM Section have offered courses

10 Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)

in “how to do measurement” and a managerial class on how to use performance data. Focus groups in the public are an important tool in determining meaningful performance measures. They found that the bond rating, which is a traditional measure, was essentially meaningless to the public without some “translation”. They currently do not have a comprehensive system to assist with the performance measures, though performance management systems are a part of the Accountable Business Transformation.

The final session on the field trip was a visit to the Department of Treasury. Mr. Scott Matheson, Interim Treasury Manager and his staff showed how their remittance processing works including the check reading machines.

8. Grant Management Reporting Requirements

The grant management reporting session included reports from the 4 flag territories on their preparations for accounting and reporting the ARRA funds and a report from the Federated States of Micronesia on the challenges of reporting under the requirements of the Compact of Free Association.

American Samoa Government, presented by Alapasa Tuato’o

Structure of the oversight committee

The “American Samoa Economic Stimulus and Recovery Office” (ASESRO) is headed by Pat Galeai under the Governor’s Office. A 24 page monitoring guide has been set up by this office for ARRA funds, including supplements for assessing risk and federal cost principals. All ARRA grants must go through this office and those grants receive a special stamp on the documents. Reporting the ARRA funds will mirror the process for other federal grants. ASESRO has coordinated with Treasury department as to the means of process any payments issued under ARRA funding.

Format and maintenance of the web site

The web site is <http://americansamoa.gov/recovery/index.htm>. The maintenance of the account is administered by the ASESRO – which according to the information relayed should be updated on a monthly basis

Set up of the fund/project structure in the chart of accounts

For each account (program) assigned under the ARRA funding, Treasury will start off the account number with “R” character as an indication that it is ARRA funded. However, everything else within the chart of accounts will remain the same such as object codes, prime, etc. No special fund was created for the ARRA grants.

Set up for cash management

ARRA cash is currently set up to be deposited into the Grants Fund bank account. Expenditures are on a reimbursable basis. There are some exceptions to rule. For example, food stamp regular program has a separate account to deal with coupon redemption. In response to the increase amount received by the recipient through the ARRA funding a food stamp bank account has been set up specifically to cover for benefits paid out of the ARRA funding. Other programs such as EPA and Criminal Justice (OJP) are awaiting setup for separate accounts. This basically mirrors the regular setup of grants.

Procurement controls to meet the grant deadlines

“Quick” purchase orders have been eliminated for ARRA procurement. Procurement is to use “R” identification within the account number to verify that the PO/PR has gone through the ASERRO review.

Commonwealth of the Northern Marianas Islands, presented by Vicky Villagomez and Bob Schrack

(See Appendix F for the full presentation)

Structure of the oversight committee

The oversight committee is headed by Mike Ada, the Director of Commerce. The committee includes an attorney and a procurement expert

Format and maintenance of the web site

The web site, <http://www.cnmiarra.net> is maintained by the Department of Commerce.

Set up of the fund/project structure in the chart of accounts

A separate fund has been set up. Business units will also have specific ARRA coding. It is uncertain if separate CFDA numbers will be set up for all ARRA grants.

Set up for cash management

A new checking account has been set up to receive and disburse ARRA funds.

Procurement controls to meet the grant deadlines

- All RFP related documents will be posted to the website within 3 days of availability.
- ARRA documents will receive an ARRA stamp in order to differentiate and expedite processing.
- A procurement specialist has been hired to assist with ensuring compliance with ARRA requirements. In addition, a contract officer will handle and review all the ARRA related contracts.

12 **Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)**

How you are meeting the special reporting requirements (such as jobs created/saved)

CNMI will be able to track jobs saved and created within the government using the payroll system. In addition, contractors will be required to track how many people have been hired as a result of a project. Each department is required to submit performance goals associated with the ARRA projects.

Government of Guam, presented by Kathy Kakigi

(See Appendix G for the full presentation)

Structure of the oversight committee

The Bureau of Budget and Management Research (BBMR) has been designated by The Governor of Guam to lead the government of Guam's implementation of ARRA. Additionally lead agencies and departments have also been selected to contribute and establish flow of information and controls.

Format and maintenance of the web site (how are you updating the financial data)

The Bureau of Information Technology is responsible for the establishment and maintenance of the official Guam ARRA website. The web address is <http://recovery.guam.gov>. The Government of Guam also utilizes Twitter http://twitter.com/GovGuam_ARRA as an alternative form of disseminating critical information.

Set up of the fund/project structure in the chart of accounts

Current Expenditures accounts relating to the ARRA grants have been assigned "AR" as an indicator those grants are recovery grants. The system identifies all ARRA grants containing this unique identifier and creates a separate sub ledger to track expenditures and draw downs unique to the account.

Set up for cash management

Currently, the Government of Guam has not recorded any ARRA grants that allow advance drawdown of funds. The office is prepared to establish separate bank accounts to effectively track these funds if the condition arises.

Procurement controls to meet the grant deadlines

Key agencies along with personnel within the Governor's office are in the process of creating policies and procedures to coordinate a structured implementation of ARRA grants.

How you are meeting the special reporting requirements (such as jobs created/saved)

Key agencies along with personnel within the Governor's office are in the process of creating policies and procedures to coordinate a structured implementation of ARRA grants.

U.S. Virgin Islands, presented by Valdameir Collens

(See Appendix H for the slides used in the presentation)

Structure of the oversight committee

The Governor selected the Office of Economic Opportunity to oversee the implementation of ARRA funded programs. The organization is part of the Public Finance Authority with the Governor as the Chairman of the Board

Format and maintenance of the web site (how are you updating the financial data)

The detailed web resource for all VI recovery potential fund recipients and government support agencies is located at URL www.governordejongh.com/recovery/oeo. At periodic intervals, feeds from the government's centralized financial systems will be received by the ARRA FMS (ARRA funds management system) to create aggregated performance and financial reports as part of the centralized oversight, compliance and accountability function. This function will be fully implemented before the first full quarterly Section 1512 report is due.

Set up of the fund/project structure in the chart of accounts

A separate fund has been established for ARRA grants. It is tied to the new ARRA bank account. The ARRA grants for existing programs will use the same project number and new grants will have a FAR## naming convention. The period reports will segregate the ARRA grants by fund and can also combine total activity by project.

Set up for cash management

The VI has set up a separate bank account and done their due diligence on the drawdown systems. Each drawdown system has set up the following:

- Key Point of Contact
- Employer Identification Number Used
- Account Personal Identification Number (PIN#)
- Recipient Identification Number (RIN#)

Procurement controls to meet the grant deadlines

The Department has created an Emerald Green Cover Sheet that has specific indicators for the type of ARRA documents that you will be processing. The intention behind the coversheet is to trigger for anyone that gets the document that there is a heightened timeframe to process the document attached. The Department has committed to processing ARRA funded projects within two(2) business days provided the proper documentation is supplied. Proper documentation includes, but

14 **Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)**

is not limited to, adequate justification by the agency, proof of funding, and current corporate documentation

How you are meeting the special reporting requirements (such as jobs created/saved)

Each government potential fund recipient or group of recipients with similar business goals has been assigned a liaison that is responsible for the agency or group from opportunity identification to reporting to oversight. Several of the grantor agencies have different reporting requirements, e.g. Energy; Transportation, Justice have additional requirements to the basic Section 1512 requirements. All requirements are being captured in the ARRA FMS for consolidated and aggregated reporting. The OEO is modeling all these requirements based on all available guidance and providing all fund recipients with reporting forms for capture of metrics (including jobs created and retained) and reporting elements

9. American Recovery and Reinvestment Act (ARRA) presented by Ms. Sharon Fujii, Regional Administrator, Department of Health and Human Services, Region IX.

Ms Fujii spoke at the IGFOA luncheon about the critical objectives, opportunities and challenges of the ARRA grants fund. She emphasized that the ARRA terms and conditions and funding types are a work in progress. It is critical that the governments routinely review the Recovery websites so they are aware of changes and new opportunities and be able to respond quickly. The funds are available only for FY2009 and FY2010. She further noted that it is especially important to follow the procurement requirements despite the speed at which the funds are to be spent.

Ms. Fujii suggested that governments should view the ARRA funds not so much as supplementing programs but as creative financing for infrastructure. She offered the example of the ACF programs which might need to improve the information technology needed to administer the program. Some of the ARRA funds may be used for these administrative costs.

She suggested that early risk assessments of the departments and sub recipients of ARRA grants would assist with ensuring good accountability. A comprehensive system of internal controls and most importantly, monitoring of the controls is essential.

During the question and answer period the following topics were highlighted by the IGFOA members:

- What is the timing on FMAP vs. ARRA funding? Should all FMAP be expended first?
- Are the matching requirements different for the ARRA for medical assistance?
- Administrative costs:
 - What takes precedence for the administrative cost limitations--the allocation of .5% for ARRA or other limitations by federal agencies?

- Is it possible to directly charge administrative salaries to the ARRA grant?
- Can ARRA funds be spent on outstanding invoices for existing vendors?
- Streamlined procurement
 - Note that the State of Hawaii eliminated some procurement steps
 - Governments should be careful to go through the process for amending procurement rules. ARRA funds will be subject to higher scrutiny
 - Look for ways to shorten the process without losing correct controls (i.e., change the interview process for Food Stamp recipients, but still collect the data)
 - Get pre-approval from the federal agency for administrative changes
 - The NEPA review for construction is not waived
- Changes to the spending plan should be approved by federal agency.

An additional summary of Ms. Fujii's remarks is at Appendix I.

10. Managing and Reporting on Federal Grants in the Insular Areas: Federal Perspective presented by Ms. Marina Tinali, Office of Insular Affairs

Ms. Tinali spoke about the status of the audits and offered some specific pointers on the corrective action plans.

She noted that she and OIA had 3 goals for the territory's audits::

- Timeliness
- Unqualified opinions
- Reduction in the # of findings

With the exception of the Virgin Islands, all the audits are now on time and have been for a couple of years.. Many have received clean opinions and the number of findings has been declining. She set as a goal that the FY2010 audits should all receive unqualified opinions on the financial statements.

Ms. Tinali provided the group with tips and techniques for working with audit findings and corrective action plans. The governments should:

- Clearly state whether they concur with an audit finding
- Comment on whether the cause is accurately presented
- Determine if the recommendation makes sense.

If the recommendation states that they should follow existing policies and procedures, the government should require that the auditors refer to the specific policy. If additional information is submitted to the

16 **Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)**

auditors, the government should request that the auditors comment on the new material. Every finding should have a point of contact listing the name, position and contact number.

Two areas are increasingly problematic as is reflected in the audit findings; documentation and procurement. The governments must be aware of these areas of potential problems and ensure they respond accordingly. She provided an example of sole source procurement, where it is not enough to try to justify the sole vendor, but procurement must also document why other vendors cannot provide the goods or services.

As a final recommendation, Ms. Tinitali told the finance officials that if they do not concur with a finding or feel that it is in error in some way, they should discuss the problem with the auditor and ensure that their objections are known.

11. Audit Status Update

Each of the insular governments gave a brief update on the status of their annual audit. The deadline for submission of the audits is June 30, so several of the finance officers were dealing with finishing details while in Seattle, but all met the deadline with the exception of the Virgin Islands.

Guam

For the first time Guam issued their audited financial statements early, on June 20th. This is the second year where they received a clean opinion on their financial report. \$1.8M costs were questioned for this FY2008 audit.

Virgin Islands

The VI completed their FY2006 audit in March of this year. Due to changes in their audit firm and material prior period adjustments, the auditors were required to perform extended audit procedures. The VI is now working on concurrent audits of FY2007 and FY2008. It is expected to complete the audits by December, 2009. They have made changes in the audit process (see the report on the eRoom) to keep the process on track.

American Samoa Government

ASG issued the FY2008 audited financials on June 30th. The financial opinion was qualified. They received 5 financial statement qualifications but only \$100 of questioned costs. The feeling is that the audit process was much smoother and therefore the auditors were able to dig deeper into specific processes and balances. ASG has adopted an audit process best practice by specifying an audit liaison and an audit team.

Commonwealth of the Northern Mariana Islands

CNMI has only one qualification on their financial opinion on the FY2008 financials; for one non-reporting component unit. The auditors have concentrated on procurement issues, resulting in findings in that area. The CNMI has also challenged some of the auditor's findings. In order to avoid the problems with component units the CNMI is contemplating changing the audit contract to include all component units.

Federated States of Micronesia

All FSM entities, the 4 states and the National Government, have completed their audits on time. Pohnpei State and Kosrae State have unqualified audit opinions on their financial statements as well as zero questioned costs. Qualifications and findings decreased at the National Government.. Qualifications increased on Yap's financial statements. (See Appendix J for a detailed statement of the FSM audit status)

Republic of the Marshall Islands

For the second year running RMI received an unqualified opinion on their financial statements. Questioned costs remained about the same as in previous years, though they had the lowest level of findings ever. Component units remain problematic meeting their financial audit requirements on time and the Ministry of Finance meets regularly with them to ensure their compliance.

Republic of Palau

The FY2008 audit of ROP is complete although not yet submitted. The new administration has concerns over signing the representation letter and will be working with their auditors and perhaps other auditors to resolve their concerns.

12. The New Fund Balance presented by Frank Crawford, CPA

Frank Crawford, CPA presented a lively and informative session on the audit and the new fund balance.

Mr. Crawford opened his presentation with a review of the scope and meaning of the Single Audit. He noted that the Single Audit should have been called a Dual Audit because it is actually two separate audits. One audit of the financial statements and a second audit of federal grant compliance. Each audit has an opinion which is clean or "unclean". The audit of the financial statements is designed to provide assurance that the numbers are reasonably accurate. It is not an opinion on the financial health of the government. The compliance audit is designed to determine if the internal control systems are in place to ensure that grant funds are spend in accordance with federal and local laws and requirements.

GASB 54: "The New Fund Balance and Governmental Fund Type Definitions" is designed to provide more meaningful breakdown and definitions of the fund balance component of the balance sheet. The new categories differentiate between which funds are actually available for appropriation and which are not. The old "spendable" category is further broken down into categories of restricted, committed, assigned

and unassigned. Each represents a point on a continuum between legal restrictions to available for appropriation.

A major change for the island governments will be the presentation of "reserved for encumbrances" which appears on their financial statements now. Encumbrances will no longer be a specific fund balance component, but will be included in the restricted fund balance. Details of the encumbrance balances can be included in the footnote disclosures.

A second major component of GASB 54 is the clarification of the governmental fund type definitions. Restricted or committed resources should be the substantial portion of inflows into a special revenue fund, otherwise they should be reported in the general fund. The governments may need to review the special revenue funds to ensure they meet this test.

(See Appendix K for a full presentation of the slides)

13. Financial Management Initiatives Best Practices

Representatives of specific governments presented their best practices and status of the major IGFOA financial management initiatives, including the Audit Improvement Project, the Financial Management Improvement Project, the Executive Leadership Development Project and the Finance Office Assessment

Audit Improvement Project, presented by Valdameir Collens, U.S. Virgin Islands

The Department of Finance and our auditors (E&Y) worked together to leverage an online tool that will provide significant value in managing the FY'07 and FY'08 audits: eRoom. The eRoom is the hub for all audit requests made by DOF and E&Y and serves as a central repository where our responses to audit inquiries will be forwarded and updated. Some of the many benefits of utilizing the eRoom are as follows:

- Immediate access to the status of audit requests through the use of "traffic lights" (i.e., Red, Yellow and Green),
- Ability to view status by department/agency or by individual,
- Centralized location for sending and updating documents, thus reducing the amount of email correspondences,
- Ability to update documents stored in the eRoom, rather than sending multiple instances of the same document,
- Access controlled folders ensuring only the authorized personnel from each department can view and/or edit confidential documents

Appropriate officials, including the Governor, are able to quickly view the status of audit requests and determine if there are problem areas.

For a demonstration of the features of eRoom visit <https://eyo-iis-pd.ey.com/tour/eRoomoverview.html>

Management Improvement Plan, presented by Lourdes Perez, Gov Guam

Director of Administration, Ms. Lou Perez gave a brief overview of the Management Improvement Plan developed in February 2009. The MIP took a slightly different approach from the previous Financial Management Improvement Plans. The focus shifted from financial issues to the issues of succession planning and general management improvement at DOA. The projected growth in Guam compresses a normal 20 year pattern into 5 years, due to the military build up. The Division of Personnel and other DOA divisions must be ready to manage their operations under that growth scenario.. More detail on Ms. Perez's presentation is at Appendix L.

Finance Office Assessment , presented by Mr. Hauro Wilter, Republic of Palau

The Ministry of Finance undertook an assessment of their finance office operations in late January 2009. Although the assessment was originally requested by the previous administration, the new Vice President/Minister of Administration welcomed the assessment team and opened the office and staff to the assessment.

Mr. Wilter noted that the Ministry is under pressure due to the number of employees who are eligible to take the "service" retirement. If they have 30 years of service but are under 65, they must elect to take their retirement by December of this year or wait until they reach age 65. In addition, the government is stretched for funding and cannot afford to hire new staff to be trained by the older staff.

The assessment of the finance office highlighted these issues and noted areas of high risk where the Management of the Ministry should concentrate their attention and resources. The Republic of Palau has had strong financial operations for a number of years, being the first country in the Pacific to receive an unqualified opinion on their financial statements and a leader in financial management improvement. However, all offices can improve and the assessment will help the new administration focus on where improvement is critical

Executive Leadership Development Program, presented by Ms. Carri-Lee Magalei, American Samoa.

Ms. Magalei gave a high energy presentation of the leadership tools that were taught at the recent ELDP session in Pohnpei. The third session concentrated on leadership skills and how to make the most of your time. She explained the tools and how she would be able to apply them in her work and her office.

- PST (Practical, Sticky and Transformational) should be applied to goals and tasks,
- Will and Skill can be applied to employee relations and motivation
- Do, Doing, Done can be used to track daily tasks and priorities along with Flags along the way.

Audit Improvement Project, presented by Tiser Reynold, Kosrae State

Appendix A: Conference Agenda

ISLAND GOVERNMENT FINANCE OFFICERS' ASSOCIATION (IGFOA)

Annual Meeting

Westin Seattle

Seattle, Washington

July 1 – 2, 2009

The theme for the 103rd Annual Conference of the GFOA is “Financial Strategies for Challenging Times.” This concept is certainly applicable for the insular governments and will carry over to the IGFOA meeting. The objectives of the IGFOA Meeting are to:

- Follow up on discussions held in December 2008 for developing strategies for recruiting and retaining qualified professional financial staff;
- Review progress and plan for next steps on key financial initiatives: the Audit Improvement Project, Executive Leadership Development Program, and Finance Office Assessment Tool;
- Develop strategies for managing and reporting American Reinvestment and Recovery Act (ARRA) funds; and
- Develop action plans to address each government’s highest priority issues in improving their performance.

Sunday, June 28

10:00 – 11:30 am **Overview of GFOA Conference/IGFOA Meeting**
Vashon Conference Room

Introductions

Review of GFOA Conference

Review of IGFOA Meeting

Wednesday, July 1

12:00 pm **GFOA Conference Closure**

12:00 - 1:00 pm Lunch on Own

1:00 – 2:00 pm **Opening of IGFOA Meeting**
Elliott Bay Conference Room

Lourdes Perez, Director, Guam Department of Administration, IGFOA
Former President

Marina Tinitali, Accountability and Insular Policy Specialist, U.S.
Department of Interior, Office of Insular Affairs

Jack Maykoski, Senior Executive, Graduate School

General Discussion of GFOA Conference Sessions

Dr. Lowell Kuehn, IGFOA Meeting Facilitator

2:00 – 3:15 pm Human Resource Strategies for Effectively Managing a Finance Office in
the 21st Century: Follow-up on HR Action Plans developed during the
December 2008 IGFOA Meeting

Bob Lavigna, Vice-President, Research, Partnership for Public Service

3:15 pm **Break**

3:30 – 5:00 pm Audit Status reports

5:00 pm **Day 1 Wrap-Up**

Prep for Thursday morning visit to King County Department of Finance

6:30 pm **Group Dinner – F.X. McRory's Steak Chop and Oyster House**

Meet in front of the Westin Seattle no later than 6:30 pm

Thursday, July 2

7:00 – 7:45 am **Breakfast (To Be Provided)**

8:30 – 10:00 am King County Department of Finance Field Trip

Meet in front of the Westin Seattle at 7:45 am

10:00 – 10:30 am Return to Westin Seattle

10:30 – 11:00 am Debrief King Country Department of Finance Field Trip

11:00 – 11:40 am ARRA & Compact Grant Management Reporting
Debbie Milks, CPA

Reports from each government

11:40 am – 12:00 pm Managing and Reporting on Federal Grants in the Insular Areas: Federal Perspective

Marina Tinitali, Accountability and Insular Policy Specialist, U.S.

Department of Interior, Office of Insular Affairs

12:00 – 1:00 pm **Lunch (To Be Provided)**

Luncheon Speaker: Sharon Fujii, Regional Administrator (Region IX), Administration for Children and Families, Department of Health and Human Services

An Overview of the American Recovery and Reinvestment Act (ARRA)

1:00 – 2:00 pm *ARRA – Opportunities, Challenges, and Accountability*
Sharon Fujii

Questions and Answers

2:00 – 2:45 pm *Governmental Accounting Update: Governmental Fund Type Definitions - GASB 54*

Frank Crawford, CPA

2:45 pm **Break**

3:00 – 4:00 pm *Financial Management Initiatives Best Practices*
Debbie Milks, CPA

Haruo Willter, Republic of Palau, *Finance Office Assessment*

Carri-Lee Magalei, ASG, *Executive Leadership Development Program*

Tiser Reynold, Kosrae State, *Audit Improvement Project*

Lourdes Perez, Gov Guam, *Management Improvement Project*

Valdamier Collens, Virgin Islands, *Audit Improvement Project*

4:00 – 5:00 pm **Action Plan Development**

24

Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)

How will you plan to incorporate the various financial management initiatives within your government?

Report out on Action Plans

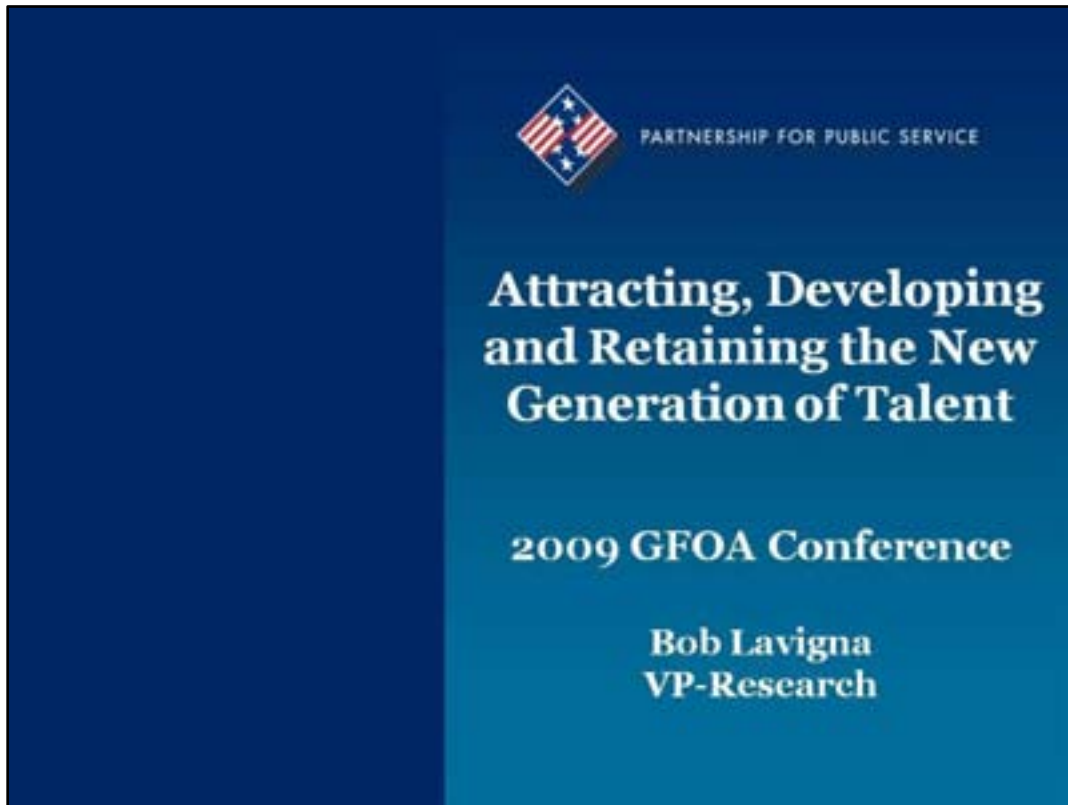
(5-7 minutes per government)

5:00 pm

Meeting Wrap Up

Evaluations

Appendix B: Attracting, Developing and Retaining the New Generation of Talent





Creating and Applying New Knowledge

- Recruiting on Campus
- Onboarding New Employees
- Hiring Interns
- Finding Jobs
- Hiring Baby Boomers
- Building Employee Engagement
- What Students Want

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The Universum "IDEAL Employer" Survey

- ★ Annual survey of undergraduate students
- ★ 43,313 total respondents
- ★ 31,876 "American" respondents
- ★ 195 colleges/universities
- ★ 260 employers



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What Are the Top Attractors?

- ★ Culture that respects my individuality
- ★ Work/life balance
- ★ Base salary
- ★ High level of responsibility
- ★ Good reputation
- ★ Rapid promotion
- ★ High ethical standards
- ★ Exciting products and services
- ★ Friendly work environment
- ★ Creative, dynamic work environment



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What Are the Top Attractors?

1. Work/life balance (61%)
2. Good reputation (60%)
3. High ethical standards (54%)
4. Friendly work environment (49%)
5. Creative, dynamic work environment (47%)
6. Leaders who support development (45%)
7. Competitive base salary (38%)
25. High level of responsibility (20%)
25. Rapid promotion (20%)
26. Exciting products and services (19%)
31. Culture that respects my individuality (15%)



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Top 4 Career Goals

1. Work/life balance (66%)
2. Dedicated to a cause, feel that I am serving a greater good (46%)
3. Secure or stable in my job (46%)
4. Competitively or intellectually challenged (40%)



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To Meet Expectations ...

- ★ Understand what students – and employees – want
- ★ Remember that pay is just one piece
- ★ Use both high-tech and high-touch
- ★ Collect/use data – uniqueness, positives, negatives

"They're a place where the best of the best work"

"The recruiter was describing the exact kind of job I wanted. They personalized towards me."



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Leaving Talent on the Table: Capitalizing on Intern Programs

The numbers

- ★ Private sector employers hire 50% of interns
- ★ Jumps to 59% for co-ops
- ★ 40% of all vacancies filled by interns
- ★ Employers see internships as among most effective tools to hire college grads
- ★ Students see internships as avenue to full-time employment



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Recommendations

- ★ View student employment as key talent pipeline – build interns into workforce/hiring plans
- ★ Collect and use information on student experiences
- ★ Use student programs as a tool to build a diverse workforce
- ★ Market student opportunities aggressively -- build long-term relationships



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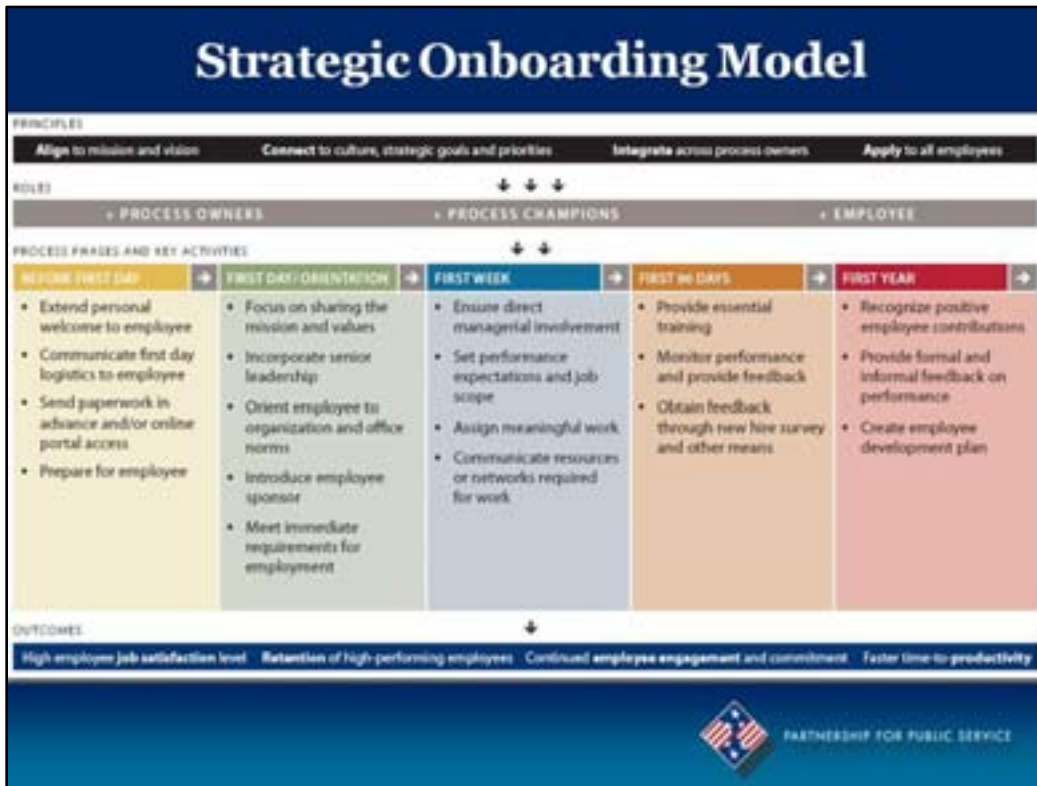
Onboarding

- ★ Integrating and acculturating new employees into the organization and providing them with the tools, resources, and knowledge to become successful and productive
- ★ From accepted offer to end of first year

| Onboarding | First 90 Days | First Year | Ongoing |
|--|--|--|---|
| <ul style="list-style-type: none"> Complete all necessary paperwork Meet with supervisor and HR representative Review job description and organizational chart Attend orientation and training sessions Establish relationships with colleagues and stakeholders Complete initial performance review | <ul style="list-style-type: none"> Develop a 90-day plan Identify key projects and responsibilities Seek feedback from supervisor and colleagues Complete initial performance review Establish a regular communication schedule | <ul style="list-style-type: none"> Develop a long-term career plan Take on more challenging projects Seek feedback from supervisor and colleagues Complete annual performance review Establish a regular communication schedule | <ul style="list-style-type: none"> Continue to seek feedback and improve performance Take on leadership roles Contribute to the organization's success Complete annual performance review Establish a regular communication schedule |



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Key Workplace Dimensions: What "Drives" Employee Engagement?

- ★ Effective leadership
- ★ Employee skills/mission match
- ★ Work/life balance
- ★ Strategic management
- ★ Teamwork
- ★ Performance-based awards
- ★ Training and development
- ★ Support for diversity
- ★ Pay and benefits
- ★ Family-friendly culture



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Key Workplace Dimensions: What "Drives" Employee Engagement?

1. *Effective leadership*
 2. *Employee skills/mission match*
 3. *Work/life balance*
- ★ Strategic management
 - ★ Teamwork
 - ★ Performance-based awards
 - ★ Training and development
 - ★ Support for diversity
 - ★ Pay and benefits
 - ★ Family-friendly culture



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What Do These Dimensions Mean? Effective Leadership

- How good a job do you feel immediate supervisor/team leader is doing?
- Supervisors/team leaders in my work unit support employee development
- Supervisors/team leaders in my work unit provide employees with the opportunities to demonstrate their leadership skills
- In my organization, leaders generate high levels of motivation and commitment in the workforce
- Employees have a feeling of personal empowerment and ownership of work processes
- I have a high level of respect for my organization's senior leaders
- Leaders have high standards of honesty and integrity
- Complaints, disputes or grievances are resolved fairly

I can live for two months on one good compliment
Mark Twain



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What Do These Dimensions Mean? Employee Skills/Mission Match


- ★ My work gives me feeling of personal accomplishment
- ★ I like the kind of work I do
- ★ My talents are used well
- ★ I know how my work relates to mission and goals
- ★ I do important work



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What Do These Dimensions Mean? *Work/Life Balance*

- ★ My supervisor supports my need to balance work and family issues
- ★ I have sufficient resources (e.g., people, materials, budget, etc.) to get work done
- ★ My workload is reasonable



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Key Drivers of Employee Satisfaction

- ★ Strong leadership
- ★ Good work/life balance
- ★ Clear line of sight between job and organization mission




The Best Places to Work
IN THE FEDERAL GOVERNMENT 2009

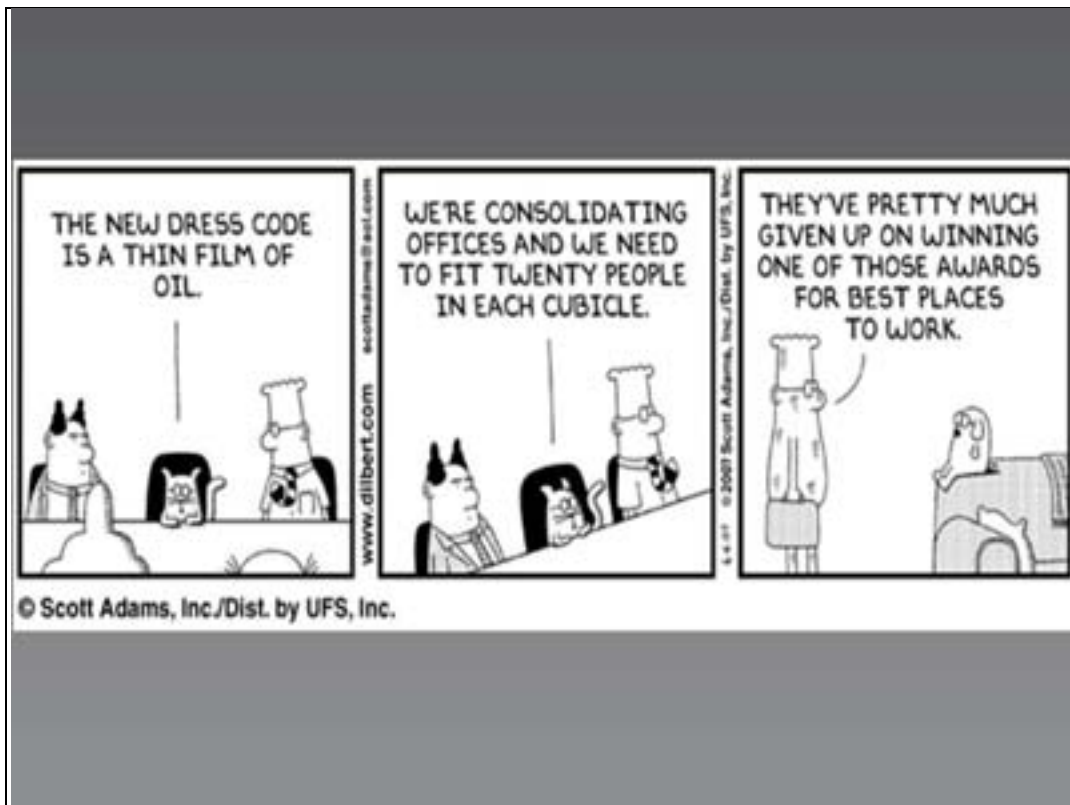


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High Engagement → High Retention

| Satisfaction with: | Total Percent Satisfied | | Gap |
|---|--|--|-----|
| | Employees planning to stay for > 2 yrs | Employees planning to leave in < 2 yrs | |
| Use of skills and abilities | 83% | 49% | 34% |
| Ability of top management | 74% | 41% | 33% |
| Company sense of direction | 57% | 27% | 30% |
| Advancement opportunities | 50% | 22% | 28% |
| Opportunity to learn new skills | 66% | 38% | 28% |
| Coaching and counseling from supervisor | 54% | 26% | 28% |


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The Bottom Line

- ★ Understand -- and meet -- recruits' and employees' expectations
- ★ Use interns as a key talent source
- ★ Onboard strategically and thoroughly
- ★ Make your organization a best place to work



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**There isn't any silver bullet to
attract, develop and retain talent**

It takes silver buckshot!

Bob Lavigna


rlavigna@ourpublicservice.org

www.ourpublicservice.org



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Appendix C: King County Overview



**King County and Island
Government Finance Officers'
Association Meeting**

July 2, 2009
Chinook Building, Room 121



**King County and Island Government Finance
Officers' Association**

- **Welcome**
- **Introductions**

Meeting Agenda and Presenters

| Time: | Topics | Presenters |
|----------------------|---|---|
| 8:30-8:45 15 mins | Welcome, Introductions and overview <ul style="list-style-type: none"> - King County - FBOD - King County Auditor's Office | Ken Guy, Director Finance and Business Operations Division (FBOD) Caroline McShane, Deputy Director, FBOD Cheryle Broom, County Auditor |
| 8:45-8:55 10 mins | Accountable Business Transformation (ABT) | Manny Owens, IT Executive Project Director |
| 8:55-9:10 15 mins | American Recovery and Reinvestment Act | Caroline McShane for Larric McKay, Senior Advisor for Federal Relations |
| 9:10-9:20 10 mins | Single Audit | Pete Anthony, Chief Accountant |
| 9:20-9:30 10 mins | County Performance Measures | Michael Jacobson, Manager-Performance Management Section |
| 9:30-9:35 5 mins | Travel to Admin Building | |
| 9:35-9:55 20 mins | Tour of Treasury-remittance processing | Scott Matheson, Interim Treasury Manager |
| 9:55-10:00 5 mins | Close | Ken Guy |

Overview of King County

Location

- > Covering 2,134 square miles, King County is nearly twice as large as the average county in the United States. With more than 1.8 million people, it also ranks as the 13th most populous county in the nation.

King County government provides regional, subregional and local services:

Regional services-to county residents

- > courts and related legal services,
- > public and community health services,
- > the county jail,
- > records and elections,
- > property tax appraisals,
- > regional parks and facilities, including King County International Airport,
- > public transportation, and
- > solid waste and sewage disposal

Subregional services to suburban cities

- > animal control

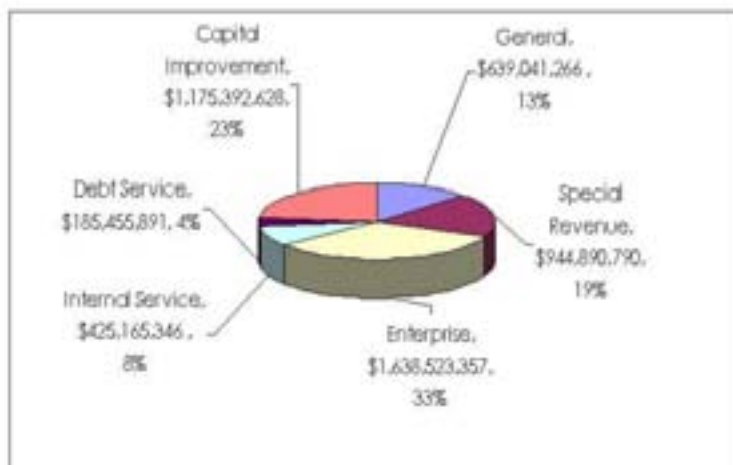
Local services

- > land-use regulation, building permits, law enforcement and police protection, roads and local parks.

King County Government Officials

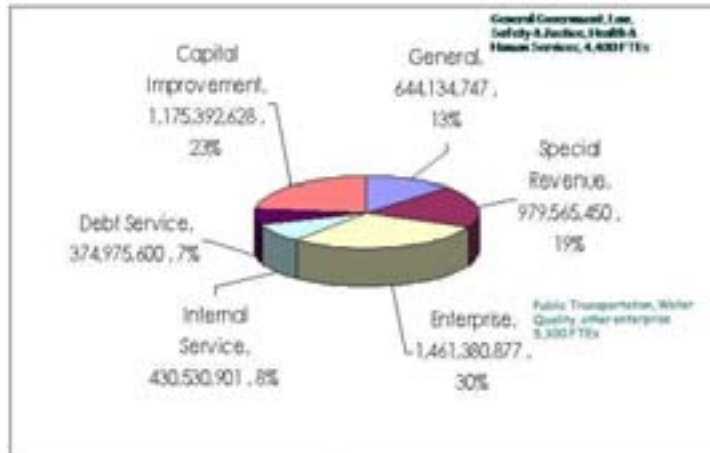
- Metropolitan King County Council
- King County Executive
- District Court
- Superior Court
- Office of the Assessor
- Office of Elections
- Office of the Prosecuting Attorney
- Office of the Sheriff

2009 Budget Revenues- \$5.001 billion



2009 Budget Expenditures-

\$5.065 billion 14,000 FTEs



Public safety and justice

- > **The King County Sheriff is the law enforcement agency for the unincorporated communities of King County as well as for cities that contract with the County for police services.**
- > **Those charged with crimes go through the County's judicial system, which is composed of District and Superior Courts, the Prosecuting Attorney and Public Defense.**
- > **Those who spend time in detention become the responsibility of the Juvenile Detention Center, the King County Jail, or the Maleng Regional Justice Center.**



Public health

- Public Health-Seattle & King County is nationally recognized for providing effective and innovative health and disease prevention services. Their programs have been studied and adopted by health departments nationally and globally, and include:
 - ✓ controlling communicable diseases and immunizing children,
 - ✓ preventing and controlling chronic diseases,
 - ✓ providing Medic One and emergency medical services,
 - ✓ preparing for public health emergencies,
 - ✓ HIV/ AIDS prevention and care,
 - ✓ and labeling restaurants menus to inform customers of calorie, sodium, fats, and carbohydrate content.



Community and health

- Community and Health Services focuses efforts in four key areas:
 - ✓ prevention and early intervention services,
 - ✓ ending homelessness,
 - ✓ criminal justice services as alternatives to incarceration, and
 - ✓ job training and employment services.



Public transportation—buses, vans, light rail, water taxi, roads, bridges, and airport

- > Metro Transit moves over 110 million riders a year on the 1,300 buses, will begin operations of Sound Transit Link Light Rail in mid-July, and Water Taxis carry passengers to West Seattle and Vashon Island.
- > Road Services maintains the 1,907 miles of roadway, 222 bridges, and 86 miles of unpaved roads and many pathways in unincorporated areas of King County.
- > King County International Airport (KCIA), better known as Boeing Field, supports the more than 300,000 takeoffs and landings annually.



Environmental protection

- The County has taken the lead in working with the Puget Sound Partnership, a community-based effort to restore and protect Puget Sound.
- > Millions of people enjoy the 170 miles of trails and 25,000 acres of land in the county's regional parks that are jewels in a network of green.
 - > The King County Comprehensive Plan has a role in keeping the county's "Circle of Green" by managing growth in rural and unincorporated communities.
 - > The park system is more than the enjoyment of nature. Marymoor Park in Redmond beckons climbers, bikers, hikers, and athletes of all stripes, and the Weyerhaeuser King County Aquatic Center in Federal Way has hosted international events.



Ballots, records, licenses

- King County has 1,015,000 registered voters and that number continues to grow.
- King County also has the responsibility of recording and issuing birth and death certificates, as well as marriage licenses.
- Property information, such as deeds of trusts and sales of land and homes, are also recorded by King County.



Waste management

- King County protects water quality and prevents water pollution by providing wastewater treatment to 17 cities and 17 local sewer utilities. The County serves about 1.5 million people, including most urban areas of King County and parts of south Snohomish County and northeast Pierce County.
- Eight transfer stations are available to bring solid waste to hauling companies, businesses, and county residents.

Finance and Business Operations Division (FBOD)

FBOD has over 200 employees and is one of four divisions under the Department of Executive Services (DES). FBOD's core lines of business are :

- Benefits and Payroll
- Financial Management
- Procurement
- Treasury
- Director's Office and Other Support Services

Benefits and Payroll

- Administers employee benefit and retirement programs including
 - ✓ the daily administration of health benefits,
 - ✓ the new wellness assessment program,
 - ✓ life insurances,
 - ✓ leave administration, and
 - ✓ enrollment of employees in benefits and state-mandated retirement plans.
- Issues timely and accurate paychecks for approximately 14,000 employees and ensures compliance with regulatory and reporting requirements.



Financial Management

- Performs general accounting, grants administration and financial management functions for the County as a whole.
- Maintains the centralized financial accounting systems supporting accounts payable, accounts receivable and financial reporting.



Procurement

- Buys goods, supplies, equipment, materials and technical consultant services,
- Contracts for architectural, engineering, and construction services involving capital projects,
- Provides centralized project control officer functions for designated capital projects, and
- Also manages the award winning environmental purchasing program.



Treasury

- Collects, distributes and invests property taxes and other public revenues for King County and 100 other taxing districts.
- Manages the County's debt financing program, coordinates bond rating reviews, and makes scheduled debt payments for both County funds and other taxing districts.
- Manages the County's \$4 billion investment pool.



Director's Office and Other Support Services

- Provides daily guidance and oversight to all lines of business above;
- provides lead business owner representation for ABT project;
- provides local area network and web site support for all Division users; and
- provides support for the County's payroll and human resource enterprise applications.



FBOD Initiatives and Best Business Practices

Streamline current business practices and seek efficiencies and/or cost savings by leveraging new technologies associated with:

- > eCommerce and Internet Service Enhancements
- > P-Card Enhancements and Cooperative Purchasing Program
- > Administration of Health Reform Initiative Programs-online
- > Payroll Automation Initiatives



eCommerce and Internet Service Enhancements

- > Expand existing applications to provide
 - ✓ electronic access to information,
 - ✓ the ability to automate the procurement of goods and services, and
 - ✓ the ability to make electronic payments;
- > Expand procure-to-pay applications by increasing the number of contracts available for clients;
- > Interface the Online Vendor Registration application with an ABT module; and
- > Expand the use of the County's eTax payment application; and provide leadership to other County agencies for developing new electronic payment applications.



P-Card Enhancements and Cooperative Purchasing Program

- Expand the existing Purchase Card (P-Card) program to increase efficiencies and enhance revenues. The P-card generates additional revenues for the County through rebates earned on transactions; and provides the Division's accounts payable group with the ability to use the P-card as a payment method, eliminating manual data entry.
- Explore the possibility of creating a cooperative purchasing program, which is based on a fee-based membership program and allows external agencies to use County contracts.



Administration of Health Reform Initiative Programs

- Provide education, communication, and outreach to employees, dependents and county agencies in support of
 - ✓ the online wellness assessment,
 - ✓ the online benefits enrollment tool, and
 - ✓ other related programs.



Payroll Automation Initiatives

- Implement direct deposit for all County employees and develop self-service printing of paycheck advices.
- Develop a self-service W-2 printing facility which will enable employees to view their W-2s online and print them at their desk or home.




FBOD-ABT

- Establish fully integrated systems that enhance the Division's ability to deliver timely, accurate and useful financial services.
- The Division continues to provide leadership on the future vision for payroll and financial business processes as one of the lead business owners for ABT implementation.



Appendix D: King County Accountable Business Transformation



King County Accountable Business Transformation Program

Overview to GFOA Participants
July 2, 2009

Manny Ovena, *ABT Program Manager*

Better Information for Better Government

Discussion Topics

- King County's ERP Background
- ABT Program Methodology
- Program Scope and Schedule
 - Business Process
 - Application Systems

Page - 2 Better Information for Better Government

King County ERP Background

- Early in 1997, Financial Systems Replacement Program (FSRP) launched to resolve the County's financial and human resource situation created by merger of King County and Metro (4 core systems for financial and HR/Payroll)
 - PeopleSoft selected (for HR/Payroll) in 1997
 - SAP selected (Financial) in 1998
- As FSRP progressed, obstacles to success began to be encountered. As the challenges increased over time, project resources became stressed and target dates slipped, eventually leading to suspension of the program in the spring of 2000
- In 2001, at the direction of the County Executive, a critical assessment study was conducted on the program along with the development of a recommendation for a go-forward strategy and plan

Lessons Learned

- **Implications of not having an Integrated Business Operations Model**
 - Inconsistencies of organizational structures, policies, procedures and practices resulting from the merger of King County and Metro Transit
 - Bi-weekly payroll – labor union issues; general resistance to change
 - Labor distribution – project accounting issues actuals vs. accruals; actuals vs. standard costs
- **Importance of a Change Management Plan**
 - Resistance to change (adopting best practices)
 - Influence of internal/external politics
 - Pitfalls associated to making "best practices" align to current practices

Lessons Learned

- Clear understanding of the business justification for the county's ERP Program
 - Organization vision, goals and objectives
 - Critical strategy in completing the Metro Transit and King County merger
- Importance of countywide priority and commitment to achieve program success
- ERP is not a technology initiative

Change in Approach

- Former ERP Program

Financial Systems Replacement Program

- Current ERP Program

Accountable Business Transformation Program

Strategy & Approach:

Countywide involvement with clear policy direction

- Carefully build support and get public commitments for resources from County separately elected officials as a group
 - Best and brightest need dedicated to project to ensure success
- Build county subject matter experts' and ABT governance members' understanding at key points
- Request County Council action at key milestones
 - Policy direction to provide program foundation
 - Project approach to support high-level oversight role

Vision and Goals

- **Vision:** *King County's financial, human resource, and budget management functions are fully integrated, efficient and effective, and enhance the county's ability to provide essential services to its customers.*
- **Guiding principles** related to overall approach
- **Goals** specific to technology and business areas

ABT Policy Direction

| Program Direction | Policy |
|---|---|
| Human Resources / Payroll: Implement PeopleSoft countywide. | Pay all employees on a common, biweekly, pay cycle from single payroll system by migrating all employees to the PeopleSoft system. |
| Human Resources: Align Human Resources Model countywide. | Align all county human resource practices and procedures to ensure that business needs are met through legally defensible human resource practices. |
| Financials: Implement Oracle Financials (IBIS) countywide | Process core county financial transactions from a single integrated system by implementing Oracle Financials countywide. |
| Budget: Enhance countywide budget solution | Standardize and streamline operating and capital budgeting by implementing a public sector operating and capital budget countywide solution. |

Roadblock Identification & Action plan

- **8 categories of roadblocks**

1. Lack of Vision, Goals and Objectives for the program
2. Resistance to change (adopting best practices)
3. Influence of internal/external politics that will jeopardize program success
4. Inability to fund a restart due to budget shortfalls
5. No tangible benefits to justify an ERP initiative
6. Lack of countywide priority and commitment to ensure program success
7. Inability to make timely decision related to policy matters and business changes.
8. Implementation phase issues

History since project suspension

- **September 2002** – Council approval of Executive's Plan for conducting a Quantified Business Case
- **March-April 2003** – IT Governance endorsement of King County QBC Vision & Goals
- **June 2003** – County Council approval of QBC Vision & Goals
- **December 2003** – IT Governance review and endorsement of the Roadblock Action Plan
- **September 2004** – SAC and County Council approval of policies from the Executive's Recommendation for Accountable Business Transformation
- **April 2005** – Executive's ABT Recommendation sent to County Council

History since project suspension

- **September 2006** – Council funds ABT initial planning and system upgrades
- **October 2006** – Council approves ABT Program Charter
- **September 2007** – Upgrades to PeopleSoft & Oracle completed. High Level business Plan adopted. ABT funded to complete planning
- **October 2008** – Detailed Implementation Plan completed and adopted by elected leadership and implementation is funded. \$64.6 plus 20% contingency

ABT Work Program

| | |
|--|------------|
| ✓Pilot migrating 3 divisions to new systems 150 employees | 1/06 |
| ✓Hire ABT Program Manager | 6/06 |
| ✓Program Manager's ABT Assessment Report | 7/06 |
| ✓High Level Business Plan | 6/07 |
| ✓PeopleSoft and Oracle Upgrades completed | 9/07 |
| ✓Agreement to move to bi-weekly pay in all 92 collective bargaining agreements | 11/07 |
| ✓High Level Business Design | 1/08 |
| ✓Detailed Implementation Plan | 6/08 |
| →Program Implementation | Start 2/09 |

ABT Program Phases and Timelines



ABT Program Scope

Countywide Implementation of efficient and effective business processes using common tools:

- Oracle Financials
- PeopleSoft HCM
- Cognos Budget System

Phase I: Core Implementation

Costs/Benefit Analysis (over 15 year period)

Total project benefits will be 4 times greater than the total project investment¹

| Initiative | Project Costs | Incremental Op. Costs | 15 YR Benefits | Net Benefits | NPV @ 7% Disc. Rate |
|-----------------------------------|-----------------|-----------------------|------------------|------------------|---------------------|
| Single Financial System | \$29.1 M | \$17.3 M | \$135.8 M | \$89.4 M | \$24.1 M |
| Single HCM System | \$30.7 M | \$7.7 M | \$134.1 M | \$95.7 M | \$30.1 M |
| Single Budget System ² | \$4.8 M | \$2.0 M | \$45.9 M | \$39.1 M | \$14.5 M |
| Totals w/o Contingency | \$64.6 M | \$27.0 M | \$315.8 M | \$224.2 M | \$68.7 M |
| 20% Cont. | \$77.5 M | \$27.0 M | \$315.8 M | \$211.3 M | \$56.8 M |

¹ Total Project Investment = Project Costs + Incremental Operating Costs

² Budget System Years 4&5 Costs are included to reflect core implementation

ABT Human Resources Initiatives

- County-wide HCM System with Workflow and Self Service
- Single Payroll System with Common Pay Cycle
- Time and Attendance PS Module
- Retirement of legacy HR and Payroll systems

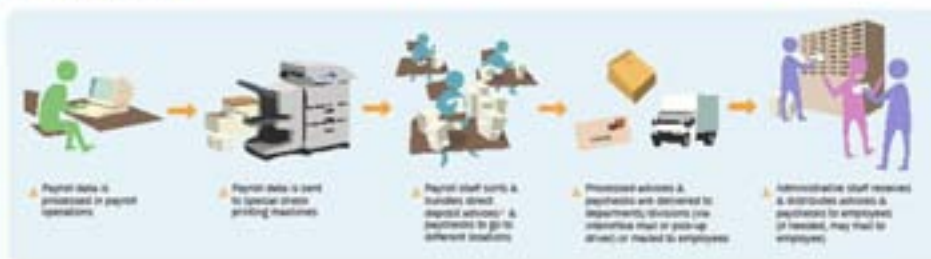
Page - 17

Better Information for Better Government

Direct Deposit Information to Employee Process Comparison

(After payroll period data is processed)

Current Process



Future Process



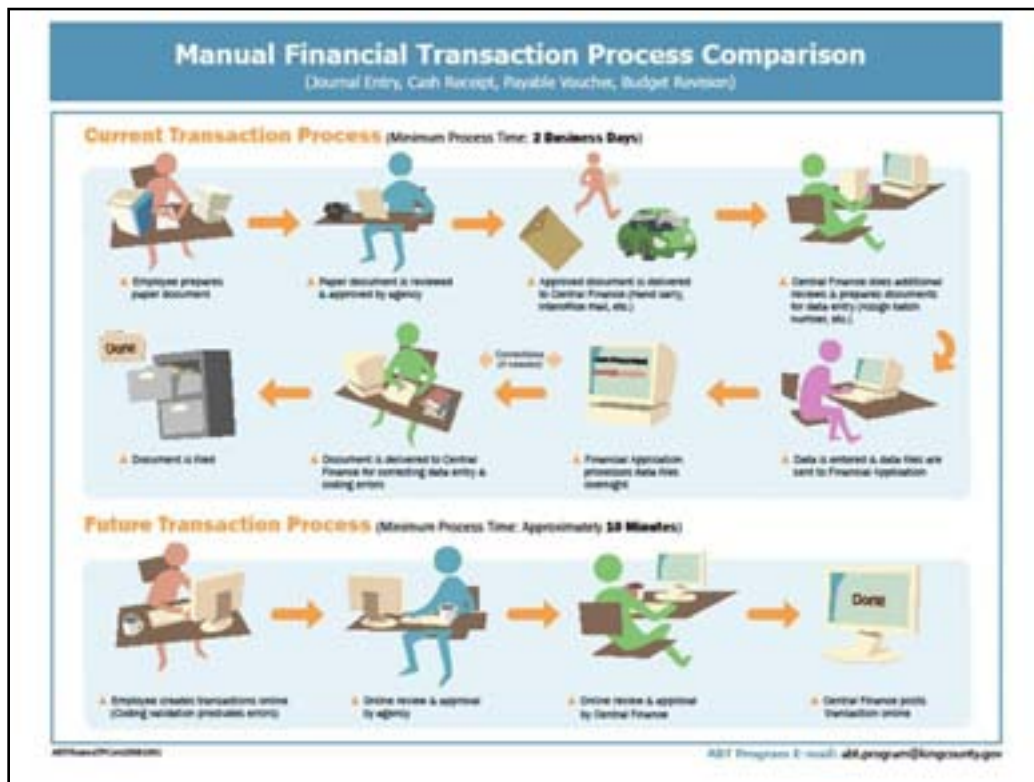
Direct Deposit advice - A document an employee receives as a notice that the direct deposit transaction has gone through and shows gross income, taxes and any deductions taken out.

ABT Finance (General Accounting and Cost Accounting) Initiatives

- 1) Re-design Detailed Account to Report (A2R) Processes and Organization, Leveraging New Oracle Functionality
- 2) Implement a Single, Integrated Oracle Financial System (General Ledger, Fixed Assets, Cost, Projects, Grants)
- 3) Implement Quick Wins to Improve General Accounting and Cost Accounting:
 - Reduce closing cycle time
 - Improve standard reporting
 - Reduce or eliminate excess journal entries by establishing materiality rules

Page - 19

Better Information for Better Government



ABT Purchase to Pay Initiatives

- 1) Redefine P2P Strategies for Major/Common Commodities and Services, Leveraging New Oracle Functionality
- 2) Re-design Detailed P2P Processes and Related Policies
- 3) Implement Common Oracle Purchasing and Payables Applications
- 4) Expand, Enhance, and Roll-out P-Cards
- 5) Implement Common Supplier- Provided Enabling Technologies, e.g. Automated Vendor Catalogues, and EFT

Manual Financial Procure-to-Pay Process Comparison (Contract in Place)

Current Procure-to-Pay Process



Future Procure-to-Pay Process

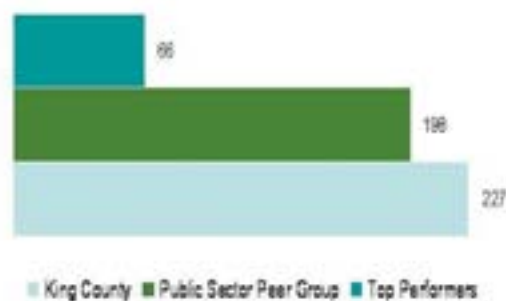


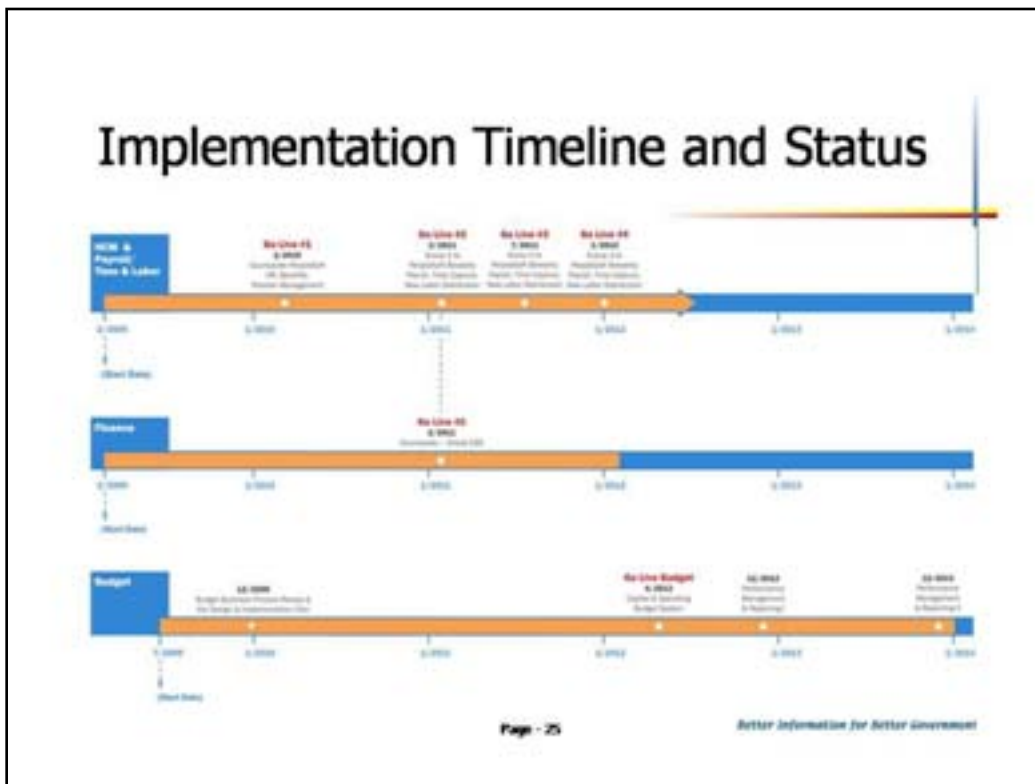
ABT Budgeting & Performance Measurement Initiatives

- 1) Re-design the Budget Process, Leveraging New Budgeting Tool Functionality Linked to EBS and PS HRM
- 2) Implement a Single, Integrated Business Intelligence Application for Planning and Budgeting

King County's Budgeting Cycle is a Month Longer Than Peers

Days to Complete the Budget





- ## Critical Success Factors
- Senior Management Support
 - Timely decisions
 - Countywide (User groups) Involvement
 - Available Resources
 - County resources
 - External resources
- Page - 26 Better Information for Better Government

Appendix E: King County ARRA status



The infographic features a green background with a white map of the United States in the top left corner. The title 'American Recovery & Reinvestment Act (ARRA) of 2009' is centered in white. Below the title, the total cost and its components are listed. A yellow box contains a paragraph about the bill's significance. An orange box lists five goals. The King County logo is in the bottom left, and a blue bar with white dots is at the bottom.

American Recovery & Reinvestment Act (ARRA) of 2009


Total Cost: \$787.2 billion
\$575.3 billion (Spending)
\$211.9 billion (Tax cuts)

Commonly known as the Stimulus bill, ARRA was signed into law by President Obama on February 17, 2009. It is the largest single cash infusion into the economy in American history, and is a Call to Action for communities across this country to ensure this money is a catalyst for economic recovery for our region.

ARRA Goals

- Preserve & create jobs
- Assist those most impacted by the recession
- Spur technological advances in science and health
- Invest in Transportation, environmental protection, and other infrastructure
- Stabilize state and local budgets

King County



King County's Structure

King County Government

Executive (Elected CEO)
 Council (9 Elected legislative members)
 Departments (11)
 Agencies (6) Represented by separately elected officials

King County (Executive Branch) Departments


- 1) Dept. of Adult and Juvenile Detention
- 2) Dept. of Community and Human Services
- 3) Dept. of Development and Environmental Services
- 4) Dept. of Executive Services
- 5) Dept. of Judicial Administration
- 6) Dept. of Natural Resources and Parks
- 7) Dept. of Public Health
- 8) Dept. of Transportation
- 9) Office of Information Resource Management
- 10) Office of Management and Budget
- 11) Office of Strategic Planning and Performance Management

King County (Separately Elected) Agencies

- 1) District Court
- 2) Superior Court
- 3) Office Assessor
- 4) Office Elections
- 5) Office of the Prosecuting Attorney
- 6) Office of the Sheriff




King County



King County's ARRA Oversight and Progress

King County Ordinance 16513 Called for:

- A Recovery Act Coordinator be designated
- Coordination among County Departments & Agencies
- Accountability and transparency
- Tracking of all ARRA grants & monthly progress reports
- Identifying, monitoring and maximizing grant opportunities
- Assistance with stream-lining permit processes for qualified, shovel-ready building projects
- Establishment of a Web site: Recovery.KingCounty.gov



King County

King County's Response to the ARRA Call to Action

Overall Effort To-date to Apply for ARRA grant funding
 Between February 17 and May 31, King County applied for a total of 39 ARRA stimulus fund grants. (Both "direct" grants from the Federal government, as well as grant funds "passed-through" the State or other jurisdictions.)

ARRA Grants Applied for by Category

Of the 39 ARRA Grant Requests
 9 have been awarded
 22 are pending and
 8 have been denied

King County

King County's ARRA Stimulus Funding Progress

Today, the county's grant requests represent a total of **\$184,481,252** in potential stimulus funding. Of this potential

Job Creation or Preservation


ARRA grants awarded and pending represent an estimated potential of 796 jobs being created and/or retained through stimulus funding.

The grants already awarded to King County, represent an estimated 192 jobs created or retained.

Pending awards represent an additional potential of 604 jobs that may be created or retained.

Denied \$28,064,000


King County




Tracking and Reporting King County's ARRA Grants

Ensuring that King County's departments and separately elected agencies meet federal reporting requirements is of utmost importance.

King County is in the early stages of structuring its processes for efficiently and effectively managing, tracking & reporting on ARRA stimulus grant awards.



King County



Recovery.KingCounty.gov

For more information, visit King County's ARRA Web site at **Recovery.KingCounty.gov**

Contact:
Lorrie McKay, County Recovery Act Coordinator
Office of King County Executive, Kurt Triplett
206-263-9631

401 Fifth Avenue, Room 800
Seattle, WA 98104



King County



Appendix F: CNMI ARRA status

CNMI

The structure of ARRA within the Territories

The structure of the ARRA Oversight team (accountability)

1. Lt. Governor
2. CNMI CZAR
3. Special Assistant for Management & Budget
4. Acting Secretary of Finance
5. CNMI Director of Procurement & Supply
6. Contracting Officer
7. CNMI Public Auditor

Website Reporting (transparency in terms of how funds are being used)

1. The CNMI ARRA website is still under the development phase;
2. Its creation is specific to ARRA reporting and can be viewed at www.cnmiarra.net; some local agencies with websites have started posting information related to ARRA eligibility;
3. Website management is a function under the Secretary of Commerce;
4. Information compiled and posted on the website is through efforts of program managers;
5. All RFP's, responses to RFP's, evaluation of RFP, selection of RFP, contract of awarded firm, and other relevant documents will be posted on the website within three days of availability and review;
6. Some information will be privileged to protect the integrity of our procurement process.

Conduct capacity assessments on those agencies who will be receiving funds and their ability to effectively implement and what strategies are available to them to quickly ramp up

1. The Oversight Team requires local agencies to report on the number of resources (staffing) assign to implement ARRA funding, if any;
2. The Oversight Team will then determine whether resources are available and capable to implement the programs available through ARRA awards;
3. The Oversight Team will outsource some activities if available resources are not capable.

Appropriate and basic performance measures to enable the gov't's to report tangible results (jobs-plus other economic development outcomes)

1. The Oversight Team will require each Local Agency with ARRA opportunities to submit their performance goal prior to ARRA implementation and how goals will be measured;
2. Some of the things that we will look for in terms of impact of funds in terms of tangible reports will include local job creation, quarterly revenue reports (from businesses who have contracted

to complete projects), and a general eye on quarterly economic indicators and identification of any trends since the introduction of ARRA funds into the CNMI economy.

The structure of ARRA within the Territories - CNMI

Fund/Project structure (ensuring the grants can be reported separately)

A separate fund was created specific to ARRA Programs by Agency

Cash management

1. A separate bank account was established specifically for receipt and disbursements of ARRA expenditures;
2. The general idea is to segregate the ARRA funds in accounts designated for them, to ensure that no co-mingling occurs. Some items that we anticipate having to contend with is the different disbursement schemes associated with the different funding streams. For example, some funds will transmit funds upfront, some are disbursed as you spend them, while some are transmitted in percentages at different times (10% upon application, 40% upon submission of a plan, and 50% upon expenditure of funds).

Accelerated (streamlining) procurement and grant fund distribution

1. Agencies receiving ARRA requests shall utilize a separate stamp marked "ARRA" to ensure the requests are address within 1-5 days of receipt;
2. A separate procurement specialist will be hired specifically for ARRA solicitations;
3. The biggest challenge in the procurement process is protests of bids/RFPs
 - a) Local agencies lack of knowledge in the process;
 - b) Implements process outside the mandates of the State Procurement
 - c) Underscoping projects resulting in cancellation;
4. The ARRA office will ensure that all project RFP's written for identified projects (with funding availability) are adequately written prior to being published;
5. This will also assist with ensuring that all requirements are met in terms of transparency with procurement;
6. For Grant funds distribution, participating Subgrantees will issue NOFA via newspaper of general circulation inviting interested agencies, non-profit organizations to submit notice of intent to participate in funding opportunities with timelines strictly enforced;
7. The distribution of grant funds will be streamlined through the ARRA office in coordination with Project Managers.

Special Reporting requirements (such as jobs created/saved).

1. The Department of Finance will run payroll reports by department by agency every 60 days on the last day of every other month, to determine the number of jobs created/saved and use data as a comparison for the subsequent months;
2. The data needed for these reports will be gathered and reported on two levels:
 - a. Project managers will be required to identify how many jobs a specific project has created. For example if a contractor wins a bid to construct on a project the project manager who is assigned to that particular project will be required to track how many people the employer had prior to winning the bid and how many people the employer has as a result of the project; and
 - b. The program manager (government) will be required to report how many total jobs of all on-going projects have been created, as well as within the government, as well as those that have been maintained.

Appendix G: Gov Guam ARRA status

Structure of oversight committee

The Bureau of Budget and Management Research (BBMR) has been designated by The Governor of Guam to lead the government of Guam’s implementation of ARRA. The Guam State Clearinghouse plays a supporting role to BBMR’s lead designation providing ARRA technical reviews and assistance. These agencies along with key personnel within the Governor’s office are in the process of creating policies and procedures to coordinate a structured implementation of ARRA grants. Additionally lead agencies and departments have also been selected to contribute and establish flow of information and controls:

| | |
|----------------------------------|-----------------------------------|
| General Services Agency (GSA) | Procurement arm |
| Department of Public Works | contracting arm of the Government |
| Bureau of Information Technology | Website update and maintenance |
| Department of Labor | Statistic data |
| DOA Human Resources | Personnel rules and regulations |
| DOA Federal Grants Section | Fiscal reporting |

The final oversight committee has yet to be determined. Guam has already realized a steady flow of ARRA grants being established and needs to focus on the establishment of controls and insuring that mandated requirements are met and recorded.

Format and maintenance of the website (how you are updating the financial data)

The Bureau of Information Technology is responsible for the establishment and maintenance of the official Guam ARRA website. Our web address is <http://recovery.guam.gov>. The Government of Guam also utilizes Twitter http://twitter.com/GovGuam_ARRA as an alternative form of disseminating critical information. Twitter also provides the opportunity for discussion groups and networking.

The financial information from participating agencies are filtered thru BBMR for review and then forwarded to BIT for posting on the “recovery.guam.gov” website. The website is in working order and is comprised of the following:

Home page

- Message from the Governor of Guam
- Quick view of projects by category

Accountability & transparency

74 Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)

- Detailed statement of ARRA funding activity
- Graph of grants by agency and category (graphs are also links to detailed spread sheet of accounts)

Resource links include:

Agency Budget, Contracts and staffing links

Open.guam.gov

<http://open.guam.gov/>

Office of the Public Auditor

<http://www.guamopa.com/>

Certifications

Compilation of certifications and notices detailing the progress of ARRA on the national and local level.

Updates

Contains a link to our twitter site where additional postings can be found regarding the latest ARRA funding request and awards.

Resources

Compilation of websites that offer valuable information for both the public and government agencies on the subject of ARRA

Contact us

List of contacts assigned to assist with general inquires regarding Guam's ARRA grants

Guam ARRA Contacts

Program/Policy

Art Mariano art.mariano@bbmr.guam.gov

Adrienne Loerzel adrienne.loerzel@guam.gov

Information Technology

Jim Lacson jim.lacson@bit.guam.gov

Set up of the fund/project structure in the chart of accounts

Current Expenditures accounts relating to the ARRA grants have been assigned "AR" as an indicator those grants are recovery grants.

| ACCOUNT STRUCTURE | | | | | | | |
|-------------------|-----|---|----|-------|----|-----|-----|
| 5 | 101 | H | 09 | 17 00 | AR | 001 | 230 |

Current system identifies all ARRA grants containing this unique identifier and creates a separate sub ledger to track expenditures and draw downs unique to the account

Special reporting can be tailored to retrieve financial information for a specific grant or all ARRA related grants in general.

Set up for cash management- Currently, the Government of Guam has not recorded any ARRA grants that allow advance drawdown of funds. Our office is prepared to establish separate bank accounts to effectively track these funds if the condition arises.

Procurement controls to meet the grant deadlines

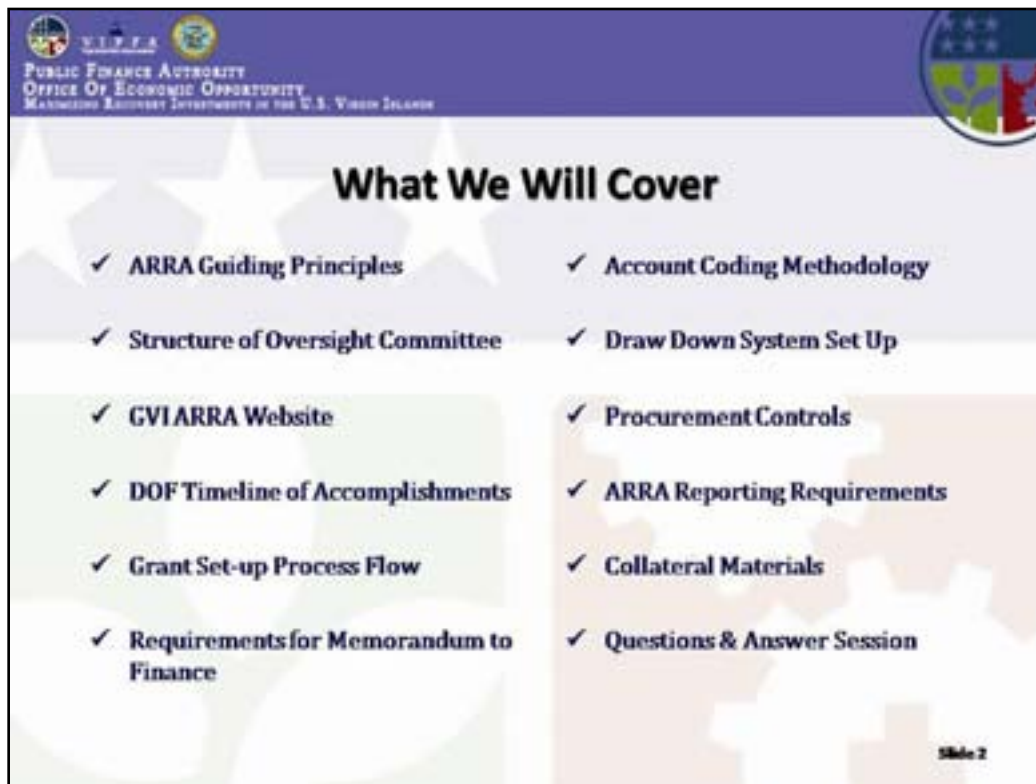
Key agencies along with personnel within the Governor's office are in the process of creating policies and procedures to coordinate a structured implementation of ARRA grants. Procurement and contracting procedures are being deliberated

How you are meeting the special reporting requirements (such as jobs created/saved)

Key agencies along with personnel within the Governor's office are in the process of creating policies and procedures to coordinate a structured implementation of ARRA grants. Statistical reporting procedures are also being discussed.

Appendix H: Virgin Islands ARRA status



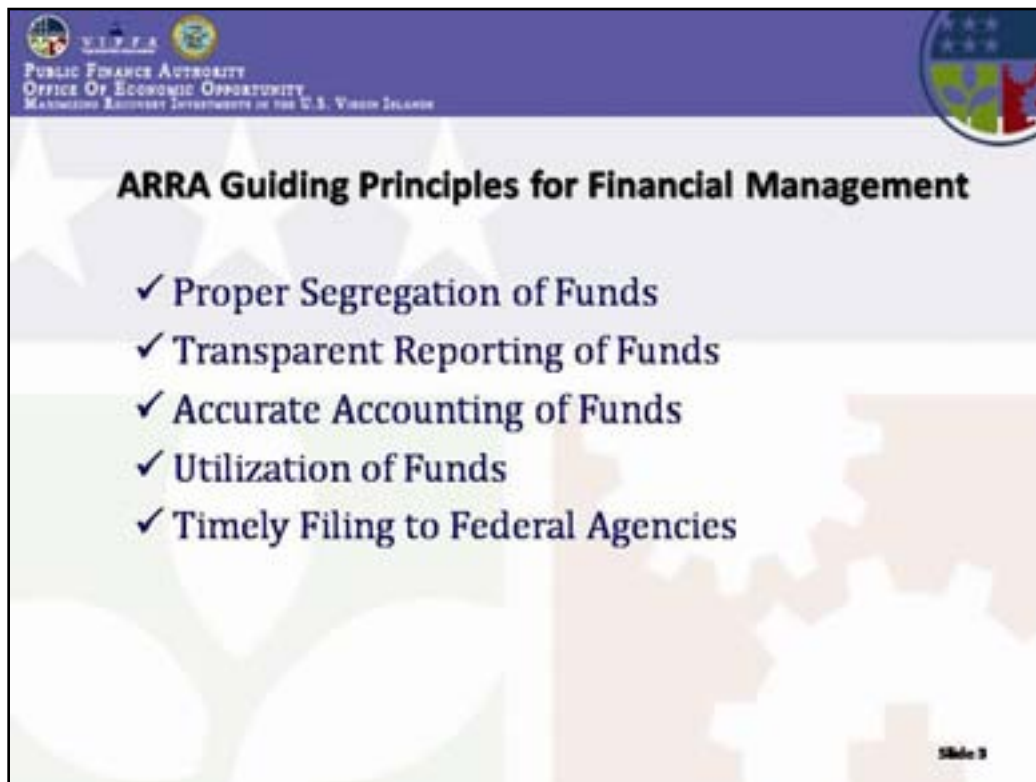


**PUBLIC FINANCE AUTHORITY
OFFICE OF ECONOMIC OPPORTUNITY
MAXIMIZING ECONOMIC INVESTMENTS IN THE U.S. VIRGIN ISLANDS**

What We Will Cover

- ✓ ARRA Guiding Principles
- ✓ Structure of Oversight Committee
- ✓ GVIARRA Website
- ✓ DOF Timeline of Accomplishments
- ✓ Grant Set-up Process Flow
- ✓ Requirements for Memorandum to Finance
- ✓ Account Coding Methodology
- ✓ Draw Down System Set Up
- ✓ Procurement Controls
- ✓ ARRA Reporting Requirements
- ✓ Collateral Materials
- ✓ Questions & Answer Session

Slide 2



**PUBLIC FINANCE AUTHORITY
OFFICE OF ECONOMIC OPPORTUNITY
MAXIMIZING ECONOMIC INVESTMENTS IN THE U.S. VIRGIN ISLANDS**

ARRA Guiding Principles for Financial Management

- ✓ Proper Segregation of Funds
- ✓ Transparent Reporting of Funds
- ✓ Accurate Accounting of Funds
- ✓ Utilization of Funds
- ✓ Timely Filing to Federal Agencies

Slide 3

Recovery Oversight Structure

- The Governor created the Office of Economic Opportunity to oversee the implementation of ARRA funded programs
- The organization is part of the Public Finance Authority with the Governor as the Chairman of the Board
- Primary functions – Grant Writing; Legal Support; Compliance, Oversight and Accountability

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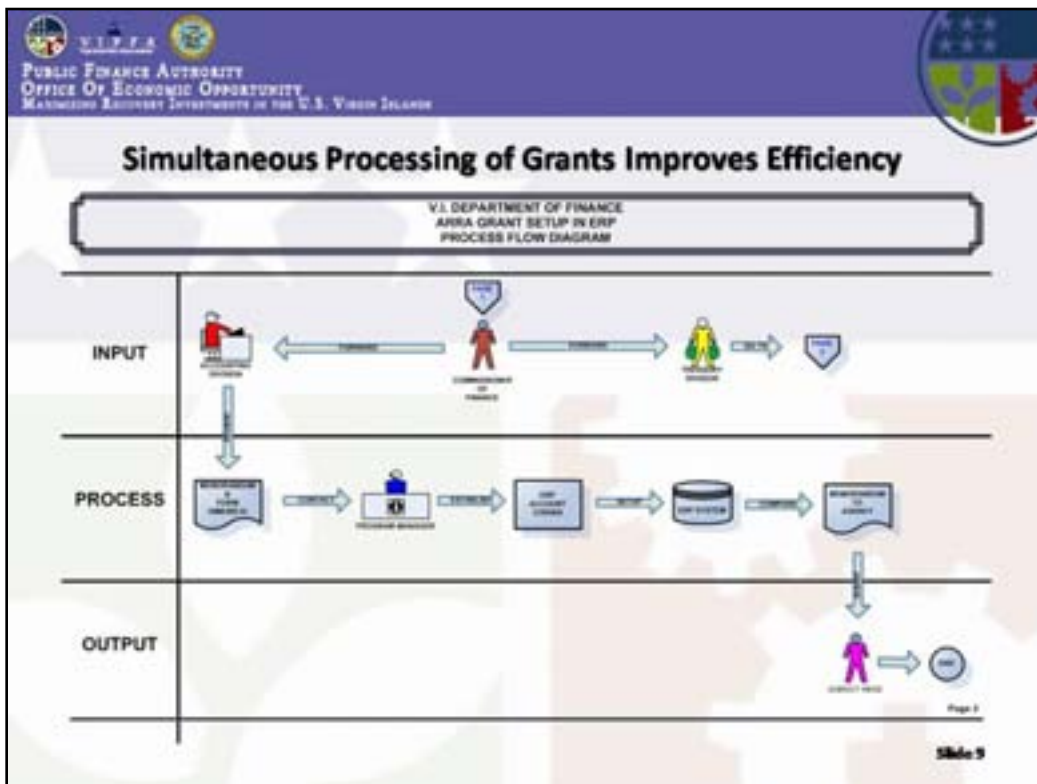
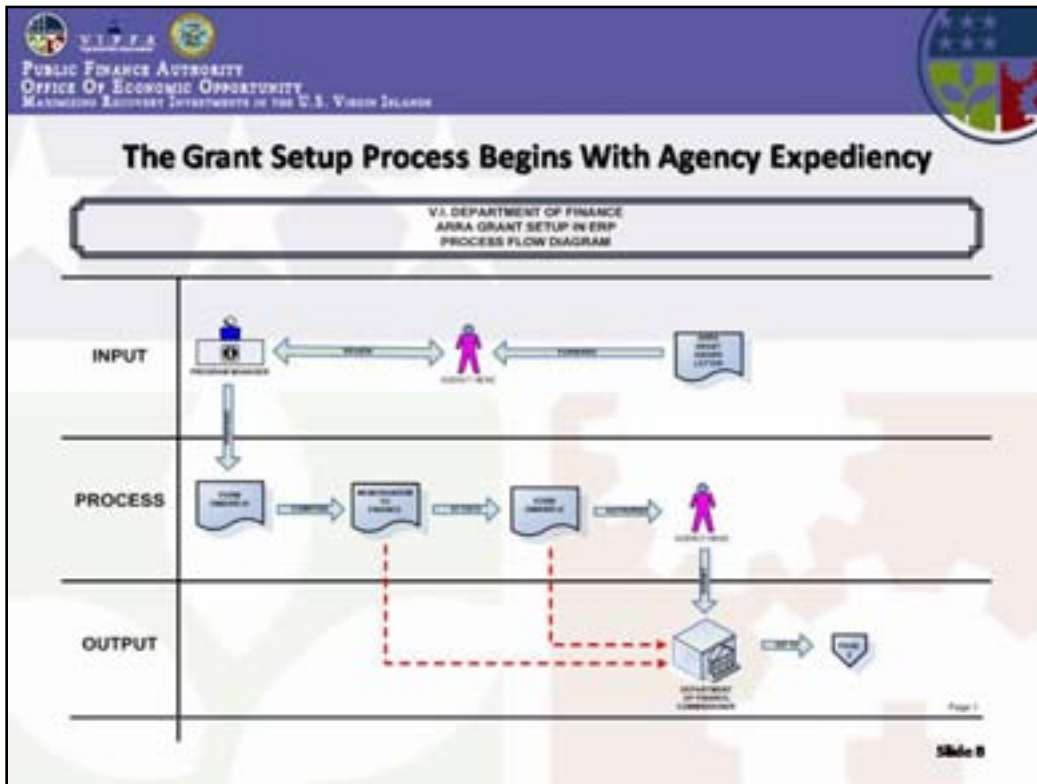
graph TD
    Director[Julito A. Francis  
Director] --- Legal[Legal Counsel]
    Director --- Admin[Administrative Assistant]
    Admin --- Compliance[Compliance,  
Performance,  
and Accountability]
    Admin --- Grant[Grant Writing]
    Admin --- Program[Program Monitoring]
    
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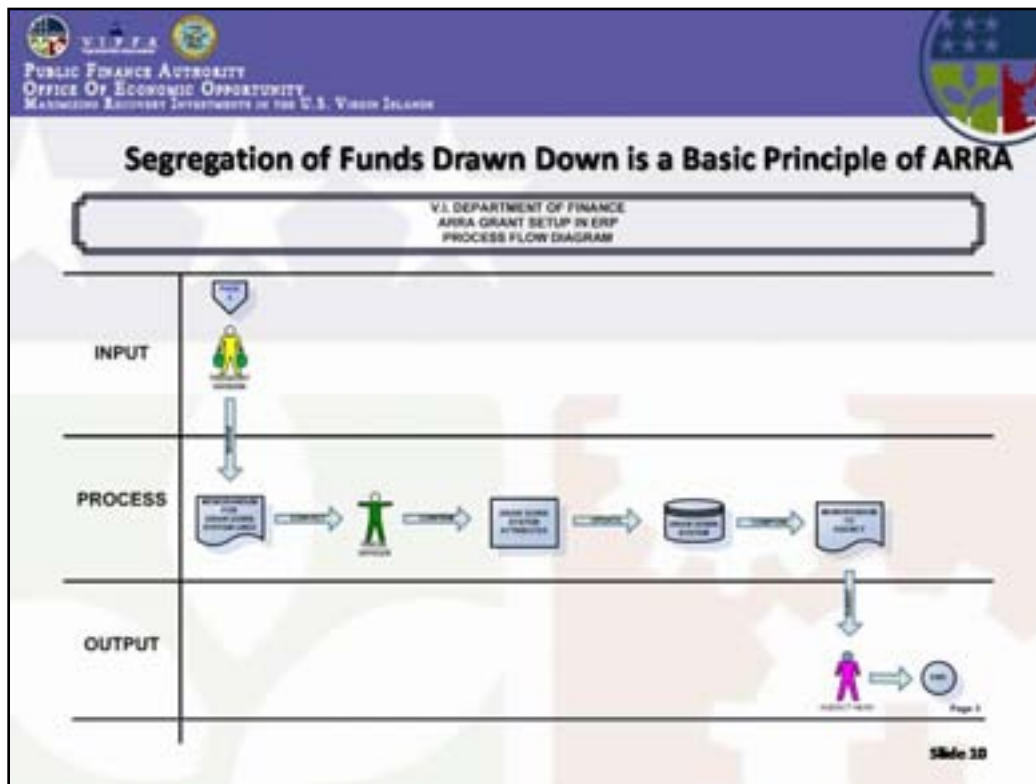
Slide 4

Recovery Website and Updates to Financial Data

- The primary recovery website of the Virgin Islands is located at URL www.governordejongh.com/recovery
- The detailed web resource for all VI recovery potential fund recipients and government support agencies is located at URL www.governordejongh.com/recovery/oco.
- This website is supported by a .net application that houses all ARRA related receipts, applications, awards, documents, procurements, statistics, periodic reports and all else ARRA.
- At periodic intervals, feeds from the government's centralized financial systems will be received by the ARRA FMS (ARRA funds management system) to create aggregated performance and financial reports as part of the centralized oversight, compliance and accountability function. This function will be fully implemented before the first full quarterly Section 1512 report is due.
- The DOF has currently implemented policies, procedures, accounting and treasury process accommodations to ensure segregation of funds and traceability of all funds to fund recipients.
- The ARRA FMS is secured by login access, but the data is presented to the public at the www.governordejongh.com/recovery/oco website.

Slide 5





The Memorandum to Finance Must Include:

I. Request for chart of account codes--

- **For New Grants:** Object codes, Activity, Department, Division and Project/Location
- **For Existing Grants:** Object codes and Existing Project Code

II. Name of the system used to draw down your federal funds

- EIN & Key Point of Contact
- Account PIN(s) & RIN(s)

III. Attach copy of Recovery Act federal grant award letter to memorandum (Step I).

IV. Transmit memorandum (Step I) and Recovery Act federal grant award letter (Step II) to the Commissioner of Finance, via hand delivery.

ACCOUNTING DIVISION

Slide 11

**PUBLIC FINANCE AUTHORITY
OFFICE OF ECONOMIC OPPORTUNITY
MAXIMIZING ECONOMIC INVESTMENTS IN THE U.S. VIRGIN ISLANDS**

Our Account Coding Methodology Allows for Accurate ARRA Reporting

FINANCIAL REPORTING DIVISION

- Fund# 2125**
 - Tied to New Bank Account
 - Existing Grants
 - Utilize Existing Project Number
 - New Grants
 - Follow Specific Naming Convention: "FAR##"
- ERP Flexible Period Reports**
 - Segregates ARRA Funds by Fund Number
 - Combines Total Grant Activity by Project

Slide 12

**PUBLIC FINANCE AUTHORITY
OFFICE OF ECONOMIC OPPORTUNITY
MAXIMIZING ECONOMIC INVESTMENTS IN THE U.S. VIRGIN ISLANDS**

Coordination With Fiscal Officer Essential To Draw Down System Setup

TREASURY DIVISION

- ✓ ARRA Funds and New Bank Account
- ✓ Due Diligence Completed
 - ❖ SmartLink / PMS
 - ❖ ASAP
- ✓ Requirements for Draw Down System Utilized
 - ❖ Key Point of Contact
 - ❖ Employer Identification Number Used
 - ❖ Account Personal Identification Number (PIN#)
 - ❖ Recipient Identification Number (RIN#)
- ✓ Written Manual Drawdown Procedures Required
 - ❖ Non-System Based

Slide 13






Procurement Controls for Grant Deadlines

- *The Department has created an Emerald Green Cover Sheet that has specific indicators for the type of ARRA documents that you will be processing.*
- *For example: ARRA Grant Application and ARRA Construction Contract*
- *The intention behind the coversheet is to trigger for anyone that gets the document that there is a heightened timeframe to process the document attached.*
- *We brought a ream of 100 sheets for all participants just to get you started.*
- *There are no changes to the procurement law for ARRA funded projects.*
- *The Department has committed to processing ARRA funded projects within two(2) business days provided the proper documentation is supplied.*
- *Proper documentation includes, but is not limited to, adequate justification by the agency, proof of funding, and current corporate documentation.*

Excerpt from: DFP, June 3rd Presentation of the Maximizing Recovery Investments in the US Virgin Islands Hosted by the Office of Economic Opportunity

Slide 14

Special Reporting Requirements

- *Each government potential fund recipient or group of recipients with similar business goals has been assigned a liaison that is responsible for the agency or group from opportunity identification to reporting to oversight*
- *Several of the grantor agencies have different reporting requirements, e.g. Energy; Transportation, Justice have additional requirements to the basic Section 1512 requirements*
- *All requirements are being captured in the ARRA FMS for consolidated and aggregated reporting*
- *The OEO is modeling all these requirements based on all available guidance and providing all fund recipients with reporting forms for capture of metrics (including jobs created and retained) and reporting elements*
- *These are reviewed and signed off on by the agencies and eventually certified by the governor*

Slide 15



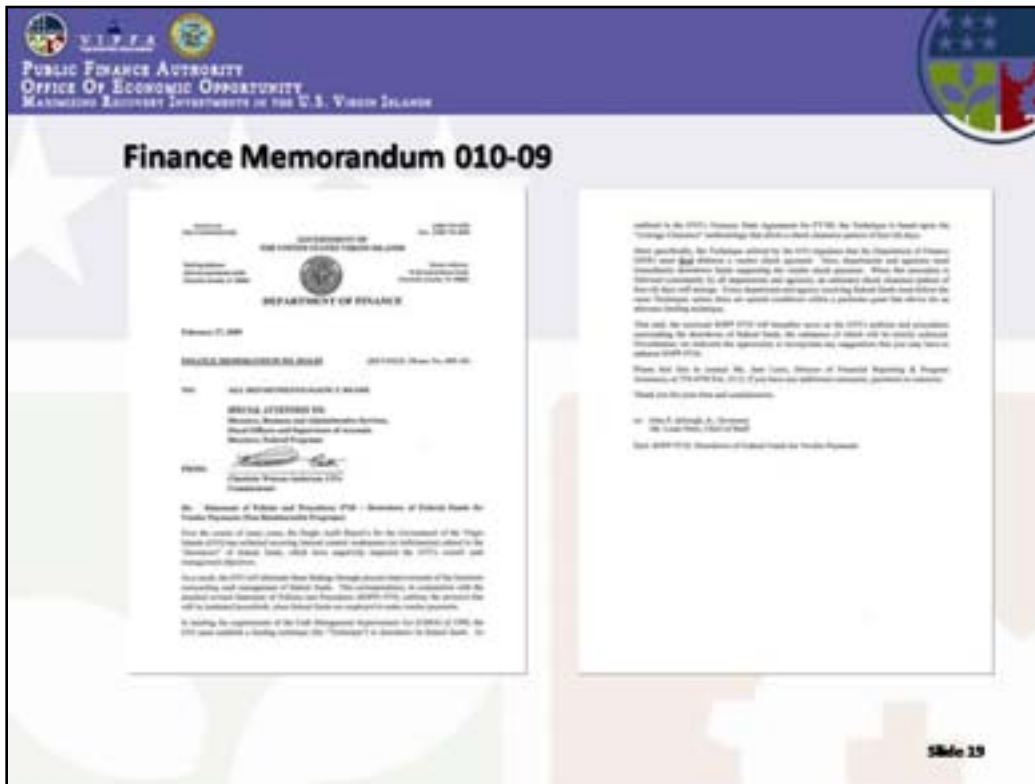


PUBLIC FINANCE AUTHORITY
OFFICE OF ECONOMIC OPPORTUNITY
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Slide 18



PUBLIC FINANCE AUTHORITY
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Finance Memorandum 010-09

February 27, 2009

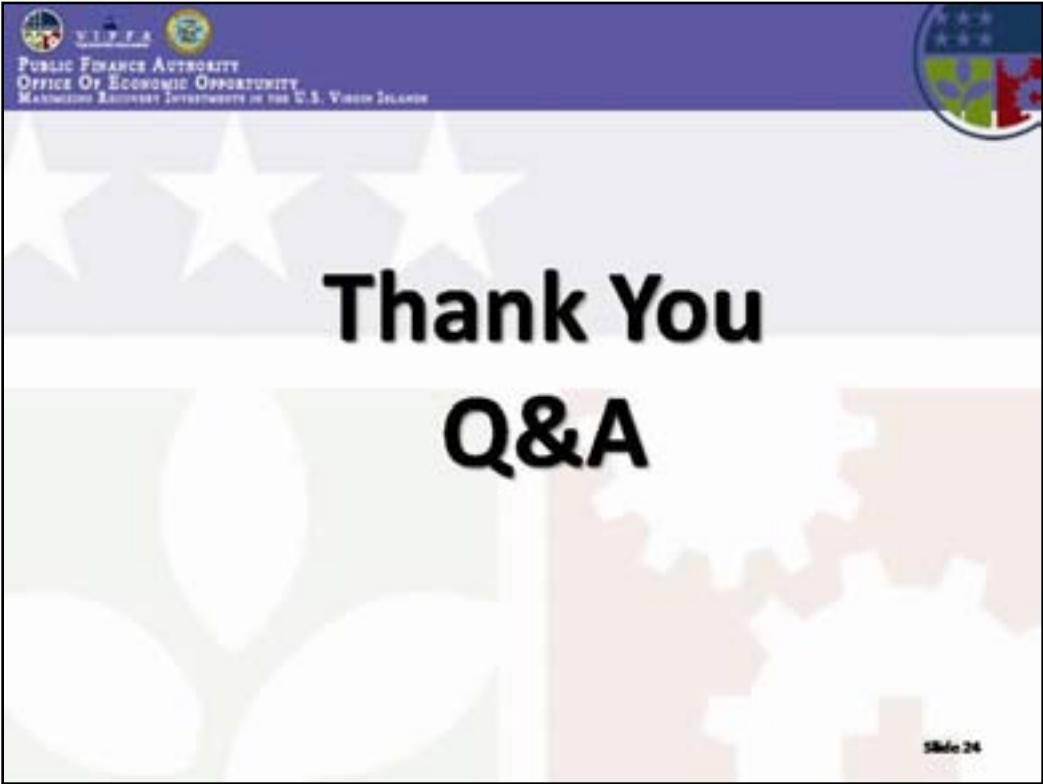
ALL INFORMATION REGARDING A BILL

TO: ALL INFORMATION REGARDING A BILL

FROM: [Signature]

Re: Memorandum of Finance and Executive Order - Secretary of Island Bank for Public Employees (See Memorandum 010-09)

Slide 19



Appendix I: Summary of Sharon Fujii's presentation

American Recovery and Reinvestment Act Opportunities, Challenges and Accountability

Critical Objectives: ARRA funds spent on economic recovery must be subject to transparency and accountability. All Federal agencies must ensure that: recovery funds are awarded and distributed in a prompt, fair, and reasonable manner; the recipients and uses of funds are transparent to the public and that public benefits are reported clearly, accurately and timely; recovery funds are used for authorized purposes; projects avoid unnecessary delays and cost overruns; and programs meet specific goals and targets, and contribute to improved performance on broad economic indicators.

Opportunities: The Recovery Act offers a historic opportunity to help those affected by the economic crisis to infuse funds that stimulate the economy where most needed. Also, it offers opportunities to reengineer and revise business processes; to integrate program and financial operations; to enhance use of technology; to build and strengthen capacity that result in effective and efficient use of public funds using credible financial management systems.

Challenges: These include current environmental realities, especially budget shortfalls; reductions in oversight staff to ensure proper management and implementation of Recovery Act funds. The existence of sound internal infrastructure for the management and oversight of non-ARRA funds can be challenging. Other important challenges include: communication and information flow; timelines, internal coordination and implementation of new internal controls and procedures; new reporting requirements – program, financial and data; oversight capacity; early detection and mitigation of risks (weak internal controls).

Accountability: Separate tracking and reporting, monitoring, and implementing new OMB requirements are mandated. On June 22, 2009 OMB released Implementing Guidance on Use of Funds Pursuant to ARRA Section 1512 (reporting documents) to address who receives ARRA funds and amounts; projects or activities being funded with ARRA dollars; and status of projects/activities (e.g., jobs created and retained). Internal controls and building a culture of accountability to achieve program outcomes are critical. Ensuring that credible financial management systems are in place is very important. New guidance regarding cost allocation, contractors, etc. is under development. Also, single audit requirements using OMB circulars will apply to Recovery Act programs.

(For the Territories, US Department of Education will be hosting a seminar, Achieving Results with American Recovery and Reinvestment Act Funds at the 26th Annual Pacific Education Conference in Guam on July 15-17. Education ARRA funds are intended to improve education systems and student academic achievement; enhance teacher quality; improve financial infrastructures to further fiscal stability. Contact is Jeanette.Lim@ed.gov.)

(Packets of ARRA information were distributed.)

Appendix J: FSM Audit Status

Federated States of Micronesia Audit Improvement Project

We would like to have time for each of the governments to share their thoughts on this year's audit status, so please give some thought to the following questions:

Is your audit timely?

For the past 10 years (since 1996) FSM was not able to complete the audit in a timely manner. The delay usually was as long as 6 months to more than 2 years.

However, beginning FY07 for the first time, FSM was able to complete the single audit on a timely manner.

The FY08 single marks the second year where FSM completed the audit as scheduled.

What are the results of the audit reports?

Pohnpei State and Kosrae state got unqualified opinion while FSMNG, Chuuk State Government and Yap State government receive qualified opinions.

The audit report for FSMNG shows a lot improvement not only in terms of the timeliness of the report but as well as the quality of the audit.

In FY08, four (4) qualifications were reported as compared to eight (8) qualifications in FY07.

In FY08, questioned costs were much lower as compared to the last 5 years audits.

In FY08, the audit findings in internal control are reduced as compared to the last 5 years audits.

During FY08, FSMNG was able to remove the qualifications as follows:

1. Lack of recording a liability for retentions payable in the governmental activities and the compact sector grants fund;
2. Inadequacy of accounting records concerning receivables, advances, amounts due to the FSM States Government and deferred revenue for the governmental activities;
3. Inadequacy of accounting records concerning receivables, advances and amounts due to the FSM States Government for General fund;
4. Inadequacy of accounting records concerning receivables and amounts due to the FSM States Government for the US Federal grants fund;
5. Lack of audited financial statements of the National Fisheries Corporation.

Were there any surprises?

Yes, new qualifications were reported in FY08 such as accounts payable. During FY08, FSMNG changed its financial management information system from focus to fundware. During the implementation, a system configuration was not properly installed as there is a significant difference between the accounts payable subsidiary and general ledger. Although, FSMNG was able to prepare a manually subsidiary

detail to support the general ledger the auditors believe that the accounts payable balances could be erroneous.

Did the auditors focus on different issues?

Yes. The auditors focused more on the procurement, especially for contracts with changed orders or addendum. FSMNG is administering the AIP and Infrastructure projects for the entire FSM government.

Have you been able to continue with the best practice audit processes—audit liaison, immediate follow up on auditor's requests and findings, scheduled meetings with the auditors, etc?

Yes. This year, consistent communications with the departments and auditors have been maintained. The departments were given more participation in the discussion, particularly in the procurement.

Appendix K: GASB 54 Presentation

**GASB 54: The New Fund Balance and
Governmental Fund Type Definitions**

**IGFOA Conference 2009
Frank Crawford, CPA
www.crawfordcpas.com
frank@crawfordcpas.com**



New Pronouncement—2009

- ▶ Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*—February
- ▶ Effective September 30, 2011
- ▶ Early implementation allowed and encouraged



2

Fund Balance Components

- ▶ Nonspendable fund balance
- ▶ Restricted fund balance
- ▶ Committed fund balance
- ▶ Assigned fund balance
- ▶ Unassigned fund balance



~~Spendable~~



3

Fund Balance Components

Nonspendable Fund Balance includes amounts that cannot be spent because they are either:

- (a) not in spendable form or**
 - Inventories, prepaids, long-term loans
- (b) legally or contractually required to be maintained intact.**
 - Principal of a permanent fund



4

Fund Balance Components

Restricted Fund Balance:

Amounts that are restricted to specific purposes, pursuant to the definition of *restricted* in paragraph 34 of Statement 34, as amended by Statement No. 46.

- External parties
- Constitution
- Enabling legislation



5

Fund Balance Components

Committed Fund Balance:

Amounts that are committed for specific purposes by formal action of the government's highest level of decision-making authority.



Fund Balance Components

Assigned Fund Balance:

Amounts that are *intended* by the government to be used for specific purposes, but are neither restricted nor committed.

- All amounts in other governmental funds not restricted or committed.
- Amounts in general fund intended for specific use



Fund Balance Components

Unassigned Fund Balance:

Residual classification for the general fund

- Has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes within the general fund.
- Residuals for expired purposes in other funds



8

| | General Fund | Major Special Revenue Funds Highway Fund | Major Special Revenue Funds School Aid Fund | Major Debt Service Fund | Major Capital Projects Fund | Other Funds | Total |
|----------------------------|--------------------|--|---|-------------------------|-----------------------------|--------------------|--------------------|
| Nonexpendable | | | | | | | |
| Inventory | \$ 121,000 | \$ 108,000 | \$ 16,000 | -- | -- | -- | \$ 245,000 |
| Prepaid principal | -- | -- | -- | -- | -- | \$ 104,000 | 104,000 |
| Restricted for: | | | | | | | |
| Public works | 240,000 | -- | -- | -- | -- | -- | 240,000 |
| Parks and recreation | 80,000 | -- | -- | -- | -- | -- | 80,000 |
| Education | 55,000 | -- | -- | -- | -- | -- | 55,000 |
| Highway | -- | -- | -- | -- | \$ 444,000 | -- | 444,000 |
| Road surface repairs | -- | 24,000 | -- | -- | -- | -- | 24,000 |
| Debt service reserve | -- | -- | -- | \$208,000 | -- | -- | 208,000 |
| School construction | -- | -- | -- | -- | 301,000 | -- | 301,000 |
| Law enforcement | -- | -- | -- | -- | -- | 214,000 | 214,000 |
| Other capital projects | -- | -- | -- | -- | 61,000 | -- | 61,000 |
| Unassigned | 30,000 | -- | -- | -- | -- | -- | 30,000 |
| Committed for: | | | | | | | |
| Zoning board | 16,000 | -- | -- | -- | -- | -- | 16,000 |
| Economic stabilization | 210,000 | -- | -- | -- | -- | -- | 210,000 |
| Homeless security | 110,000 | -- | -- | -- | -- | -- | 110,000 |
| Education | 80,000 | -- | 180,000 | -- | -- | -- | 260,000 |
| Public welfare | 75,000 | -- | -- | -- | -- | -- | 75,000 |
| Assigned to: | | | | | | | |
| Public works | 80,000 | -- | -- | -- | -- | -- | 80,000 |
| Library acquisitions | 80,000 | -- | -- | -- | -- | -- | 80,000 |
| Highway resurfacing | -- | 208,000 | -- | -- | -- | -- | 208,000 |
| Debt service | -- | -- | -- | 306,000 | -- | -- | 306,000 |
| Public pool | -- | -- | -- | -- | 121,000 | -- | 121,000 |
| City Hall renovation | -- | -- | -- | -- | 80,000 | -- | 80,000 |
| Other capital projects | 80,000 | -- | 75,000 | -- | 471,000 | -- | 626,000 |
| Unassigned | 520,000 | -- | 75,000 | -- | -- | 178,000 | 773,000 |
| Total fund balances | \$1,740,000 | \$ 390,000 | \$ 180,000 | \$170,000 | \$1,440,000 | \$1,034,000 | \$4,954,000 |

This level of detail is not required for display on the face of the balance sheet. Fund balance categories and classifications may be presented in detail or in the aggregate if sufficient detail is provided in the notes to the financial statements.



Exhibit 2

| Fund balances: | General Fund | Major Special Revenue Funds | | Major Debt Service Fund | Major Capital Projects Fund | Other Funds | Total |
|----------------------------|---------------------|-----------------------------|-------------------|-------------------------|-----------------------------|-------------------|---------------------|
| | | Highway Fund | School Aid Fund | | | | |
| Nonspendable | \$ 125,000 | \$ 138,000 | \$ 15,000 | — | — | \$ 164,000 | \$ 413,000 |
| Restricted | 405,000 | 24,000 | — | \$ 205,000 | \$ 795,000 | 214,000 | 1,645,000 |
| Committed | 461,000 | — | 103,000 | — | — | — | 564,000 |
| Assigned | 230,000 | 258,000 | 73,000 | 305,000 | 602,000 | 175,000 | 1,885,000 |
| Unassigned | 525,000 | — | — | — | — | — | 525,000 |
| Total fund balances | \$ 1,746,000 | \$ 360,000 | \$ 191,000 | \$ 517,000 | \$ 1,447,000 | \$ 354,000 | \$ 4,943,000 |

Stabilization Arrangements

- ▶ Refers to economic stabilization, revenue stabilization, budgetary stabilization, and other similar intended “rainy day” funds.
 - Authority to set aside
 - Statute
 - Ordinance
 - Resolution
 - Charter
 - Constitution

Stabilization Arrangements

- ▶ **General Fund**
 - Restricted or committed, if meet criteria
 - Unassigned, if do not meet criteria
- ▶ **Special Revenue Fund**
 - Only if resources derive from a specific restricted or committed revenue source



12

Note Disclosures

- ▶ **Committed Fund Balance**
 - Government's highest level of decision-making authority
 - Formal action required to be taken to establish, modify, or rescind a fund balance commitment
- ▶ **Assigned Fund Balance**
 - Body or official authorized to assign
 - Governmental policy



13

Note Disclosures

- ▶ **Disclose significant encumbrances by major funds and nonmajor funds in aggregate**
- ▶ **Nonspendable fund balance (if not separated on face)**
 - Amount not in spendable form
 - Amount legally or contractually required to be maintained intact



14

Note Disclosures

- ▶ **Restricted, committed, or assigned fund balance**
 - If displayed in aggregate on face
 - Disclose major restricted resources
 - Disclose major commitments
 - Disclose major assignments



15

Note Disclosures

- ▶ **Stabilization arrangements**
 - Authority for establishing
 - **By statute or ordinance?**
 - Requirements for adding to stabilization amounts
 - Conditions for spending amounts
 - Stabilization balance, if not apparent on face



16

Note Disclosures

- ▶ **Minimum fund balance policy**
 - May have in lieu of stabilization amounts
 - Describe policy for determining minimum amount



17

Governmental Fund Type Definitions

- ▶ **General fund**
 - Used to account for all financial resources not accounted for in another fund
- ▶ **Capital projects funds**
 - Used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays
 - Unless financed by proprietary funds or assets to be held in trust for those outside government



18

Governmental Fund Type Definitions

- ▶ **Debt service funds**
 - Used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest
- ▶ **Permanent funds**
 - Used to account for resources restricted with respect to "earnings" for support of government's own programs



19

Governmental Fund Type Definitions

- ▶ **Special revenue funds**
 - Account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects
 - **Not used for resources held in trust for those outside government.**



28

Special Revenue Funds

- Restricted or committed resources should be "substantial" portion of inflows reported in fund.
- If not, should be reported in general fund.
- ▶ Investment earnings and transfers in may be reported if restricted, committed, or assigned to specified purpose of fund.



28

Effective Date and Transition

- ▶ For FYE June 30, 2011 and thereafter
- ▶ For fund balance reclassifications
 - Restate fund balance for all prior periods presented
 - Changes to fund balance information in statistical section may be applied prospectively



22

Questions?



23

Appendix L: Summary of Guam MIP status

MIP – How was it different from the previous FMIP’s that were developed for DOA

FMIP was developed to specifically improve Guam’s financial management and reporting to increase efficiency and productivity with improved processes, automation and communication between three main agencies involved with finances.

The current MIP was developed to specifically focus with improving management within DOA that will sustain the department as a whole in the coming years.

How did having a Finance Office Assessment in advance of the MIP change the way the MIP was developed?

The Finance Office Assessment did have a big effect on changing the way the MIP was developed. The assessment identified issues and problems the finance office was currently encountering. The technique and process used to develop the MIP brought out similar issues that were identified in the assessment. The MIP development process and the FOA complimented each other and confirmed that the staff were aware of the issues identified and committed to take corrective actions by including solutions in the MIP.

What specific measurable outcomes can you attribute to the FAO and MIP?

- Financial audits completed on time
- # of repeated findings
- # of question costs
- Unqualified audits

How did the MIP build on some of the succession planning strategies?

The MIP was developed with succession planning in mind. One of the goals the governor challenged his cabinets members was to implement changes that would leave a lasting legacy for future years. Implement changes that would put the department in a better condition than it was in previous years.

Are the teams continuing to follow up with the detailed plans?

A couple of MIP goals are off to a slow start due to several high priority activities diverting attention away from the MIP—the compensation study, annual audit, the Guam bond sale, the economic recovery programs and the 2010 budget preparation.

Do they have a specific process for reporting progress to you?

The MIP progress and updates have been included in DOA’s monthly administrators meeting. The MIP project manager also prepares monthly reports that are submitted to DOI, USDA Grad School and DOA Division heads.



Financial Management Initiatives Best Practices

Guam's Management Improvement Plan



Financial Management Improvement Plan (FMIP)

- o Developed in 2003 to improve financial management programs, practices and processes
- o Vision – Restore public's confidence in GovGuam's financial operations
- o Accomplishing goals over the years led to improved services, timely reporting and unqualified audit
- o Gained public confidence and improved accountability
- o Instilled process in Department



Management Improvement Plan (MIP)

- Expanded goals to include other division of the department as well as finance
- Improve staff development and performance
- Define new roles and migration path
- Implement Records Management Strategy
- Develop the Human Resources Division into a respected hub for information, training and HR planning for all of GovGuam



Lessons Learned

- Achieve goals by developing plan with detailed actions & assignments
- Plan must have a project manager
- Management must support plan
- Share goals and plan with all staff
- Balance action plans with daily operations

Appendix M: Kosrae State Audit Improvement

FEDERATED STATES OF MICRONESIA

**STATE OF KOSRAE
AUDIT IMPROVEMENT PROJECT UPDATE
IGFOA CONFERENCE JULY 1-2, 2009
SEATTLE, WASHINGTON USA**

BACKGROUND

- FY2005 & 2006, Kosrae State Government on verge of insolvency.
- 80% of annual budget from foreign assistance (compact & federal grants)
- Small General fund (17-20%) of annual budget
- Compact sectoral grant approach (new)
- Unsatisfactory single audits

PROBLEMATIC ISSUES

- Illegal cash management
- Unpaid vendors
- Unpaid employees' benefits and allotments
- Rely on Bank's Line of credit for payroll (additional banking fees)
- Not enough money to operate government

INITIATIVES

- Overall governmental reforms
 - Change employees' annual leave from "earned" to "benefit"
 - Convert PSS teachers/nurses into 2 year contracts
 - RIF'ed 115 employees & positions
 - Consolidate functions
 - Increase taxes (1st increase since 1985)
 - Solicit Professional assistance from off-island
 - Reduce governmental operational costs
 - Others

AUDIT Improvement initiatives

- Regular meetings with departments and agencies on audit issues
- Assign a specific employee to be the audit admin.
- Solicit expertise from outside FSM to train and update existing staff on audit issues
- Frequent communication with auditors
- Enforce legal power of Director of Finance

Audit Results 2005-2008

| | FY2005 | FY2006 | FY2007 | FY2008 |
|---|---------------|---------------|---------------|---------------|
| # of findings | 22 | 16 | 12 | 4 |
| Question costs | \$462,459 | \$694,514 | \$162,753 | -0- |
| Resolved QC | -0- | \$63,682 | \$51,725 | \$1,154,238 |
| Auditors' opinion (financial statements) | Qualified | Unqualified | Unqualified | Unqualified |
| GF unreserved fund balance | (\$4,155,236) | (\$4,787,904) | (\$1,242,303) | (\$1,039,711) |

THANK YOU VERY MUCH
KULO MA LULAP

Appendix N: ASG Action Plan

Goal: Improve the financial management of our government

Objective: Implement some of the best practices learned at IGFOA

Action 1: We will focus on our Single Audit qualifications to get a clean audit starting 07/14/09

Over the past two years, ASG Treasury really didn't focus on the qualifications; it is now our goal for the 2009 audit. We are currently working on 1) physical inventory and 2) immigration bonds.

Action 2: We will continue to improve our records maintenance to remove all findings related to recordkeeping starting 07/13/09

Records maintenance should not be the big problem that it is. We are currently building a records storage room; all payments are checked thoroughly for proper documentation and authorizing signatures. This began at the start of the 09 fiscal year.

Action 3: We will close the fiscal year on time to improve financial management starting 07/14/09

ASG Treasury is meeting tomorrow to discuss all actions/steps necessary to close by or prior to October 30th. This is also one of the Treasurer's goals.

Appendix O: Pohnpei State Action Plan

Goal: Improve the financial management of our government.

Objective: Implement some of the best practices learned at IGFOA 2009

Monitoring of Internal Controls throughout the fiscal year

Action 1: Director will develop or established a monitoring procedure to ensure that transactions are properly supported and all required documents are in place before disbursement.

Action 2: Ensure that the Account Receivable System is fully utilized. Travel advances, Purchase Advances and Federal Grants Advances need to be automated to ensure accuracy of records and work on a time table to address this issue.

Action 3: Quarterly Reconciliation of all accounts, purchase orders, bank reconciliation.

Appendix P: Yap State Action Plan

Yap State 2009 Action Plan

Goal: Improve the financial management of Yap State government.

Objective: Implement some of the best practices learned at IGFOA 2009 to resolve repeated findings on internal controls in the FY2007 Single Audit for Yap State Government.

Action 1: Director will develop a tracking sheet listing prioritized tasks for each Division that will be reviewed in the monthly Division Chiefs' meetings to show which are "pending", "ongoing" and "done" with specific expected completion dates. (Started April 2009)

Action 2: Chief of Finance will keep log sheet for Travel and Purchase advances showing outstanding advances and report progress in the monthly meetings to indicate that adequate monitoring and follow-up is being made. (Log started in April 2009, Report in July 2009 meeting).

Action 3: Chief of Procurement and Property Mgmt to provide physical inventory timetable for FY2009 for all the departments/agencies on the main island and to report progress in the monthly Division's meetings. Listing of personal assets (registry) to be updated and improved while physical inventory is ongoing. (Timetable submitted in June 2009).

Appendix Q: Virgin Islands Action Plan

IGFOA 2009 Action Planning Virgin Islands

Goal: Improve the financial management of our government by implementing the ERP Payroll Module by January 2010.

Objective: Implement some of the best practices learned at the Kings County Department of Finance demonstration during the IGFOA 2009 .

Action 1: We will involve agency heads, as well as, other key decision makers within each respective agency to obtain enhanced buy-in of the implementation, starting July 13, 2009.

Action 2: We will use internal Project Management resources, primarily, to improve our presence, agility and decision making, starting August 3, 2009.

Action 3: We will make timely decisions related to policy matters and business changes to keep the project on course and avoid any additional budget shortfalls, starting July 13, 2009.

Appendix R: Gov Guam Action Plan

Fixed Assets

Deputy Financial Manager to require fixed assets inventory taking to be performed weekly based on purchases for the week prior. This is to account for prospective fixed assets purchases. Effective August 2009.

Succession Planning

Deputy Financial Manager to implement recommendations about succession planning in her division. (Started January 2009 and Ongoing).

Administrative Services Officer (ASO) Training

Administrative Services Officer (ASO) Training is conducted twice a year at the DOA Training Room. The training is given to the ASOs and other staff to help develop standards in the processing of documents, reduce the number of ASO questions asked by the different departments by telephone or in person, and to bring attention to the latest updates to any current procedures implemented by DOA.

Management Improvement Plan 2009

Implement Strategic Goal #1 of the Management Improvement Plan 2009: Measure, evaluate, modify, and automate business practices to improve customer service, operational efficiency, and organization and program effectiveness.

Action Plan

The action plans for the different branches involved were developed.

For the Division of Accounts the action plans will include:

- The collection, review, prioritization, re-engineering of processes for SOPs
- Revising the JV number format.
- Automating reports.
- Downloading of Financial Data.
- Setting up Data Filters (to sort Drawdown Payment information).
- The Change Configuration Board will be activated.

For Payroll, the action plans will include:

- Ability for Payroll Branch to produce demand pay paychecks.
- Allow Agencies to access Labor Cost Distribution Report.

124 Island Government Finance Officers' Association Annual Meeting, July 1-2, 2009 (Seattle)

- Limit miscellaneous deductions.

For Appropriations Branch:

- Automatic upload of Child Care and Foster Care disbursements.
- Contract Accounting Administration.
- Automatically close Purchase Orders over 9 months.

For Revenue Branch:

- Utilize the Revenue Report Spreadsheet.

For Accounts Receivable:

- Archive older A/R details.
- Automate C&Q invoicing and payments.

For Treasurer of Guam:

- Complete the new contract for POS.
- Electronically download tax payments made by customers at the bank.

Performance Based Budgeting

The Division of Accounts has submitted its Performance Based Budgeting Worksheets to the DOA Director's Office, who later compiled the worksheets of the different divisions and submitted the package as a whole to BBMR for review.

The Performance Based Budgeting worksheet formats were provided by BBMR. It includes the task description, the percentage of time given to do the tasks, the number of hours, and the total cost for each employee. BBMR is now giving instructions on how to link the workload output to the mission of the Department of Administration.

Appendix S: Summary of Conference Evaluations

EVALUATION SUMMARY (22 Evaluations Completed)

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

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

GFOA Conference

(1) The GFOA Conference sessions were relevant and timely.

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------|-------|---------|----------|-------------------|
| 62% | 33% | 0% | 5% | 0% |

Score: 4.5

(2) What sessions of the GFOA Conference would you suggest should be followed up by PITI/VITI through training and/or other types of seminars?

- Performance Budget or outcome-based budget sessions
- Best accounting practices by GFOA and about assets
- Budget and audit
- The Governmental Accounting update
- Fraud and new GASB requirements
- Best Practices
- Last session and Frank Crawford's session.
- Internal controls improvement
- FMIP and Audit Improvement
- ELDP
- Best practice for audit issues
- Best practices – Single Audit tailored more to island way of doing things (more practical)
- "Stressed Budget" - how to manage
- Accounting and Financial reporting causes
- Fraud (Wasn't able to attend as it clashed with other causes)
- Everything
- Didn't attend GFOA

IGFOA Meeting

(3) The IGFOA meeting sessions were relevant and timely.

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------|-------|---------|----------|-------------------|
| 82% | 18% | 0% | 0% | 0% |

Score: 4.8

(4) The meeting's objectives were substantially met.

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------|-------|---------|----------|-------------------|
| 64% | 36% | 0% | 0% | 0% |

Score: 4.6

(5) Logistics for bringing participants to and from Seattle were handled satisfactorily.

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------|-------|---------|----------|-------------------|
| 86% | 14% | 0% | 0% | 0% |

Score: 4.9

(6) The IGFOA meeting site (hotel) was comfortable and conducive to the meeting.

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------|-------|---------|----------|-------------------|
| 82% | 18% | 0% | 0% | 0% |

Score: 4.8

(7) Support services by the Graduate School staff during the meeting were handled well and in a timely manner.

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------|-------|---------|----------|-------------------|
| 100% | 0% | 0% | 0% | 0% |

Score: 5.0

(8) What sessions of the IGFOA Meeting were the most relevant and meaningful to you?

- All of them
- Sessions on audit
- All were relevant but the part on audit and management were excellent
- Sharon Fujii's ARRA Session (X5)
- Frank Crawford's The New Fund Balance Session (X2)
- Human Resource session.
- Best practices (X2)
- GASB 54 Fund Balance (X3)
- Individual reports from the governments as to their progress and best practices
- Best practices, HR, and the site visits
- Audit Improvement (X2)

- Outcome-based budgeting since I am the Pohnpei Budget Officer
- While Budget and Accounting sessions were relevant and probably the most important, all the other sessions were very good and important as well.
- Government accounting update but I was most impressed by Carri-Lee Magalei's presentation
- The audit report for each government – "It was better than before"
- Collaboration between the island governments and what's working for them
- The session and latest update on Accounting Standards were the most relevant to us.
- Frank's session was great. His presentations are always relevant and easy to understand. Also appreciated hearing about the Graduate School initiatives. ARRA was informative but just a tad too long. Marina's session was great too. Very informative on what to do after the audit – audit follow up.
- Panelists presenting on sessions issues relating to their island governments
- GASB 54 New Fund Balance redefined.

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

- ARRA requirements – Meeting with departments/agencies
- Management techniques and the Virgin Islands audit follow up systems
- GASB 54 – Meet with accounting staff.
- ARRA Accountability
- Audit follow-up
- Fund Balance discussion by Frank. I will now be in a better position to explain what fund balance means to my leaders who seem to confuse about the term.
- Audit Improvement – will go back and apply some of the techniques presented by fellow colleagues.
- Make invisible, visible
- do – doing – done
- In order for employee to know what is needed they would need a perfect picture.
- There are good efforts underway to get financial management systems in place and better operating and much progress with audits
- Monitoring internal controls
- Presentation of financial statement which will be a new requirement.
- To set up goals and follow the goals
- ARRA information – share and implement Carrie's presentation
- Learn to detect fraud
- Need to plan/implement succession program
- Outcome-based budgeting involves all stakeholders in government and outside government
- How management effectively and efficiently Monitors Internal Controls
- Detecting and preventing fraud.
- Visit to King County although maybe long but was informative – When discussed the ARRA and Audit issues.

- That there was a lot of GFOA and IGFOA resources available to assist us in managing our operations
- No need to begin from scratch.
- Work/Life Balance
- ARRA structures in other insular areas.
- Audit management plan
- How to deal with audit findings
- Best practices – focus on practical activity and remain focused, stay focused, and look for results.
- Implement tracking list for office supervisors
- How to implement GASB 54 early – will practice with FY 2009 audit
- The USDOE seminar on achieving results with ARRA funds – plan to send a representative.
- We need to develop our financial management plan including HR
- Fund Balance
- Imaging – By letting managers and supervisors aware of it and plan it out
- Retaining Employees – You have skill or initiative or not at all.

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

- None (X5)
- Everything was relevant (X2)
- Visit to King County was interesting but I felt was least relevant
- The GFOA/IGFOA is the best
- ARRA session
- Capital planning(GFOA)
- HR session only because not within what I do – the recruiting and hiring part that is.
- Could not think of any
- None at all. I found all of them inspiring, interesting and good to learn about.
- ARRA sessions – although the FSM may be getting some small fundings and overall guidelines were applicable somewhat to other grant required reporting.

(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.

- The visit to King County was outstanding and should be considered again.
- Excellent and would encourage more participants from my government
- No recommendation, the effort put into setting up, planning of the conference is outstanding. Also, PITI coordination is exceptional. Thank you
- I really enjoyed the conference therefore no comment
- IGFOA site visits are very informative and beneficial for governments to see and learn from.
- Make IGFOA longer (in terms of days) but shorter in terms of (hours per day)

- Extend the meeting to two full days instead of 1.5 days
- Again, thanks to USDA and consultants for a wonderful session again.
- Please keep up the good/excellent work. Thank you very much!.
- Although GFOA was more general session – basically what was relayed throughout was Best Practices. Great methods were brought out and some practical and applicable. IGFOA – continue discussion on audits as it provides a guideline to financial performance

- I think all the sessions for GFOA were all meaningful but we only attended a few due to conflicting of time schedule.
- Give more time to cover all sessions in a more relaxed pace.
- Highly recommend Glen Furuya's leadership workshop for future IGFOA meetings.
- Need to have Furuya present in one of IGFOA conference.
- The participants that attended were involved in the initiatives adopted by their respective governments. They were the appropriate representatives to attend.
- Make the presentations more appealing in that presenters present in a more strategic and not boring manner. All in all, things are okay.
- Thank you for inviting us!

Appendix T: IGFOA Participants

American Samoa

- Logovi'i Magalei, Treasurer, Department of Treasury
- Carri-Lee Magalei, Senior Accountant, Department of Treasury
- Alapasa Tuato'o, Grants Manager, Department of Treasury
- Heidi Savali, Senior Accountant, Department of Treasury
- Epifania Iosefo, Staff Accountant, Department of Treasury
- Pat Tervola, Chief Procurement Officer
- Rose Tuiasosopo, Budget Supervisor, Office of Budget
- Jilla Piroozmandi, Grant Writer, American Samoa Development Bank

CNMI

- Robert Schrack, Acting Secretary of Finance, Department of Finance
- Vicky Villagomez, CIP Administrator, Office of Management and Budget

Guam

- Lourdes Perez, Director, Department of Administration
- Kathy Kakigi, Controller, Department of Administration
- Claudia Acfalle, Chief Procurement Officer, Department of Administration

FSM National Government

- Juliet Jimmy, Assistant Secretary, Department of Finance

Pohnpei State

- Thomas Pablo, Director, Department of Finance and Administration

Yap State

- Maria Laaw, Director, Office of Administrative Services

Kosrae State

- Tiser Reynold, Director, Office of Administration and Finance

Republic of the Marshall Islands

- Jefferson Barton, Secretary of Finance
- Junior Patrick, Assistant Secretary for Accounting and Administration

Republic of Palau

- Kerai Mariur, Vice President/Minister of Finance, Ministry of Finance
- Haruo Willter, Special Assistant, Ministry of Finance

U.S. Virgin Islands

- Valdamier Collens, Executive Assistant Commissioner, Department of Finance
- Debra Gottlieb, Director, Office of Management and Budget

U.S. Department of the Interior/Office of Insular Affairs

- Marina Tinitali, Accountability and Insular Policy Specialist
- Mary Baltimore, Program Analyst Manager, Technical Assistance Division
- Merriam Porter, Program Analyst Manager

Graduate School

- Jack Maykoski, Senior Executive
- Stephen Latimer, Program Manager
- Jason Aubuchon, Project Manager

Resource Consultants

- Dr. Lowell Kuehn, Facilitator
- Deborah Milks, CPA
- Frank Crawford, CPA
- Kerri Nakamura, Consultant
- Bob Lavigna, Vice President for Research, Partnership for Public Service
- Sharon Fujii, Regional Administrator (Region IX), Administration for Children and Families, Department of Health and Human Services