

**PACIFIC ISLANDS TRAINING INITIATIVE  
VIRGIN ISLANDS TRAINING INITIATIVE  
Graduate School, USDA**

The Pacific & Virgin Islands Training Initiatives (PITI-VITI) supports the mission of the United States Department of the Interior's Office of Insular Affairs (DOI-OIA) to "assist the U.S.-affiliated islands in developing more efficient and effective government by providing financial and technical assistance". PITI-VITI's mission is to provide customized, results-oriented professional and organizational development services that enable insular governments to strengthen financial and program performance and accountability, achieve fiscal stability, and promote economic growth. To this end, PITI-VITI works to build trust in insular governments by fostering responsible leadership and financial stewardship of the highest standard. PITI-VITI's strategic goals are to:

1. Improve leadership and management capacity to effectively perform;
2. Improve financial management systems and practices;
3. Increase effectiveness and program results;
4. Institutionalize regional professional organizations and communities of practice;
5. Improve the capacity and capabilities of the public sector work force in critical positions and functions.

Established in 1991, PITI-VITI provides customized, results-oriented professional and organizational development services that enable the insular areas to strengthen performance and accountability in financial management and program delivery. PITI-VITI serves American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, the Republic of Palau, and the U.S. Virgin Islands. 2008 PITI-VITI Initiatives included:

**Training and Technical Assistance Support**

Fifty (50) classroom training courses were delivered in 2008 for 1,870 course participants. Classroom training courses were provided in Procurement and Contract Management, Governmental Accounting, Auditing, Ethics, Leadership, Fraud, Grants Management, Indirect Costs, Management Controls, Strategic Planning, and Project Management. In addition, thirty (30) consult-training activities for 851 participants were conducted in support of government-specific initiatives.

**Island Government Finance Officers' Association (IGFOA)**

Two (2) IGFOA conferences were held in 2008. The first, in Fort Lauderdale, Florida, was scheduled to supplement the 2008 annual Government Finance Officers' Association (GFOA) Conference in June 2008. The second conference, held annually in December, took place in Kona, Hawaii.

### **Association of Pacific Island Public Auditors (APIPA)**

PITI-VITI delivered sixteen (16) courses to over 200 participants of the 19th annual APIPA conference, held in Saipan, CNMI in July. Over 1,200 course certificates were awarded to conference participants. In addition, PITI-VITI provided forty (40) hours of customized CPE training to each of the public audit offices in the U.S.-affiliated Pacific and the U.S. Virgin Islands.

### **Audit Improvement Project**

Audit resolution has become a cornerstone of the financial management improvement efforts launched more than a decade ago by DOI-OIA and PITI-VITI. PITI-VITI continues to provide technical support to improve the timeliness and effectiveness of the insular areas' single audits, building on prior successes. Between 2003 and 2006, cumulative audit qualifications within the insular areas dropped from 159 to 20. As of 2007, ten of eleven insular governments submitted their audited financial statements on time while five governments – the Republic of Palau, Pohnpei State, Kosrae State, Guam, and the Republic of the Marshall Islands – received unqualified audit opinions.

### **Executive Leadership Development Program**

The Executive Leadership Development Program (ELDP) was launched in 2008 to assist the insular areas with developing and retaining the qualified, skilled staff that will become the future leaders of their respective governments. Twenty-three (23) participants from across the Pacific and U.S. Virgin Islands were selected in September, 2008, to participate in the program. Program participants met in October, 2008, and will meet three additional times in February, June and September, 2009, to continue developing skills in leadership, management, government finance, procurement, and auditing.

### **Finance and Audit Office Assessments**

In 2008, PITI-VITI developed diagnostic tools to measure each insular government's audit and finance offices against a standard, broad set of criteria. In 2008, assessments were conducted of the Guam Department of Administration and the Guam Office of the Public Auditor. The assessment identified the aspects of each office most critical to enabling high performance. The diagnostic data collected will be used to create development plans for both assessed offices, focusing donor resources on high-priority issues identified through the assessment process.

### **The Performer and AFTER Analysis**

The Performer provides an independent assessment of each insular government's financial health and success, based on their audited financial statements. Using various financial ratios, most governments now have five years of Performer data with which to measure financial trends—both positive and negative. New Performers were developed for all eleven (11) entities in 2008, many of whom used the document to explain their financial status to their Legislatures and Governors, ultimately leading to better-informed fiscal decisions. The accompanying AFTER analysis details the government's efforts to develop timely and accurate financial statements.

### **PITI-VITI Website**

PITI-VITI launched an official website in 2008. The website contains comprehensive information on the PITI-VITI program, including background on staff and training curricula, a dynamically updated training schedule, recent news, conference announcements and reports, APIPA and IGFOA institutional information, and specific documentation on initiatives such as the Audit Improvement Plan, the Performer, the ELDP, and Assessments. Additionally, a dedicated section of the website is being used by ELDP participants to interact dynamically with each other via an online discussion forum. Although launched in 2008, website development will continue through 2009.

### **Fiscal Reform Initiatives**

Through 2007 and 2008, PITI-VITI worked closely with the governments of Kosrae and Chuuk to address fiscal crises. Separate Leadership Summits were convened in both islands to identify causes and solutions to both states' recurring budget deficits. In Kosrae, a one-time reduction in force of 98 government employees was implemented at a cost savings of \$1.6 million. In Chuuk, \$3.5 million of cost reductions and revenue enhancements were identified, and a personnel reduction of \$2.5 million was implemented.

### **FSM and RMI Compact Support**

In 2008, PITI-VITI provided technical support to both the FSM and RMI on issues relating to Compact implementation. PITI-VITI assisted both countries with preparation for technical meetings, as well as preparation for annual JEMCO & JEMFAC meetings. In addition, PITI-VITI worked closely with Yap, Kosrae and Pohnpei toward the development of project-based budget proposals for JEMCO funding consideration under the environment, private sector and capacity building grants. Yap received a 93% approval rate, while the other two states are remain under JEMCO consideration.

### **Other Department of Interior Office of Insular Affairs programs managed by the Graduate School, USDA include:**

#### **Office of Insular Affairs Performance Measures Project**

The Government Performance Results Accountability Act (GPRA) requires DOI-OIA to develop measures that both assess the effectiveness of programs and inform management actions, budget requests, and legislative proposals directed at achieving results. In support of this effort, the Graduate School, USDA developed a Performance Measurement Manual and updated DOI-OIA's Strategic Plan in 2008. Additionally, over 200 officials within the insular area flag territories were briefed on DOI-OIA's strategic goals—many of whom helped refine outcome and output measures. Future plans include further institutionalizing performance measures into reporting and grant award processes, and the development of a performance measurement model to implement an outcome efficiency index and activity-based costing.

### **Implementation Support to the Uniform Financial Management System for the Federated States of Micronesia**

In support of the implementation of the Federated States of Micronesia's Uniform Financial Management System, the Graduate School, USDA has provided a long-term accountant, project manager, and a consultant specializing in chart of accounts development to the project. In 2008 the FSM National Government was converted to the new FMIS—the last FSM entity to do so. A local project manager has been hired by the FSM, phasing out the Graduate School consultant, and the new FMIS is now installed and stable throughout the country. Post-core activities, including installation of fixed assets and budget modules, will be organized and conducted by the FSM.

#### **Statistical and Economic Reporting for the Federated States of Micronesia and the Republic of the Marshall Islands**

The Graduate School, USDA has assisted the FSM and RMI with the maintenance of annual government finance statistics, the development and analysis of key economic indicators (growth, income, employment, outmigration, external debt), and an analysis of fiscal policy. The updates are captured in annual reports that help fulfill Compact mandates and help JEMCO and JEMFAC direct Compact implementation. High-level briefings are arranged for U.S. JEMCO and JEMFAC members to provide background analysis prior to annual meetings.

#### **Federal Grants Programs Accountability and Audit Conference**

The Graduate School, USDA worked with DOI-OIA to ascertain the major areas of concern regarding the management of U.S. federal grants in the insular areas. With input from both federal agency representatives and insular finance and program staff from the U.S. Virgin Islands, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands, the Graduate School, USDA planned and managed the Federal Grants Programs Accountability and Audit Conference in June 2007. The conference provided a forum for federal and insular government grant managers to discuss areas of common interest and concern, to examine grant management best practices being employed by the insular governments, and to enhance fiscal accounting and program performance of the insular governments in the delivery and implementation of federal grant programs.

#### **Island Business Opportunities Missions**

The Graduate School, USDA has supported DOI-OIA's Business Opportunities Conferences, designed to stimulate private sector led economic development, and further develop linkages between investors from the fifty states, select Asian Nations, Australia, and New Zealand. The Graduate School, USDA provided management and consulting assistance to the October 2007 conference on Guam and will do the same for the April 2009 conference in Honolulu. Specific services include management and production support to the outreach and registration phases of the conference, and finalization of logistical arrangements with conference partners and DOI-OIA staff.

#### **Interactive On-line Business Opportunities Listing Service**

The Graduate School, USDA provided a software specialist to develop a Business-to-Business web site portal application for business networking and business opportunities listings for the Island Business Opportunities website. The process resulted in a

customized web application and database that provided an on-line business marketing tool. A business network directory, business opportunity postings, marketing strategies and background data were all supported through the system's reporting and search functions.

#### **Future of Health Care in the Insular Areas**

The Graduate School, USDA supported Secretary Kempthorne's *Future of Health Care in the Islands* conference by offering management and production support throughout the outreach and registration phases of the conference, as well as logistical support throughout conference itself, in cooperation with Summit partners and DOI staff. The meeting focused on health care challenges throughout the region and helped focused U.S. federal policy.

#### **Federated States of Micronesia JEMCO Team-Building Retreat**

The Graduate School, USDA will organize a JEMCO team-building retreat for the FSM national and state governments. Specifically, the Graduate School intends to work with the FSM to define a vision for JEMCO, develop the FSM JEMCO team's mission, and develop long-term, strategic goals and action plans. The process is designed to establish clearly defined roles, responsibilities, and working practices that will enable the JEMCO team to function effectively within the FSM environment.