



2019 PITI-VITI ANNUAL REPORT

Pacific & Virgin Islands Training Initiatives (PITI-VITI) are programs of the United States Department of the Interior's Office of Insular Affairs (DOI-OIA), administered by the International Institute of the Graduate School USA. This report covers the program period of calendar year 2019. Additional program information is available at www.pitiviti.org.



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Graduate School USA



H.E. Hilda Heine, President of the Republic of the Marshall Islands.

2019 ELDP Highlight

Marshall Islands President H.E. Hilda Heine congratulates participants of the Executive Leadership Development Program (ELDP) during the graduation ceremony at the University of Hawaii's East-West Center in Honolulu, Hawaii (June 14, 2019).

Cover: RMI ELDP participants Isabela Silk and Francyne Wase-Jacklick delivered final team presentations at the ELDP Capstone session in Honolulu, Hawaii.



Pacific countries and jurisdictions have always promoted and strived for capacity development, particularly leadership development. With limited resources and small populations, having public servants with the right mix of leadership skills and qualities is essential.

There's no question we need leaders who are honest and who have integrity. We need leaders who are able to inspire others to give their best, who are committed and passionate about the work they do, who are good communicators with decision-making capabilities, who are not afraid to make mistakes, who are willing to take initiative and who are innovative. We need leaders who are responsible and accountable, and who can mentor and empower those with whom they work. I have no doubt you have all had opportunities to learn and interact with island leaders throughout the course of this program, and that you, too, have your own lists of leadership qualities.

You were all leaders when you joined the ELDP, but I am certain that you are all better leaders today as a result of the program. I encourage you all to own your leadership skills. Manage resources responsibly. Strive to be more effective and efficient. Put the goals of this program into practice. To whom much is given, much is expected, so you can be sure that when you return home we expect more from you. As better leaders you are all positioned to implement what you have learned this year.

Table of Contents

2019 Annual Report of the Pacific & Virgin Islands Training Initiatives (PITI-VITI)

About PITI-VITI	04
PITI-VITI Strategic Goals	05
The Audit Improvement Program	06
Finance Office Performance Measures	10
Island Government Finance Officers' Association (IGFOA)	12
Association of Pacific Island Public Auditors (APIPA)	16
The Performer and AFTER Analysis	20
Executive Leadership Development Program (ELDP)	22
ELDP Pacific 2019	22
ELDP U.S. Virgin Islands - 2019	26
Economic Monitoring & Analysis Program (EconMAP)	28
EconMAP: FSM, Palau and RMI Country Highlights	31
Training & Technical Support	34
Regional Audit Training	34
APIPA Peer Review & Institutional Support	36
Regional Grants Training	37
Regional Finance Training	38
Citizen-Centric Reporting in CNMI, Guam, and the U.S. Virgin Islands	39
Finance Office Systems and Processes	41
Process Improvement Training in Palau	42
Ethics Training in Majuro	43
PITI-VITI Program Activities by Quarter (2019)	44
Press Releases (PITI-VITI 2019)	47



A. Samoa



CNMI



FSM



Guam



Palau



RMI



USVI



Participants of the Executive Leadership Development Program Class of 2019.

[Front left] Francyne Wase-Jacklick (RMI), Isabela Silk (RMI), Ta Ann Kabua-Demapan (CNMI), Roxalyn Kaminaga (Chuuk), [Back left] Mitaro Simina (Pohnpei), John Camacho (Guam), Rodalyn Gerardo (Guam), Patricia Coleman (CNMI).

About PITI-VITI



Guam Lieutenant Governor Joshua Tenorio welcomed participants to APIPA 2019.

The mission of the U.S. Department of the Interior's Office of Insular Affairs (DOI/OIA) is to assist the U.S.-affiliated islands in "developing more efficient and effective government by providing financial and technical assistance, and to help manage federal / islands relations by promoting appropriate federal policies." As part of DOI/OIA's Technical Assistance Program, the Graduate School USA's (GSUSA) International Institute provides training and related services through its Pacific and Virgin Islands Training Initiatives (PITI-VITI) to assist insular governments in improving government financial management and program performance within the Pacific and Virgin Islands.

The Pacific Islands Training Initiative (PITI) and the Virgin Islands Training Initiative (VITI) programs were established in 1991 within the GSUSA to assist DOI/

OIA in fulfilling its mission by providing training and consultative services to the U.S. Virgin Islands, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. PITI-VITI assists the insular governments by delivering programs designed in a manner that complements and supports insular government efforts to implement and maintain sound financial management and program performance practices.

In PITI-VITI's yearly planning process, its Program Managers work in close collaboration with insular government officials to review accomplishments, assess effectiveness, develop training plans, and budget for planned activities. Periodically, PITI-VITI management revises its strategic plans to focus its

efforts and resources on the most critical emerging issues facing the insular governments and DOI/OIA.

PITI-VITI's vision is informed by the Department of the Interior's "Strategic Plan for Fiscal Years 2018-2022" and DOI/OIA's "Budget Justification and Performance Information". These documents highlight the following strategies:

- Supporting self-governance and self-determination, as measured by the quality and impact of insular government single audits;
- Strengthening economic capacities in the insular areas, as measured by increased investment in infrastructure, public services, and private sector development;
- Fulfilling U.S. Compact obligations.

Specifically, the DOI/OIA Strategic Plan seeks to "equip the insular areas with the statistical and management information necessary for informed leadership decision making, expert consultants to effectively improve insular government financial policies and procedures, and strong financial management systems along with technical planning abilities."

As such, PITI-VITI's vision is to "provide services that enable insular governments to use resources efficiently and effectively to promote economic growth, achieve fiscal stability, and fulfill citizens' needs." 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. PITI-VITI works to build trust in insular governments by fostering responsible leadership and financial stewardship of the highest standard."

Based on this vision and mission, PITI-VITI works to achieve the five strategic goals highlighted above. Each of the activities implemented by PITI-VITI in 2019 support the strategic goals above. In addition, PITI-VITI utilizes performance measurement and monitoring mechanisms to assess its progress toward meeting program goals and ensuring accountability.

Our Strategic Goals



Improve Leadership and Management Capacity to Perform Effectively.



Improve Financial Management Systems and Practices.



Increase Effectiveness and Program Results.



Institutionalize Regional Professional Organizations and Communities of Practice.



Improve the Capacity and Capabilities of the Public Sector Work Force in Critical Positions and Functions.

ABOUT THE GRADUATE SCHOOL USA



The Pacific & Virgin Islands Training Initiatives (PITI-VITI) are administered by the International Institute of the Graduate School USA (GSUSA). Founded in 1921, GSUSA is an independent, nonprofit educational institution based in Washington, D.C., offering workforce training and professional services across the U.S. and around the world. As a leading provider of professional development and training courses for the federal government and the private sector, GSUSA serves organizations and individuals with programs designed to support organizational missions, career and occupational development, and the personal ambitions of adult learners.



GSUSA offers over 600 courses in financial management, grants management, accounting, auditing, human resource management and information technology, among others. In addition to PITI-VITI, the GSUSA International Institute also administers the International Visitor Leadership Program (IVLP) as a State Department-designated National Program Agency.

The Audit Improvement Program



Strategic Goal 1: Improve Leadership and Management Capacity to Perform Effectively.



Strategic Goal 2: Improve Financial Management Systems and Practices.



Roxalyn Kaminaga delivered an update of Chuuk State's financial status.

Among the most important annual activities undertaken by the Pacific and Virgin Islands Training Initiatives (PITI-VITI) is providing ongoing support to insular area governments in their efforts to maintain effective finance offices with well-trained staff. Throughout the insular areas, finance officers are involved in the core functions of public organizations—budgets and accounting, economic development, debt management, treasury and cash management, labor relations, risk management and the associated financial management information systems.

Within these broad functions, the finance officer is often viewed as the professional who can approach problems with precision, accuracy, and a long-term view. Finance officers are frequently brought in as “experts”—the problem solvers, advisors, and, often, the final arbiters of the analysis to whom principals and elected officials turn.

Insular government finance officers need to be able to effectively manage the increasingly complex world of public sector finance. In order to remain effective, finance officers rely more than ever on the availability and accuracy of quality financial data. The Audit Improvement Project and the Island Government Finance Officers' Association (IGFOA) were designed to support the insular government finance officers in this endeavor. Together, these two programs ensure that finance officers have the necessary tools to affect sound decision-making and to improve governance throughout the Pacific and Virgin Islands.

As such, audit improvement remains a cornerstone of the financial management improvement efforts launched more than a decade ago by DOI-OIA and PITI-VITI. Improving the timeliness and quality of the insular areas' single audits, and building on prior successes, remain critical focuses of annual programming efforts, training, and technical assistance.

ASSESSING FY18 AUDITS ISSUED IN 2019

Since FY2003, when PITI-VITI began the Audit Improvement Program to focus on the external financial and single audits, audit quality and timeliness have improved for every one of the 11 insular governments. The U.S. Virgin Islands has not yet released their FY18 audit following Hurricanes Irma and Maria in late 2017, so they are excluded in the analysis below. For the remaining ten insular areas, the FY18 audits indicate that:

- The insular governments have experienced dramatic improvements to audit timeliness. In 2003 the 10 insular areas were collectively 147 months late issuing their single audits. In October, 2018, the CNMI experienced a devastating typhoon which slowed the production of their financial statements and audit by 2 months. All the other governments completed their audits by the June 30, 2019 deadline.

- The insular governments have achieved similar improvements to the quality of their audits. In 2003, the audit improvement project began with 139 audit modifications across all insular governments (excluding the U.S. Virgin Islands). In 2018 this number had been reduced to a total of 31 modifications. Five governments have had zero financial statement modifications for the past ten years.
- While the overall number of audit opinion modifications has declined, an analysis of the types of audit findings occurring across the insular areas reveals that basic financial statement reconciliations, fixed assets physical inventory, and procurement violations continue to be significant issues.
- The auditors for several governments included findings about the weak financial condition of the governments including budget overruns, inability to pay long term pension and other obligations, and lack of resources necessary to manage operations.
- Six governments posted \$0 of questioned costs in 2018, with three additional governments reporting less than \$200,000 current year questioned costs.


For the 3rd consecutive year Kosrae State has issued a clean financial statement opinion, a clean single audit opinion, no financial statement internal control

or compliance findings, no grant internal control or compliance findings, and zero current and cumulative questioned costs. Several other governments remain very close to achieving a similar benchmark, with only one or two outstanding audit findings.

While the progress overall is impressive, there remains an ongoing need to continue to work with each insular government. Changes and turnover in financial operations occur regularly and new staff need the steady training and technical assistance necessary to maintain quality operations.

ADDITIONAL ISSUES

Another key component of PITI-VITI's technical support is ensuring that insular government finance offices are aware of and trained on new accounting and reporting requirements, well ahead of the effective dates. Over the last twenty years the Governmental Accounting Standards Board (GASB) has made major changes to the financial statement presentation and the calculation of fund balance. There is another major change in the reporting format on the horizon. Other recent changes include the U.S. Government Accountability Office's (GAO) major update to federal grant compliance regulations, GASB's requirement to include the government's pension liability in the government



PITI-VITI instructor Debbie Milks, CPA, reviewed finance office updates with insular government representatives.



Tokiko Kabua delivered an update on the RMI's performance measures.

financial statements, and requirements to include liabilities related to other post-employment benefits and tax abatement disclosures. For the fiscal year 2020, the governments face a significant change in accounting for leases.

PITI-VITI training and technical assistance has helped the insular governments prepare for these changes. In addition, PITI-VITI has helped insular governments remain current with the more innovative and progressive best practices in city and county governments. Three of these initiatives include finance office performance measures, the Popular Annual Financial Report (PAFR), and the need for robust cybersecurity planning.

Popular Annual Finance Reports (PAFR) are an example of citizen-centric reporting—an emerging trend through which governments present complex, jargon-filled financial information in a short, easy-to-understand format for public consumption. By consolidating lengthy audited financial statements into a summary of “where does our money come from?”, “how is it used?”, “what do we own?” and “what do we owe?”, elected officials, taxpayers and other stakeholders are more readily informed about the government’s financial status. PAFRs also frequently include community information such as population figures, regional characteristics and government goals for the community; detailed cost

and revenue information; performance information for key service areas; and a look at “what’s next” in the year ahead.

Acquisition of **Financial Management Information Systems (FMIS)**: Many of the insular governments are in the process of acquiring new financial systems or planning for major updates and improvement to their existing systems. PITI-VITI continues to provide training sessions for the finance officers in project management and best practices in systems planning, acquisition and implementation. In the very technical world of financial management systems, competing vendors often oversell both the capability of their product and the ease of implementation. And 40% of implementations fail. The goal for PITI-VITI is to armor the finance officers with the knowledge to avoid pitfalls and carefully manage the process.

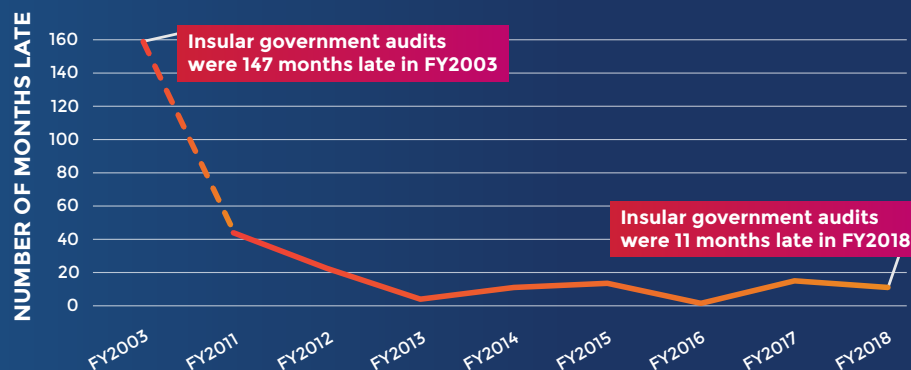
Finally, the past year has highlighted the need for insular governments to focus on **cybersecurity issues**. Recent events in the insular governments have revealed technological vulnerabilities leading to cyberattacks and audit findings. This is consistent with the experience of cities and counties in the United States.

Insular governments, alongside cities and counties throughout the United States, recognize the growing need to develop cybersecurity plans to respond

AUDIT RESULTS: TIMELINESS

Number of Months Late FY2003-FY2018

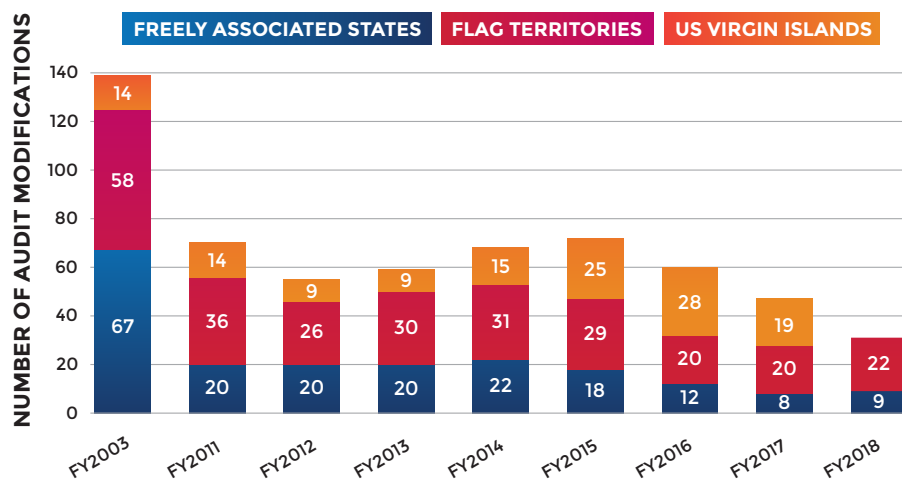
IGFOA has achieved many successes through the years, but perhaps the most striking is the insular governments' dramatic improvement in audit timeliness. In FY2003, the ten insular governments were collectively 147 months late issuing their single audits. In FY2018 the insular governments were collectively 11 months late.



AUDIT RESULTS: QUALITY

Total Modifications FY2003-2018

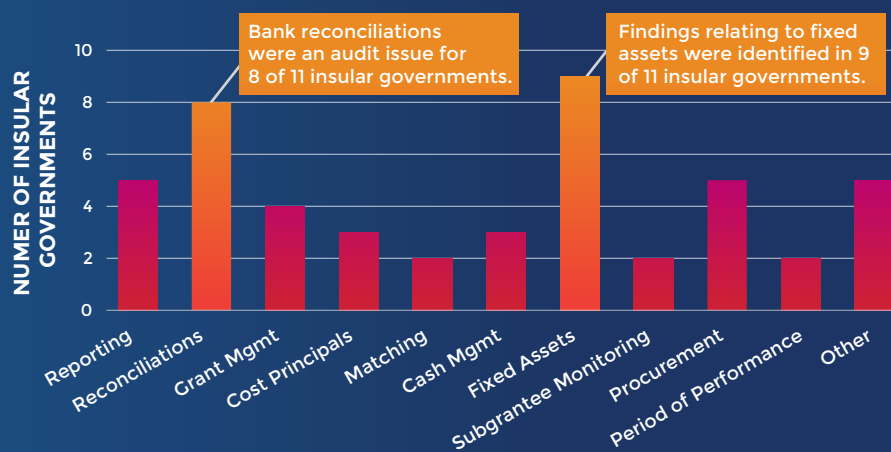
The audit improvement project began with 139 audit modifications across all of the insular governments in FY2003. In FY2018 there were a total of 31 modifications (excluding the US Virgin Islands). Five governments have had zero financial statement modifications for the past 10 years.



AUDIT RESULTS: NUMBER OF GOVERNMENTS WITH AUDIT FINDINGS BY TYPE

Insular Governments FY2018 (USVI FY2017)

An analysis of the types of audit issues being found across the insular areas reveals that reconciliations and fixed assets continue to be significant audit-related issues. Many findings in the 'other' category relate to the government's inability to fund specific liabilities or operations, or issues relating to IT security issues.



to, and to recover from, cyberattacks. This issue was highlighted in the summer and winter Island Government Finance Officers' (IGFOA) meetings, and continues to be a major theme of insular government program needs.

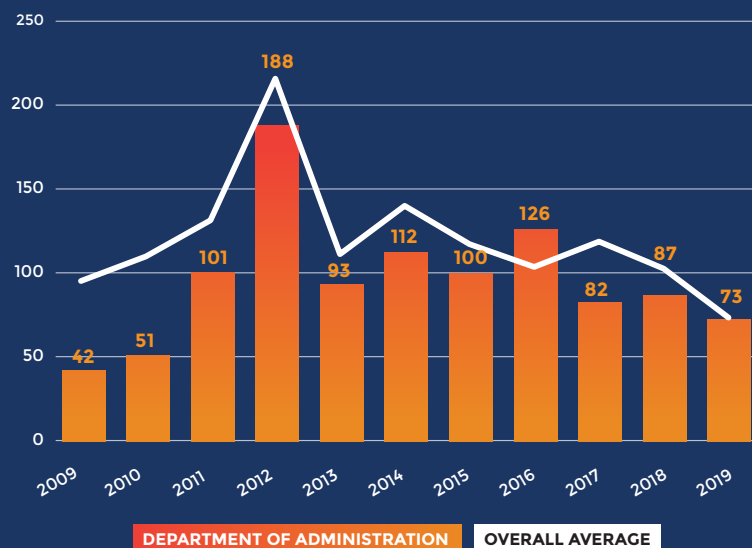
FINANCE OFFICE PERFORMANCE MEASURES

The insular government finance officers strive to model many best practices identified through their participation in the annual Government Finance Officers' Association conference. A key project in this regard has been the identification and development of finance office performance measures for the Pacific and Virgin Island governments. PITI-VITI has facilitated the development, selection and refinement of common measures through the Island Government Finance Officers' Association (IGFOA). The nine current measures primarily focus on issues identified through the single audit, including accounting cycle areas of reconciliation, cash management, grant management and fixed assets, among others.

In addition to measuring current insular government operations, the measures are intended to improve finance office efficiency over time. As such, the measures are updated from time to time to reflect emerging trends and standards, and to track progress against targeted goals. PITI-VITI assistance includes on-site process review and improvement on the accuracy, timeliness and usefulness of selected measures. As governments continue to integrate these measures into their regular operations, they offer a timely "dashboard" which often serves as baseline data to set strategic goals.

Importantly, the finance officers continue to practice peer accountability. Finance office performance measures are reported biannually at both the summer and winter meetings of the IGFOA, with several insular governments updating measures quarterly. Such reports often lead to in-depth discussions of strategies to improve specific measures, creating a shared experience from which all governments benefit.

GUAM - DEPARTMENT OF ADMINISTRATION Employee Evaluations – Average Days Completed



Why is this measure important?

- Identifies strengths & training needs
- Demonstrates value in employees
- Salaries are the highest budget category

What is our plan to improve this measure?

- Expand measure department-wide
- Review & improve evaluation process
- Develop training & implementation plan

When do we expect to meet our goal?

- Department Target: 100% On Time
- Meet department goal end of FY2021

Finance Office Performance Measures

1. Reduction in Federal Grant Receivable Balance

This measures the effectiveness of the finance operations to bill and collect federal funds. Many of the governments operate on a reimbursable basis with the US federal government so precious local cash is used to pay for federal programs up front.

- **Annually or quarterly less than 5%**

2. Bank Reconciliations Completed on a Timely Basis

Bank reconciliations are the foundation of all other general ledger reconciliations. A timely bank reconciliation also helps the finance office use their FMIS as opposed to relying upon side cash tracking systems. A completed bank reconciliation includes posting all adjustments to the general ledger.

- **10-15 days after month end**

3. Completion of Fixed Asset inventory

The value of the measure is to set up interim steps to complete the inventory. For instance, completion by X number of departments each month or a spot check of a certain number of departments (assuming they are responsible for their own inventory) each quarter. Given that the auditors focus on the major federal programs, a best practice is to ensure that those departments keep an accurate and up to date inventory of items purchased with federal program funds.

- **100% of major federal programs every quarter**

4. Reduction in Overdue Travel Advances Issued this Fiscal Year

Collection of overdue travel advances measures the % of travel advances which are beyond the government's allowed period to file expense reports. The purpose is to 1) ensure that federally funded travel is expensed within the grant period and thus 2) enhance federal cash flow. It is also a measure of the effectiveness of the finance office to ensure government regulations are followed.

- **Reduce by 50% each quarter to a target of 0% overdue advances**

5. Actual vs Estimated Revenues

Although the task of revenue estimates varies by government and may be outside of the finance office responsibilities, this measure is important to ensure a government is budgeting within its means. The finance offices have the skills to aid with calculating the estimates if there appears to be a problem with accuracy. It is also an easy measure to calculate.

- **Varies by less than 5% on a quarterly basis**

6. Number of days to process an invoice paid by federal funds

The purpose of this measure depends upon the source of funds to pay the invoice. In the case of grant funds, cash should not be an issue, so the measure can define the efficiency of finance operations. Local funds are more restricted, so an additional measure for invoices paid with general funds will indicate how efficiently the finance office fairly prioritizes vendors.

- **3-15 days**

7. \$ and % of unspent federal funds

The purpose of this measure is to highlight any problems in the grant spending process. As such, programs with multi-year funds and programs which require matching funds which may not be available (like Medicaid) should be excluded from the calculations.

- **Targets vary by insular government.**

8. Number of Training Hours per Finance Office Employee

The purpose of this measure is to ensure that ALL finance office staff are given opportunities for appropriate training. Often, high level staff are allowed to travel to conferences or training (which may or may not be helpful in their jobs) while other staff do not receive any formal training. The finance office is encouraged to develop appropriate on-line or local course opportunities.

- **24 hours/year target in line with requirements for certified accountants**

9. Percentage of Employee Evaluations Completed

This measure is helpful to encourage finance managers to connect with their staff and provide meaningful feedback on performance. Since many governments do not have the funding for staff increases, it is even more important to provide some one-on-one encouragement and advice for younger, newer staff.

- **At least annually**

Additional Measures discussed in 2019 Winter IGFOA Conference

- **Reconcile Encumbrances (Reduce Invalid Encumbrances)**
- **Number of Days to Process a Purchase Order (Federal Grants)**

Island Government Finance Officers Association (IGFOA)



Strategic Goal 3: Increase Effectiveness and Program Results.



Strategic Goal 4: Institutionalize Regional Professional Organizations and Communities of Practice.



Participants at the IGFOA Summer 2019 Meeting in Los Angeles.

The Government Finance Officers Association (GFOA), a U.S. & Canadian-based community of practice, addresses issues related to accounting, budgeting, economic management, debt management, pension administration, and technology, all of which apply directly to the insular areas. Since 2000, PITI-VITI has supported the efforts of the Island Government Finance Officers Association (IGFOA), a professional organization comprised of the Chief Financial Officers and key permanent financial staff of each U.S.-affiliated insular government. The IGFOA provides opportunities for insular government finance officers to discuss common challenges and share successful best practices. In addition, the IGFOA fosters peer accountability, whereby each government self-

reports on the status of their audits and progress against key finance office performance measures.

The focus of the IGFOA has evolved through the years. While early conferences focused on traditional, accounting-focused training, in recent years GSUSA program managers, DOI/OIA officials, and IGFOA members have identified three priority areas:

1. improving the quality and timeliness of single audits in the insular areas;
2. tracking the performance of finance offices through performance measures; and
3. measuring the 'fiscal health' of each government through the Performer.



American Samoa IGFOA participant Carri-Lee Magalei provided an overview of the IGFOA for participants.

A consistent focus of the IGFOA has been addressing emerging financial issues likely to impact the insular areas. Recent prioritized themes include the evolving standards of the Governmental Accounting Standards Board (GASB), which has modified the accounting rules for pension funds, post-employment benefits, government leases, and tax abatements, among other areas. Other technical issues have included the procurement, installation and management of financial management information systems, developing Popular Annual Financial Reports (PAFR), process improvement, and addressing the cybersecurity needs.

IGFOA SUMMER CONFERENCE

Two IGFOA conferences were held during the 2019 PITI-VITI program year. The first 2019 IGFOA conference was held in Los Angeles, California, in conjunction with the 2019 GFOA annual conference, on May 17-23, 2019. Forty-nine government officials, representing all of the U.S.-affiliated island jurisdictions, attended the IGFOA Conference, with nearly half of the participants indicating this was their first time to attend a summer GFOA conference. The IGFOA was especially pleased to

welcome representatives of new insular government administrations including the U.S. Virgin Islands, the CNMI, and Yap. Three elected officials from Palau's legislature also attended.

During the IGFOA summer meeting, participants also attended the three-day Government Finance Officers Association (GFOA) conference, alongside 8,000 finance officers representing various federal, state and local governments of the United States and Canada. While larger GFOA conference sessions inform the insular governments of emerging standards and national trends in public finance, the smaller IGFOA sessions focus on practical implementation in island areas. Each insular government's administration and accounting responsibilities include all the services that are typically handled by U.S. state, county, and city governments such as schools, public safety, roads, airports and seaports, hospitals, utilities, retirement plans, development authorities, tourism boards, embassies, and immigration, to name a few.

For the first time, the Executive Director of the Government Finance Officers Association participated in discussions with the insular government finance officers and highlighted institutional initiatives of

the GFOA. GFOA Executive Director Chris Morrill discussed the focus on best practices in government finance and best practices in school budgeting. He also discussed GFOA awards for excellence in financial reporting, and his renewed focus on establishing a GFOA Code of Professional Ethics, as well as training, research, and advocacy services offered by the organization.

Additional IGFOA workshop and discussion topics throughout the week included:

- Recovery from disasters - ensuring business continuity while rebuilding;
- Preparation for GASB changes to accounting for financial activities and leases;
- Government innovation and process improvement;
- Reviewing finance office performance measures;
- Addressing unfunded pension liabilities and other post-employment benefits;
- Enhancing financial transparency through citizen-centric reporting and strategic utilization of social media;
- Preparing for future cybersecurity needs;
- Implementing Enterprise Resource Planning and Financial Management Information Systems;
- Addressing human resource needs from recruitment to onboarding; and
- Ensuring banking services are transparent and secure.

In addition, the Los Angeles IGFOA meeting offered structured training for insular government participants on recent and forthcoming GASB requirements. Each government shared updates of the status of their single audits and shared



U.S. Virgin Islands Commissioner of Finance Kirk Callwood participated in the IGFOA Summer 2019 Meeting in Los Angeles.

current finance office performance measures. IGFOA participants received training on process improvement and citizen-centric service delivery. Finally, each government drafted and presented an action plan with specific commitments and timelines.

Government Finance Officers Association Executive Director Chris Morrill addressed participants of the Island Government Finance Officers Association.



IGFOA 2019 WINTER CONFERENCE

The second IGFOA conference was held from December 10-12, 2019, in Maui, Hawaii. Forty finance directors and senior accounting officials from throughout the insular governments attended the winter conference, which concentrated on the outcomes of the prior year's single audits, reviewing in detail the usefulness and quality of finance office performance measures, and reflecting on leadership needs and trends in the insular areas. Participants also reviewed FY18 Performer scores for each government. Finally, participants were provided opportunities to preview new GASB accounting pronouncements and to understand how they might affect the IGFOA member governments.

Of particular note was a keynote presentation from Glenn Furuya, who provides leadership training in support of the Executive Leadership Development Program. Mr. Furuya reviewed many of the key leadership principles and concepts explored throughout the ELDP, highlighting the "Five Seeds" of effective leadership taught throughout the duration of the program. Six ELDP alumni attended the winter IGFOA conference. Prior to Mr. Furuya's presentation,

the alumni panel provided personal perspectives on the impact of the ELDP and the practical applications of the program's leadership principles. While many of the IGFOA participants are familiar with the ELDP, few had been exposed to specific program principles or leadership training.

At both the summer and winter IGFOA conferences, participants from each insular government presented their Action Plans, which summarize commitments to continue implementing concepts presented at the conferences. Such commitments included the refinement of finance office performance measures, implementation of forthcoming GASB standards, implementation of leadership strategies, and management of insular government debt.

Complete IGFOA conference proceedings are available online at <http://www.pitiviti.org>. Insular government representatives will reconvene at the 2020 summer GFOA/IGFOA Conference, which is scheduled to take place in New Orleans, Louisiana, from May 17-20, 2020.

IGFOA 2019 participants in Maui, Hawaii.



OMB Director Jenifer O'Neal from the U.S. Virgin Islands attended the Winter IGFOA Conference.



Mayor Michael Victorino welcomes IGFOA participants to Maui.

Association of Pacific Islands Public Auditors



Strategic Goal 3: Increase Effectiveness and Program Results.



Strategic Goal 4: Institutionalize Regional Professional Organizations and Communities of Practice.

The Association of Pacific Islands Public Auditors (APIPA) is comprised of the public auditors in each of the U.S.-affiliated insular areas, as well as the public auditors of Samoa and Fiji. APIPA hosts annual conferences to discuss issues related to the fields of auditing and financial management, and provides practitioners an opportunity to attain continuing professional education training, as required by government auditing standards. In addition to supporting the annual APIPA conferences, PITI-VITI also provides each of the insular government public audit offices the opportunity to attain up to 40 hours of Continuing Professional Education (CPE) credits annually for each employee.

By providing training during the annual APIPA conference and delivering targeted audit training for each insular jurisdiction, PITI-VITI and APIPA's work supports the institutional strengthening of public audit offices throughout the region.

APIPA'S 30TH ANNUAL CONFERENCE

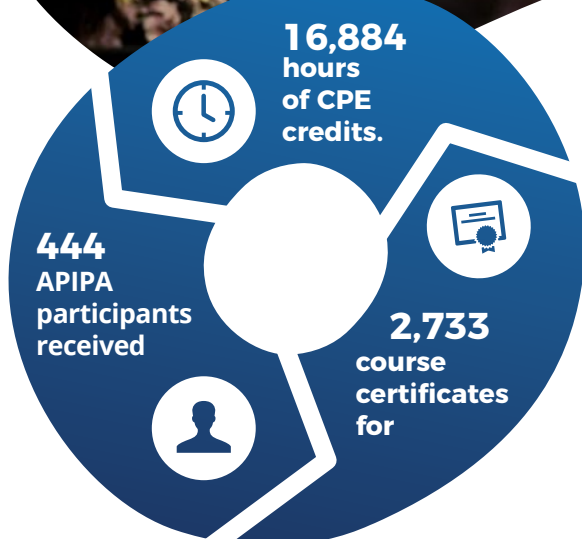
APIPA held its 30th Annual Conference in Guam from August 26-30, 2019, its largest conference to-date. PITI-VITI provided six Graduate School USA subject matter experts from the fields of auditing, accounting, financial management, leadership, and external quality control reviews of audit offices.

These instructors—including the Colorado State Auditor—delivered twenty-one courses to 444 participants. A total of 2,733 course certificates were awarded to conference participants, who earned 16,884 collective hours of Continuing Professional Education. The 2019 conference attendance was 32 percent larger than last year's conference attendance of 337 in Palau.

Colorado State Auditor Dianne Ray delivered the opening plenary presentation.

30 Years of
Professional
Development
in Public

Graduate School
USA instructor
Diane Arakaki at
APIPA 2019 in
Guam.



APIPA conference attendees represented American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Hawaii, the Republic of the Marshall Islands, the Republic of Palau, Samoa, Fiji, and the Federated States of Micronesia (FSM). Representatives from the FSM came from the national government and each of the four states – Chuuk, Kosrae, Pohnpei, and Yap. Also in attendance were representatives from the U.S. Department of the Interior’s Office of the Inspector General.

Guam Lt. Governor Joshua F. Tenorio welcomed the participants to Guam in his opening remarks, reminding participants that “APIPA helps raise the confidence that our citizens have in our governments... a critically important role for this organization.” Colorado State Auditor Dianne Ray delivered the opening keynote address, highlighting “Opportunities in an Evolving Audit Environment.” Ms. Ray emphasized ways in which audit offices can present results to improve accountability, highlighting several innovative efforts recently undertaken by her office.

The closing plenary focused on recent audits by eight island governments, presented by fourteen public auditors and staff. These audits included important oversight work by insular offices on topics ranging from the performance of street paving projects to contract and grant audits.

Six instructors led training sessions throughout the week: Diane Arakaki, Michael Binder, Frank Crawford, Drummond Kahn, Dianne Ray, and Jeanne Yamamura. The public auditors are committed to hosting the 31st annual APIPA Conference in Saipan, CNMI during the summer of 2020.

APIPA BY THE NUMBERS

In addition to individually evaluating each of the 21 courses delivered during the 2019 APIPA Conference, the Graduate School USA also analyzes overall conference participation and experience. To this end, participants provide background information when registering for the conference, complete evaluations at the conclusion of each course, and are invited to complete a post-conference electronic survey to provide overall feedback on the APIPA conference as a whole. The APIPA Secretariat received a 40 percent overall completion rate for the voluntary survey.

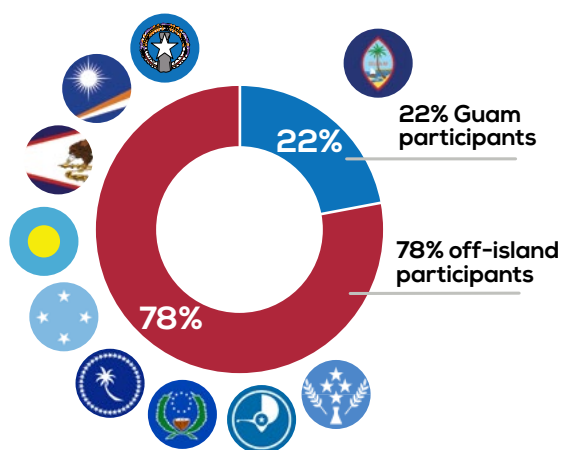
Conference Composition

The 2019 APIPA Conference was comprised of 96 participants (22 percent) from Guam, and 348 participants (78 percent) from other insular governments. PITI-VITI provides APIPA with subject

matter expert instructors and course materials; however, participants' travel and registration costs are self-funded through sponsoring governments and agencies. The annual APIPA conferences are a cost-effective way to deliver training to participants from across the insular areas.

Notably, 57 percent (253) of participants indicated they were attending their first or second APIPA conference in 2019, while only 15 percent (65) have

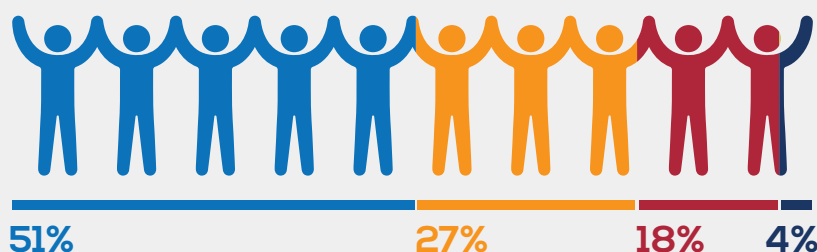
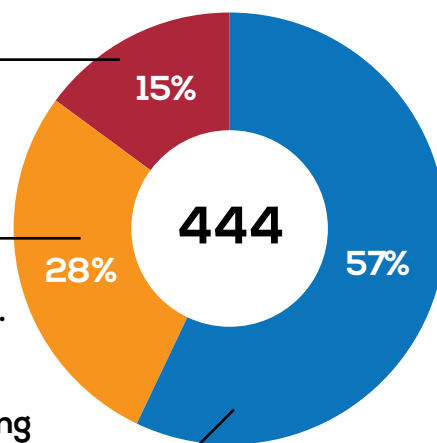
attended more than five conferences. Each year, APIPA courses are customized to meet new and emerging needs. APIPA also continually provides foundational accounting and auditing classes to address the needs of new participants, many of whom are just getting started in their field. While 27 percent of participants come from audit offices, the remaining 73 percent represented finance offices, grants management offices, or other offices.



65 have attended more than 5 APIPA Conferences.

126 have attended 3 to 5 APIPA Conferences.

253 were attending their first or second APIPA Conference.



FINANCE
225 Participants

AUDIT
121 Participants

OTHER
80 Participants

GRANTS
18 Participants

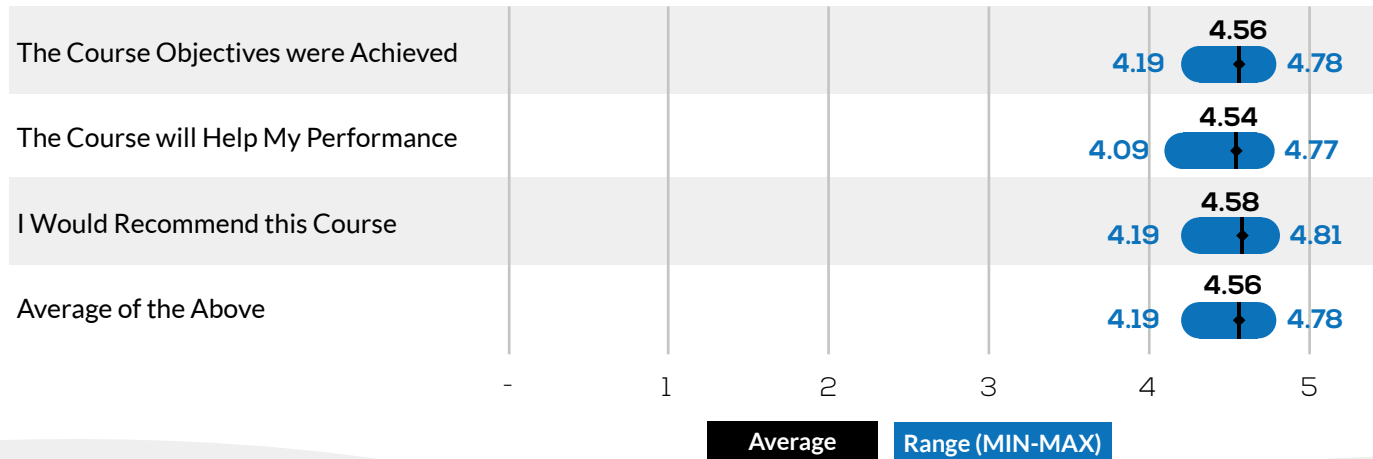


Course Evaluations

Following each APIPA course, conference participants are asked to complete a course evaluation as part of the regular Graduate School USA performance assessment cycle. Participants are asked to rate course content, the instructor, the facilities, and to assess their knowledge of course content before and after the course.

The APIPA Secretariat focused on three representative questions to determine the overall success of the conference, as shown below. In general, respondents rated the 2019 APIPA courses highly, with an aggregate average of 4.6 on a five-point scale. These ratings are consistent with prior years, with vast majorities of participants recommending APIPA to colleagues and planning to attend future conferences.

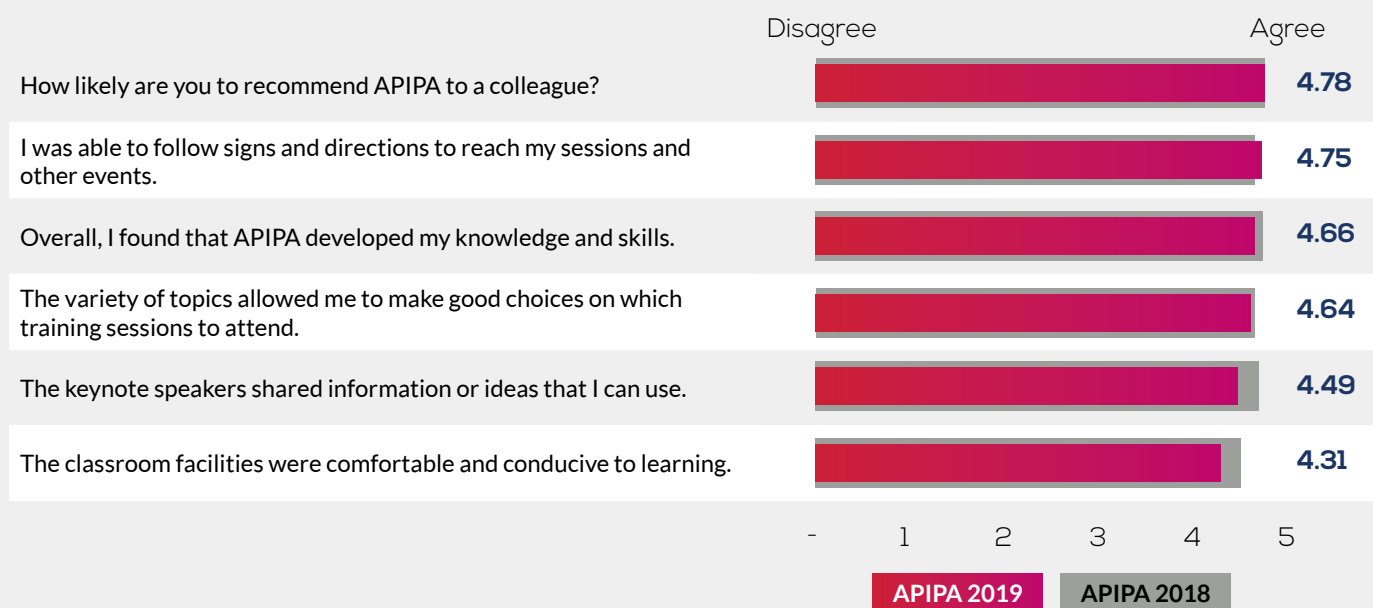
Summary Evaluations for 21 APIPA 2019 Courses



Conference Feedback

Following the conference, participants were asked to rate their overall conference experience by completing an evaluation. Notably, attendees gave a 4.76 rating on a five-point scale that “conference sessions developed my knowledge and skills”, and a 4.78 rating when asked if they would recommend future APIPA conferences to a colleague.

APIPA 2019 Post-Conference Participant Evaluation Summary



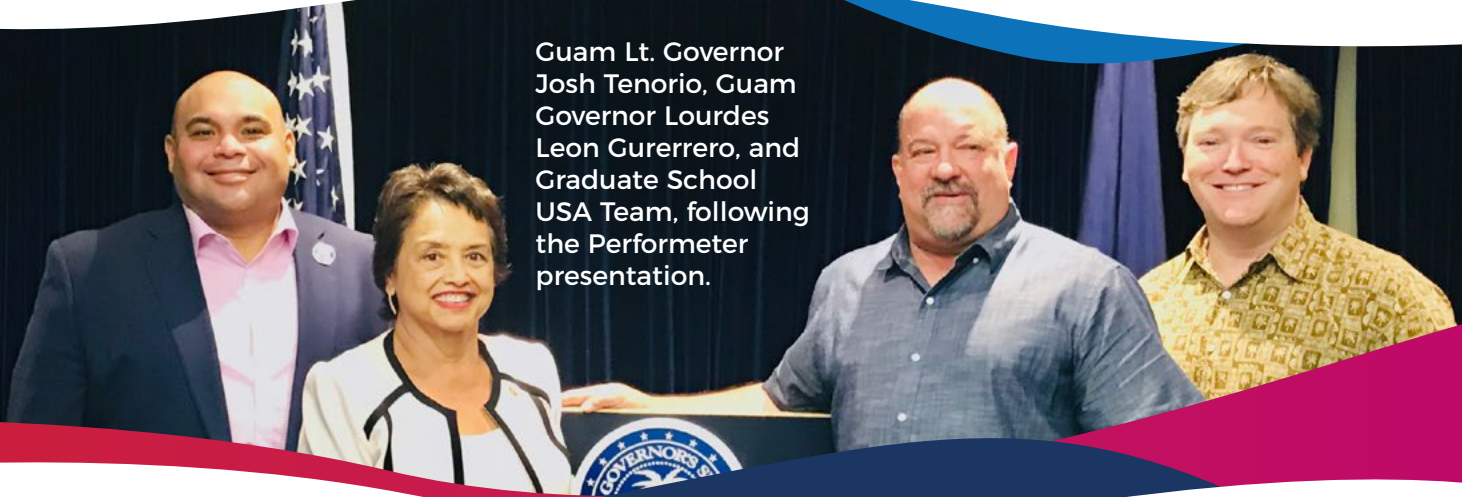
The Performer and AFTER Analysis



Strategic Goal 1: Improve Leadership and Management Capacity to Perform Effectively.



Strategic Goal 3: Increase Effectiveness and Program Results.



Guam Lt. Governor Josh Tenorio, Guam Governor Lourdes Leon Gurerrero, and Graduate School USA Team, following the Performer presentation.

The Performer was originally developed in 2001 to serve state and local governments within the United States. Soon thereafter, the scope and methodology of the Performer was modified to provide relevant analysis for Pacific and Virgin Islands governments. Each year, the Performer provides a steady, independent assessment of each insular government's financial health and success, based on audited financial statements.

The Performer is a unique tool customized for the insular governments:

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

number and type of single audit qualifications, and the timeliness of audit publication, for each government.

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

In 2019, Performers were developed for all eleven insular governments based on information in each government's audited financial statements for Fiscal Year 2018, and on the U.S. Virgin Islands' audited Fiscal Year 2017 financial statement. A Performer was not developed for the U.S. Virgin Islands for Fiscal Year 2018, as their audit for this year has not yet been released.

In 2018, the Performer was enhanced to show not only an overall government score, but also disaggregated scores in three categories:

- **Financial Position** indicates a government's cumulative financial health. Relevant Performer ratios include level of the government's total unrestricted net position, the level of unassigned fund balance of the General Fund, and current and quick ratios related to cash flow sufficiency.
- **Financial Performance** indicates a government's financial performance for the fiscal year. Relevant Performer ratios include Intergenerational Equity and the Change in Total Net Position.
- **Financial Capability** indicates the future financial flexibility and sustainability of a government. Relevant Performer ratios include the per capita levels of taxes paid and debt burden, along with a debt-to-assets coverage ratios, among others.

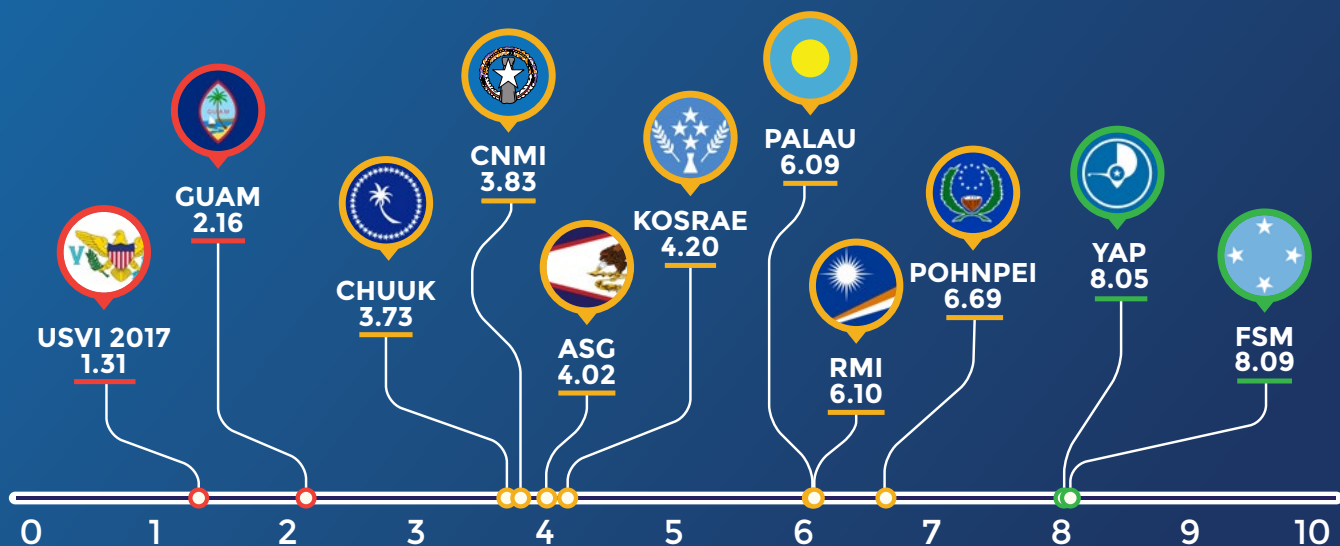
These categories clarify which factors contribute to each government's overall Performer score, and help focus efforts to improve scores. It is often the case, for example, that a government has a very strong year of financial performance while continuing to suffer from a low Performer score as a result of a poor overall financial position.

In 2019, Performer results were shared with the insular government heads of finance at the IGFOA Winter Conference in December 2020. In addition, government-specific Performer results were presented to leadership in Guam and the CNMI through separate presentations, in August 2020.

Highlights from the 2019 Performer reports, based on audited data from Fiscal Year 2018, include the following:

- For all governments except the FSM (and FSM states) and RMI, the impact of GASB 68's pension requirements in 2015 still remains a significant factor, with many of the governments' pension systems remaining severely underfunded.
- The RMI remains the model of consistency, deviating no more than 1.5 points over the last 9 years, settling in with a 6.10 for 2019, their 3rd highest score in the history of the model.
- For the FSM National Government, the RMI, and Palau, the Social Security programs offered by the government are at some of their lowest funding levels in the model's history.
- American Samoa showed the highest percentage increase in their overall score, with a 32% improvement during FY 2018.
- Palau came in second this year, posting a 16% improvement in their overall score from FY 2017.
- The FSM National Government overtook Yap State for the highest Performer score of 8.09, barely besting Yap State's score of 8.05.
- The U.S. Virgin Islands suffered from significant declines in revenues, coupled with increases in operational expenses and hurricane-related impairment losses. In addition, the continued impact of the closing of an oil refinery appears to be contributing to declining scores.

2019 PERFORMER SCORES BY INSULAR GOVERNMENT



Executive Leadership Development Program



Strategic Goal 1: Improve Leadership and Management Capacity to Perform Effectively.



Strategic Goal 5: Improve the Capacity and Capabilities of the Public Sector Work Force in Critical Positions and Functions.

Attracting and retaining qualified staff to work in core public sector government positions is among the greatest challenges insular governments face. Highly educated and promising employees are often trained by local governments only to be offered higher paying jobs in the private sector or component units. Talented islanders frequently move to the United States for more lucrative work opportunities.

The Executive Leadership Development Program (ELDP) was commissioned in 2008 to assist the insular governments with developing and retaining qualified and skilled staff to lead their respective governments into the future. The demand for the creation of the ELDP stemmed from IGFOA leadership prior to program inception. They identified a knowledge gap in leadership and management skills across the insular areas, expressing a desire to develop the “next generation” of insular government leaders.

ELDP program participants meet four times over the course of a year to develop public service values and skills in leadership, management, policy development, advocacy, government operations and finance. Participants from the U.S. Virgin Islands travel to Washington, D.C. and other locations along the East Coast to participate in the Graduate School USA's Executive Leadership Program (ELP), while Pacific ELDP participants attend quarterly training throughout the Pacific islands.

In 2019, 28 participants from the Pacific and Virgin Islands completed their respective programs. They join 121 ELDP alumni — an extraordinary group of

Islanders with diverse professional backgrounds, exceptional personal qualities, and an enduring commitment to public service. ELDP alumni represent virtually every government agency, and serve the insular governments as elected representatives, ambassadors, judges, cabinet members, directors, and dedicated public servants.

ELDP PACIFIC – 2019

The ELDP Pacific Class of 2019 convened in Yap and Honolulu during the 2019 program cycle, adding 24 outstanding professionals to the growing list of ELDP alumni across the Pacific. With graduating classes in 2009, 2011, 2013, 2015, 2017, and 2019, the Pacific islands now count 127 alumni who have completed leadership development through the ELDP. The ELDP and its alumni have been widely recognized throughout the Pacific: local newspapers have published details about the program highlighting the successes of its alumni; several presidents and governors have requested that ELDP alumni provide program briefings; and in June, DOI/OIA Director Nikolao Pula shared congratulatory letters to all heads of state following program completion.

The ELDP Pacific cohort met twice during the 2019 PITI-VITI program year. In February, participants convened in Yap, FSM for their third residential training week, which focused on leading institutions. Participants were challenged to practice policy advocacy skills utilizing leadership concepts and principles taught during the first two ELDP sessions.



ELDP participants with traditional dancers in Yap, FSM.

ELDP teams interpreted fiscal and economic data to develop policy reform options to address issues relevant to island jurisdictions. Other activities included updating individual leadership development plans, presenting team project updates, and participating in one-on-one meetings with ELDP program advisors to review each individual leader's progress to date and discuss continued professional growth.

During the week, ELDP participants were welcomed to Yap by Governor Henry Falan, and received keynote addresses from Hon. Vincent Figir, Speaker of the Yap State Legislature; Mr. Larry Raigetel, Traditional Navigator and Director of Wa'agey; Hon. Cyprian Manmaw, Yap State Chief Justice; and Dr. Margie Falanruw, Director of the Yap Institute of Natural Science. In addition, three program advisors supported the ELDP during the week: Hon. Sebastian Anefal, FSM Ambassador to Fiji; Dr. Mary Okada, President of Guam Community College; and Ms. Anna Mendiola, President and CEO of the FSM Development Bank.

In June, participants convened in Honolulu, Hawaii at the University of Hawaii's East-West Center for the fourth and final capstone week of the ELDP.

Session content focused on training needs unique to this cohort which emerged through interviews and assessments undertaken throughout the program year. Highlights of the week include final team presentations, a focus on performance measurement, and various capstone activities. In addition, remarks were delivered from various keynote speakers, including U.S. Navy Admiral Philip Davidson, Commander, INDO-PACOM; Mufi Hannemann, President and CEO, Hawaii Lodging and Tourism Association; Rev. Francis X. Hezel, SJ, Author and Historian, Micronesia Studies; Kumu Ramsay Taum, Life Enhancement Institute of the Pacific; and Nainoa Thompson, "Pwo", Navigator of the Hōkūle'a. The week concluded with ELDP 2019 participants delivering final team presentations to a panel of distinguished judges (Office of Insular Affairs Director Nikolao Pula, former Director of the Micronesian Seminar Rev. Francis X. Hezel, and ELDP Instructor Dr. Patricia Keehley, Ed.D.)

The ELDP participants' hard work was celebrated during a final graduation ceremony.

- "Congratulations graduates, we are proud of your hard work! You have invested in your professional



ELDP 2019 participants in Honolulu, Hawaii, following graduation ceremonies.



RMI President H.E. Hilda Heine addressed ELDP graduates.



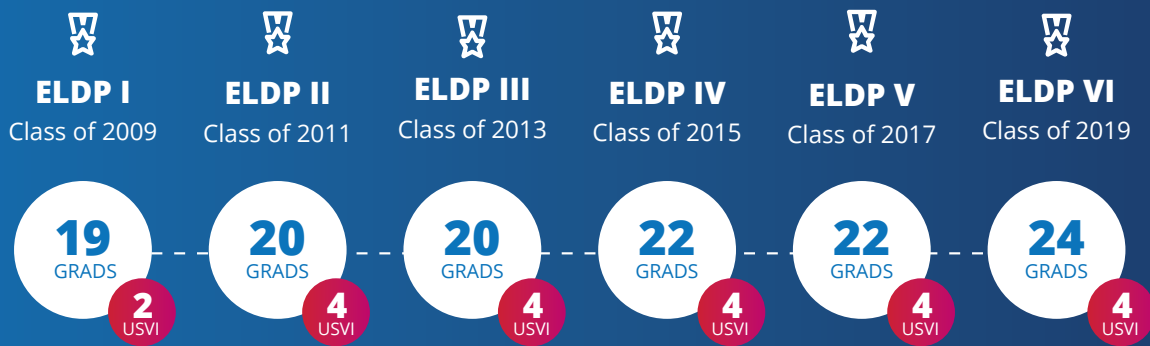
ELDP participants with Admiral Philip Davidson, Commander, U.S. Indo-Pacific Command.

future and we have invested in you,” said **DOI/OIA Assistant Secretary Doug Domenech** via video. “We will look to you to help improve the lives of people in the islands,” Domenech added.

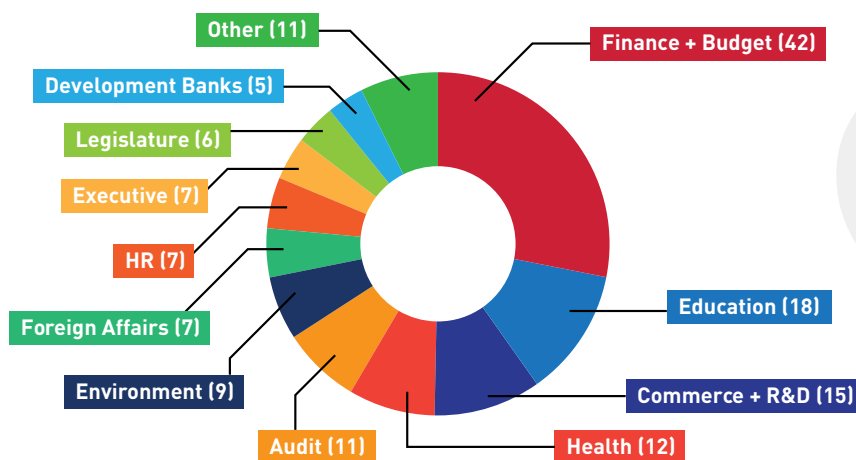
- President of the Republic of the Marshall Islands **H.E. Hilda Heine** delivered keynote remarks to the graduates: “Having public servants with the right mix of leadership skills and qualities is essential,” President Heine shared. “You were all leaders when you joined this program, but there’s no doubt you’re better leaders today following your thoughtful and deliberate efforts during this program.”

- ELDP 2019 participant **Crystal Simanu** of American Samoa was chosen by her peers to speak on behalf of her fellow graduates. She remarked that “the ELDP has effectively equipped us to handle any and every situation that comes our way. We now head back to our respective home islands to make changes for the better.”
- “I am impressed by the caliber of young leaders that are representing the U.S. territories and the freely associated states today,” said **DOI/OIA Director Nikolao Pula**. “I emphasize the importance of the leadership quality of integrity. As President Eisenhower once said, ‘The supreme quality for leadership is unquestionably integrity. Without it, no real success is possible...’”

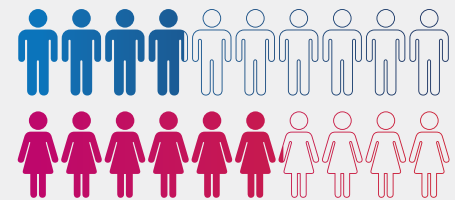
149 ELDP PARTICIPANTS BY PROGRAM YEAR



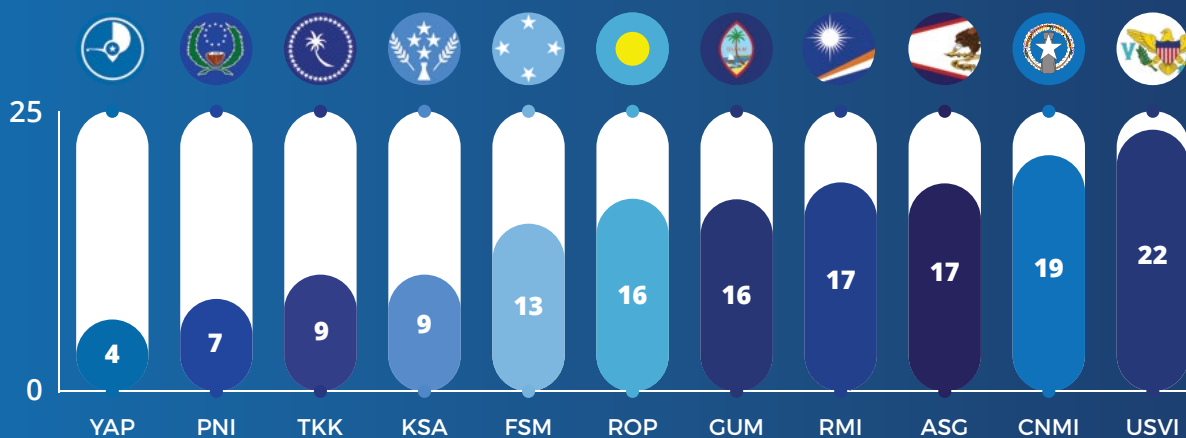
149 ELDP PARTICIPANTS BY SECTOR & GENDER



39% Male
61% Female



149 ELDP PARTICIPANTS BY INSULAR AREA



ELDP U.S. VIRGIN ISLANDS – 2019

Four participants from the U.S. Virgin Islands were competitively selected based on their current positions, potential for career growth, and expressed commitment to public service to join the Graduate School USA's Executive Leadership Program in early 2018. These participants joined 106 aspiring leaders from throughout the U.S. federal government, meeting four times over the course of this past year to engage in classroom instruction, individual and team assignments, executive interviews, and shadowing and developmental assignments to strengthen the skills needed to lead. In 2019, participants completed their third developmental session in Hampton, Virginia (March, 2019), and a final graduation session in Towson, Maryland (June, 2019).

The Office of Insular Affairs was represented at the ELDP graduation by Jonathan Dunn, Director of Budget. ELDP participant Anissa Lindquist of VITEMA

was selected as a class speaker to represent the 2019 cohort. "This program has affected me personally and professionally," Ms. Lindquist shared. "The various lectures, assignments, group conference calls, and research for the group project were consequential in helping me to develop new skills...[and] the practical approach throughout this program is what makes the ELDP a world class choice for students like me."

To date, 22 Virgin Islands leaders have completed the Executive Leadership Development Program.

Looking ahead to 2020, the PITI-VITI program will begin to recruit participants for the next ELDP class in February 2020. The ELDP remains competitive, with over 100 applications received and evaluated each program year, and only 20–25 participants selected (a 25 percent selection rate.) The 2020 cohort kickoff week is expected to occur in August 2020 with program completion in June 2021.

U.S. Virgin Islands ELDP participants following graduation ceremonies in June 2019, with Interior representative Jonathan Dunn. From left: Apryl Vialet, Yvette Jackson, Jonathan Dunn, Jacquiel Fredricks, and Anissa Lindquist.



ELDP Participants (2008-2019)

Pacific and Virgin Islands



Celebrating
149 Program Alumni!

Economic Monitoring & Analysis Program (EconMAP)



Strategic Goal 1: Improve Leadership and Management Capacity to Effectively Perform.



Strategic Goal 3: Increase Effectiveness and Program Results.

EconMAP provides professional expertise to augment statistical reporting and economic analysis: The Department of the Interior's Office of Insular Affairs designed the Economic Monitoring and Analysis Program (EconMAP) to address the need for continued professional expertise to augment existing statistical development and economic analysis in the three Freely Associated States (FAS) — the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM) and the Republic of Palau (ROP). Since the economic reporting and statistical development and maintenance programs required across all three Freely Associated States are relatively similar, the Graduate School USA provides direct external inputs to develop and/or maintain existing economic reporting and statistical development programs.

Provision of a comprehensive statistical series: Through its EconMAP program, the Graduate School USA has assisted the FSM, RMI, and Palau to produce data on Gross Domestic Product, employment, outmigration, government finance and external statistics on an annual and recurrent basis. These updates are captured in annual reports that help fulfill

mandates and implementation of the Compacts of Free Association between these insular governments and the United States.

High-level briefings have been consistently delivered for US, FSM and RMI JEMCO and JEMFAC members to provide background analysis prior to annual meetings.

Long-term advisors based in Palau: In 2019, a long-term regional advisor continued full-time work across the Freely Associated States, based in Palau, with support from a part-time statistician.

Highlights of outputs and activities in 2019 include:

- Publication of annual Economic Reviews and Statistical Appendices for Fiscal Year 2018 for the FSM, Palau and RMI;
- Preparation of the FY2018 edition of Compact Trust Funds in the Three Freely Associated States: Mechanics and Stochastic Projections which models likely funding distributions post-2023;

A large group of approximately 20 people, including men and women of various ages, are posed for a group photo. They are standing and sitting in front of a building with a sign that says "EconMAP". A blue callout bubble with white text is overlaid on the image.

The EconMAP team discussed the development of a Fiscal Strategy with RMI leadership.



The EconMAP team delivered the 2019 RMI Economic Briefing to JEMFAC participants.

- Economic and policy presentations to Executive, Cabinet and Legislative representatives of the Freely Associated States;
- Pre-JEMCO and Pre-JEMFAC briefings to Committee Principals in Honolulu, Hawaii (August);
- Support to the International Monetary Fund (IMF) Staff Visits in the RMI (April), and Palau (October);
- Presentation to the RMI Legislature (Nitijela) and delivery of FY18 Economic Update;
- Continued work with the RMI leadership towards the development and endorsement of a Fiscal Responsibility and Planning Framework—to support fiscal policy through the provision of economic projections and fiscal forecasts.

ECONOMIC STATISTICS

The core output of EconMAP statistics program is the production of an Annual Economic Statistics appendix for each FAS. These data underpin Annual Economic Reviews, and are adopted as official government statistics to support FAS decision makers as well as regional agencies such as the International Monetary Fund (IMF), the World Bank, and the Asian Development Bank (ADB), among others. The coverage and depth of these statistics have been steadily improved and are largely compliant with international standards for country surveillance.

In addition, EconMAP is responsive to each country's commitment to internal capacity development and demand for statistics (e.g. preliminary estimates) and supports the ongoing work of local statistics staff to the greatest extent possible. In some instances, however, capacity supplementation is utilized to ensure that the core datasets are available timely.

STATISTICAL WORK DURING 2019

Palau

Palau has a small but effective economic statistics team and very good administrative source data. The tourism-based economy generates greater information needs than FSM and RMI.

- Preliminary economic statistics update (March).
- Annual economic statistics update (August).
- Support to ROP statistics on:
 - » Implementation of new NADABAS system for the annual economic statistics.
 - » Quarterly economic statistics (business activity, employment, trade)
 - » Tourism Statistics.

RMI

Capacity supplementation is essential in the Marshall Islands due to longstanding human resource constraints, and source data shortcomings.

- Annual economic statistics update in time for JEMFAC (August).
- Preliminary FY2018 GDP and other data for annual consultations with the IMF (April)
- Redevelopment of RMI GDP processes using NADABAS: streamlining and integration of processes, improving methodology, updating to FY2015 base year.

FSM

The FSM has some statistical capacity, but still requires substantial supplementation and confronts challenges resulting from local institutional factors, geography, and weaker demand for statistics.

- Annual economic statistics update in time for JEMCO (August).
- Non-availability of tax data has inhibited compilation of the GDP by Industry series since FY2016. EconMAP has liaised with FSM Statistics and others to resolve the paucity of key data.

EconMAP team delivered the 2019 FSM Economic Briefing to JEMCO participants.



MATRIX OF ECONMAP COMPACT-RELATED ACTIVITIES

- Kosrae: Public Sector Reform Program (2007-2008)
- Chuuk: Public Sector Reform Program (2007-2008)
- RMI: Support for Comprehensive Adjustment Program (2009-2010)
- FSM: Support for Long-Term Fiscal Framework (States) (2012-2013)
- RMI: Support for Decrement Management Plan (2014)
- ELDP: Micro-Poly (Reform Diagnosis & Design, biennial since 2013)
- Tax Reform Modeling/Support Palau (2014)

- 3 FAS: Annual Economic Reviews (ongoing)
- 3 FAS: Periodic Economic Presentations (ongoing)
- RMI: Support for Donor Partner Meeting (2010)
- 3 FAS: Comparative Economic Performance (2014 & 2017)
- 3 FAS: Economic and Fiscal Forecasting Tool (ongoing)
- 3 FAS: Compact Trust Fund Stochastic Modeling (2017)
- Palau & RMI: Improved Fiscal Governance and Fiscal Strategy (2018)
- RMI Fiscal Strategy (2019)

REFORM

MACRO

ANALYSIS

MICRO

- FSM: Review/Revision of Project-Based Proposal process (2008-2010)
- FSM: Design/Support for Compact 7th Sector Grant (ERA, 2009-2010)
- Chuuk: Utilities Reform/CRISP (2010-2011)
- FSM: Infrastructure Grant Mgmt Review and Mediation (2011-2012)
- Chuuk: Review/Revision Chuuk Financial Control Commission (2012)
- Chuuk: support to Education Reform (Advisory Group, 2012-present)
- Pohnpei Utilities Reform/CRISP (2017-2018)

- FSM&RMI: Compact Trust Fund Governance Review (2011)
- RMI: Foreign Pay Study (2012)
- Palau: Performance Budgeting Implementation Review/ Training (2015)
- RMI: Financial Management Review and Risk Analysis (2016)
- Palau: Tourism sector review (forthcoming)
- RMI and Pohnpei: Key Compact Issues as 2023 Approaches (2018)

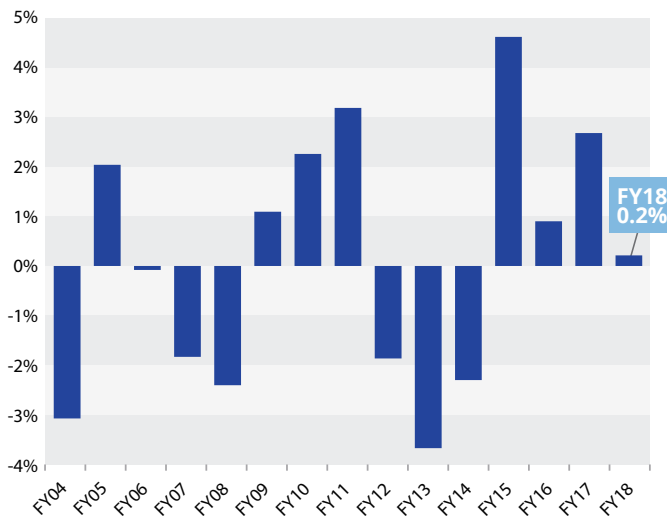
EconMAP: FSM Highlights (FY18)



FSM achieves a satisfactory but volatile performance over the last four years:

After experiencing strong growth in FY2015 of 4.6 percent, economic growth weakened in FY2016 to 0.9 percent, improved in FY2017 to 2.7 percent, and slipped during the last period to just 0.4 percent. The component of FSM GDP resulting from domestic purse seine fishing operations adds considerably to the volatility of year-to-year growth rates. Excluding those domestic purse seine fishing operations, and despite continuing issues with the use of the Compact infrastructure grant, the FSM's domestic economy grew by a respectable 2.3 percent in FY2015, 2.7 percent in FY2016 and 3.5 percent in FY2017, but weakened in FY2018 with modest growth of 0.8 percent.

FSM GDP Growth



Implementation of Vessel Day Scheme leads to rapid growth in sovereign rents:

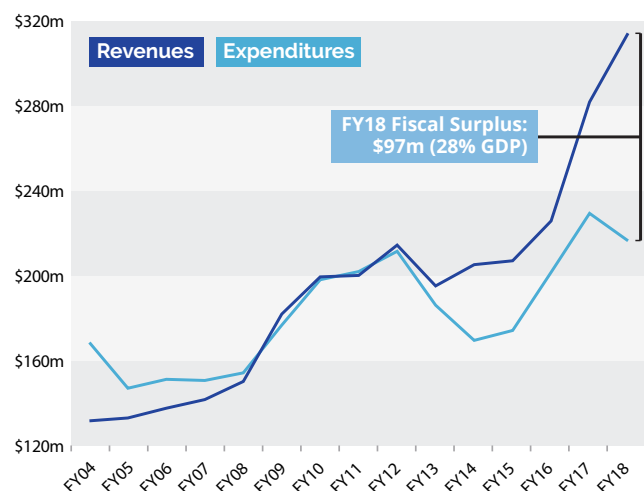
After a period in the early 1990s when the FSM invested heavily in the fishing industry, nearly all commercial ventures have either failed or are now under private management. Fishing in the region now effectively comes under the Parties to the Nauru Agreement (PNA), which has led to a remarkable and sustained increase in member country revenues from the sale of vessel days; a fivefold increase for the FSM since the start of the amended Compact. The FSM received \$72 million of revenues or 18 percent of GDP in FY2018.

Creation of the FSM domicile for Japanese Corporations has led to large inflows of resources:

In 2005 the FSM passed corporate tax legislation that enabled the creation of an overseas domicile. The law provides for a corporate tax rate that provides

an attractive domicile for Japanese captive insurance companies and other corporations. The benefit of these arrangements has been a steadily growing stream of revenues to the National government averaging \$6 million in recent years. In FY2014 there was an unusually large receipt of \$28 million, reflecting a large declaration of capital gains. In FY2017 there was a further large receipt of \$23 million and again in FY2018 there was a receipt of \$85 million. Although large payments can be expected periodically, FY2018 was exceptional.

FSM consolidated Revenue and Expenditures



FSM runs large fiscal surpluses: The overall fiscal balance recorded a record surplus in FY2018 of \$102 million, or 28 percent of GDP. This was a significant increase from the large surpluses attained in the prior three years FY2015-FY2017 of 10, 7 and 15 percent of GDP, respectively. Revenues were up in a series of different categories from an additional \$17 million in corporate taxes from the offshore FSM domicile for Japanese companies, an additional \$15 million in foreign grants and an increase of \$9 million in fishing fees.

Large discrepancy between State and National fiscal position:

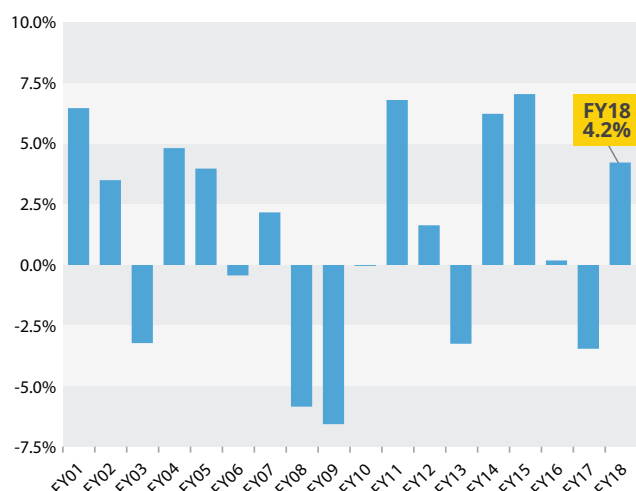
However, the fiscal outturn differed significantly between the FSM national and state governments. The national government ran a surplus of \$98 million, while the states recorded a much small deficit of \$1 million. The FSM state governments, where service delivery occurs, have been constrained by the declining real value of Compact grants, while the national government has benefited from a boom in revenues from fishing fees and the offshore domicile for Japanese corporations.

EconMap: Palau Highlights (FY18)



Economy grows by 4.2 percent in FY2018. In FY2014 and FY2015 the tourism economy boomed, and GDP recorded a growth of 6.2 and 7.1 percent, respectively. In FY2016 the economy stagnated despite a large drop-off in tourism as the forward momentum in the economy supported for growth from strong household demand in an election year. In FY2017 the economy contracted by a large 3.5 percent reflecting a drop in visitors from 146,629 to 122,050, a 17 percent reduction. In FY2018 the economy grew by 4.2 percent despite the continuing fall in visitors to 115,964, due to the implementation of a new optic fiber connection to the internet.

Palau GDP Growth

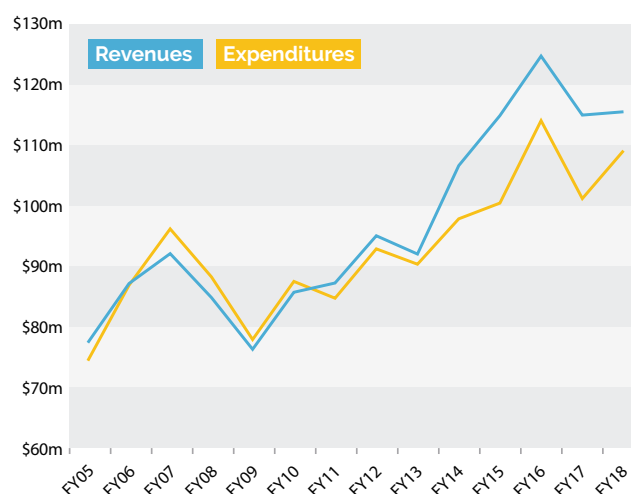


Palau has adopted a policy to attract high-value tourists: but has limited resources to implement the policy. As a result, tourist developments have been virtually unconstrained, and the economy has been subject to volatility and large swings in visitors. In 2015 with support from the ADB Palau endorsed the concept of high-value tourism and need for a comprehensive master plan. This was further developed under a grant from the US Department of the Interior. While the framework outlined important broad principles, it fell short of a comprehensive strategy with specified and implementable actions. The need for a tourism master plan thus remains unfulfilled.

Strong Fiscal performance despite weakness in the economy: Palau has generally maintained a prudent fiscal policy. With the onset of the economic recession in FY2008 and FY2009, the fiscal balance turned negative. However, as the economy recovered and boomed in FY2014 a large surplus of 3.6 percent

of GDP was recorded, with an even-larger surplus in the following two years. While the economy went into recession in FY2017 fiscal discipline was maintained, and a further surplus of 4.5 percent was attained. This fell to 2.5 percent in FY2018 with the continued economic weakness. By period end, government deposits had risen to \$43 million, up from a level of \$34 million five years earlier. Given the recent weakness in the economy this has been a favorable development.

Palau Revenues and Expenditures



ICT reforms and new internet connectivity: Reforms in the Telecom sector have progressed positively with the creation of the Palau Submarine Cable Company, an SOE created to manage a new fiber optic link to the internet backbone and funded through a loan from the ADB. ICT services had been very poor in Palau with some of the highest prices in the Pacific region. From being one of the poorest providers in the region Palau now offers the best services amongst the FAS. Further developments in the sector include the installation of second cable to provide continuous uninterrupted service, roll out of fiber to the premises/home and possibility of new entrants into the market.

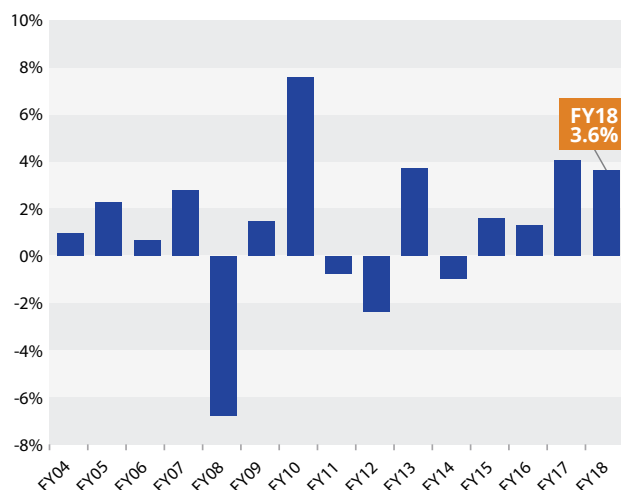
Civil Service Pension Fund poses major risk: The Civil Service Pension Fund presents a significant risk to government. With an accrued net pension liability currently close on \$260 million, fund assets are a mere 10 percent of liabilities. With the recent allocation of \$12.50 per tourist from the Pristine Palau Environmental Fee, collapse of the fund has been pushed out by five years to 2028. From this date forward Palau will be required to allocate \$6 million in annual support thereafter.

EconMap: RMI Highlights (FY18)



RMI economy grows strongly in FY2018: The RMI economy performed well in FY2018 with 3.5 percent growth in GDP, nearly sustaining the 4.1 percent attained in FY2017 after the three previous years of weak performance. During FY2018 the largest contributor to economic growth was the manufacturing sector which added 1.2 percent to GDP. This reflects increases in copra processing value added following the large increase in subsidies and producer prices paid to growers. The sector also includes the Pan Pacific fish loining plant where value added also rose significantly. Other major contributors have included the fisheries sector and an increase in construction activity following a resumption in disbursements of the Compact infrastructure grant after the moratorium placed on the use of the grant in FY2014 and FY2015.

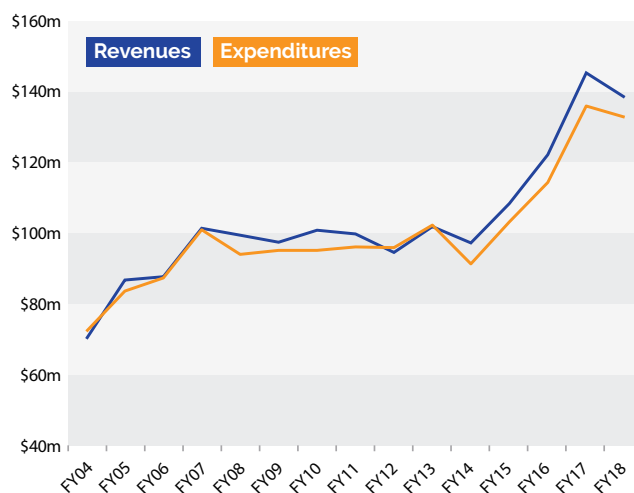
RMI GDP Growth



Implementation of Vessel Day Scheme leads to rapid growth in sovereign rents: The fisheries industry in the RMI comprises provision of shore facilities to skip jack tuna purse-seine operators, a home base for long line sashimi grade operations, and a fish loining plant. Total fish licensing and associated fees collected by the Marshall Island Marine Resources Authority (MIMRA) has grown from \$1.8 million to \$32.2 million in FY2018, much of it in the last four years due to the implementation of the Parties to the Nauru Agreement (PNA). The PNA, which, due to the introduction of the Vessel Day Scheme (VDS), has led to a remarkable increase in member country revenues.

Rapid growth in government revenues but matched by strong growth in expense: The RMI achieved a large fiscal surplus in FY2018 of 2.5 percent of GDP, a reduction from the large 4.4 percent surplus achieved in FY2017. This was the fourth year in a row of strong performance. Revenues contracted from their FY2017 level by 5 percent, reflecting a return of fishing fee income to normal levels after the large drawdown of MIMRA reserves in the prior year. Tax revenue continued to be buoyant reflecting the growth in the economy, while fees from the shipping and corporate registry remained steady.

RMI Revenues and Expenditures



RMI government declares intent to issue a Crypto currency as legal currency: In March of 2018, the RMI declared its intent to issue a digital currency based on block chain technology to be known as the "Sovereign" or SOV. The SOV is to act as legal currency in the RMI in addition to the use of the U.S. dollar. The passage of the law resulted in a widespread interest and concern from international institutions. While the potential gains from sale of the SOV could be large, many risks have been identified. Anonymity of transactions has been one of the major concerns, especially the facilitation that cryptos afford to money laundering and financing of terrorism (AML and CFT). The current position of the government that has emerged since the enactment of the legislation is that the RMI will not proceed with coin issue until this has received approval from U.S. authorities.

Training & Technical Support



Strategic Goal 1: Improve Leadership and Management Capacity to Effectively Perform.



Strategic Goal 2: Improve Financial Management Systems and Practices.



Strategic Goal 3: Increase Effectiveness and Program Results.



Strategic Goal 5: Improve the Capacity and Capabilities of the Public Sector Work Force in Critical Positions and Functions.

A particular strength of the PITI-VITI program is a demonstrated ability to ‘harmonize’ the strategic goals and priorities of the federal and insular governments, and design and effectively implement training and technical assistance interventions to deliver improved results. PITI-VITI delivers classroom training courses in a wide variety of subject areas, drawing from the rich curriculum and instructor resources offered by the Graduate School USA. Recent training topics have highlighted governmental accounting, grants management, auditing, process improvement, human resource management, leadership and management, indirect costs, performance-based management, fraud, and internal controls. In addition to traditional, classroom-style training, PITI-VITI also undertakes targeted consultative activities in support of government and site-specific initiatives.

In 2019 PITI-VITI conducted seventy-seven total classroom and consultative activities: fifty-nine classroom training courses and eighteen consultative efforts. These totals include:

- 29 training courses delivered on-site throughout the insular government jurisdictions;
- 21 training courses delivered during the 2019 APIPA Conference in Guam; and
- 9 sessions delivered as part of the summer and winter IGFOA meetings.

In total, 1,011 classroom and consultative hours were delivered to 4,376 participants. 34,149 Continuing Professional Educational (CPE) units were awarded through classroom training.

PITI-VITI 2019 TRAINING



1,011

Total Classroom and
Consultative Hours



4,376

Total Course
Participants



34,149

Total Continuing
Professional
Education (CPE)
Units Delivered

REGIONAL AUDIT TRAINING

PITI-VITI provides annual audit training and technical support to ensure that insular audit offices can fully comply with the competence and quality control requirements in Government Auditing Standards. These professional requirements set standards for audit offices, and also for each individual auditor's competence. Two important auditing standards PITI-VITI supports for insular audit offices are:

- **Competence** - Continuing Professional Education. Each auditor must obtain at least 80 hours of continuing professional education every two years, and at least 24 of these hours must be training in the government environment.



- **Quality Control** - Each audit office must undergo an external quality control review (“peer review”) every three years.

Audit offices without trained staff or without an external quality control review may not be conducting their audit work in accordance with Government Auditing Standards. PITI-VITI has worked with the insular government audit offices since 1991 to both provide this necessary training and to assist in the development and conduct of a peer review program through the Association of Pacific Islands Public Auditors (APIPA).

In 2019, PITI-VITI provided audit instruction and technical expertise to the APIPA Annual Conference, and delivered seven customized audit training courses for Continuing Professional Education to public audit office staff in the insular areas. These courses included topics ranging from recent updates to government auditing standards, quick response auditing, investigative and financial auditing, and ethics. Training locations for the 2019 audit curriculum included the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. PITI-VITI on-site audit training reached over 171 insular government auditing professionals. Moreover, training provided to broader, government-wide audiences at three locations reached more than 200 additional participants.

PITI-VITI invited topic recommendations from audit offices for both the APIPA conference and for local training in audit offices. Principals and staff members contributed suggestions and requested topics for local, on-site training. Training content included a combination of instructor-developed content from each instructor’s subject matter expertise and curriculum from the Graduate School USA’s Government Audit Training Institute. As one example of requested training reaching multiple insular audit offices, PITI-VITI delivered training on contract and procurement fraud auditing on-site to specific offices in 2018, and then offered this training in 2019 to more than 100 participants at the APIPA conference, broadening awareness and capacity throughout the region.

PITI-VITI’s regional audit training contributed to outcome-oriented results that improved auditing and transparency in the region. In 2019, insular government audit offices:

- Developed more expertise in performance, financial, investigative, and information technology auditing;
- Improved audit report quality and focused fieldwork using “quick response” auditing techniques;
- Used innovative audit reporting formats including a video report;
- Improved media coverage of audits in the region, highlighting audit reports and the work of audit offices;

- Recruited and retained qualified staff, and received staff training from PITI-VITI based on their offices' needs, including training specific to performance auditing, financial auditing, and investigative auditing.

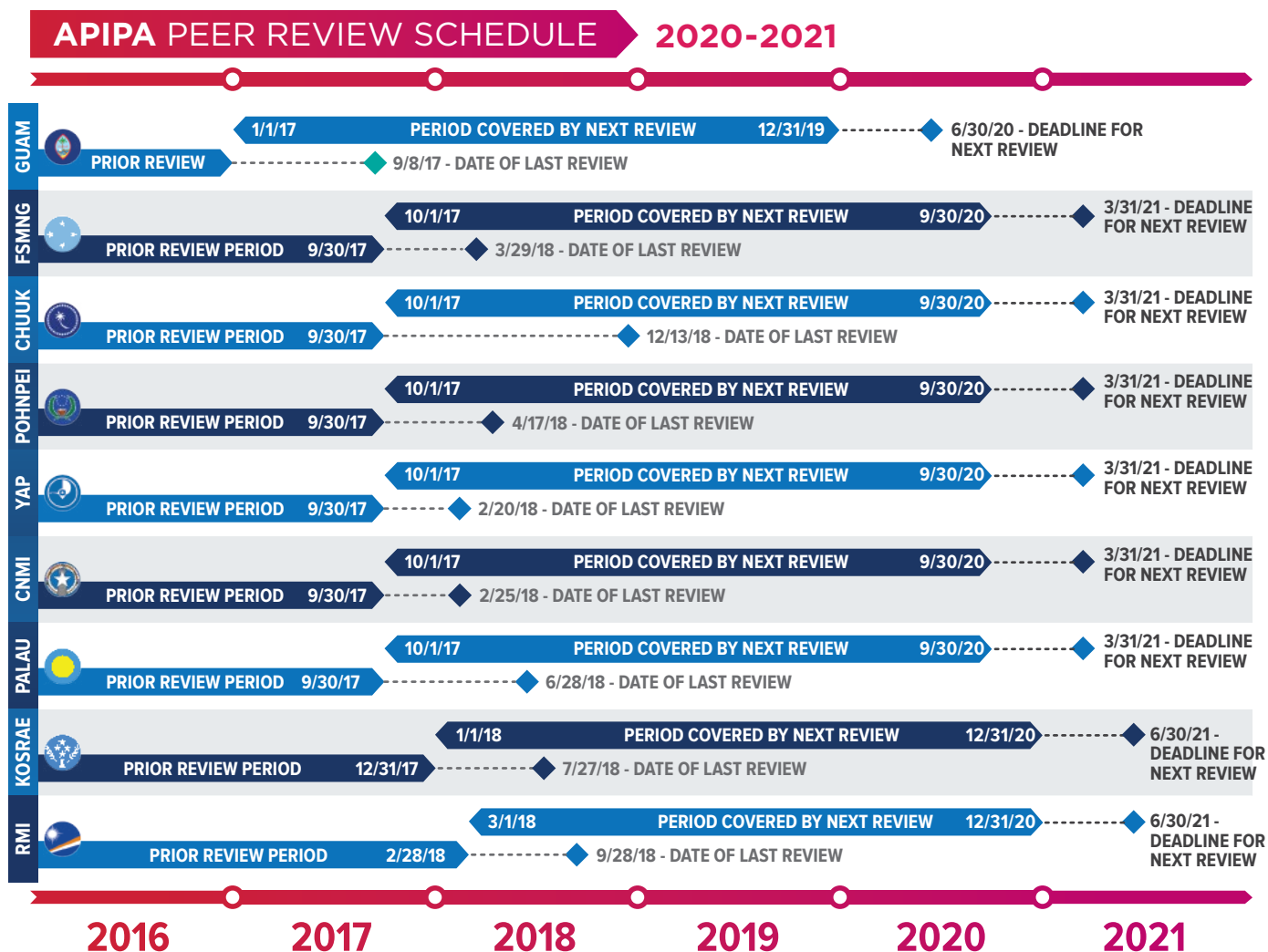
APIPA PEER REVIEW & INSTITUTIONAL SUPPORT

The insular audit offices PITI-VITI supports follow Government Auditing Standards requirements, and each insular government audit office is required to undergo an external quality control review ("peer review") every three years. In 2017-2018, nine insular government APIPA members completed the peer review cycle — the FSM National Government, Yap State, Kosrae State, Pohnpei State, Chuuk State, RMI, CNMI, Guam and Palau. The next full cycle of visits and reports will be scheduled in 2020.

PITI-VITI supports APIPA by providing training and technical support on auditing standards. In 2019, PITI-VITI provided the following support:

- PITI-VITI assisted APIPA in obtaining an updated Peer Review Manual and checklist in 2019, which APIPA will modify to meet its specific needs for the next peer review cycle. This will update APIPA's processes to include the most recent revision to Government Auditing Standards;
- PITI-VITI provided updated training on the 2018 revisions to Government Auditing Standards at the APIPA conference for insular government public auditors and key staff. This dedicated training for audit heads ensures awareness of important changes to the standards.
- PITI-VITI assisted the APIPA peer review coordinator in preparing a draft schedule identifying the time periods covered for each member audit office's upcoming peer review.

Another key indication of APIPA's growth is its decision to formally establish the organization as a registered non-profit organization. Since its founding over 20 years ago, APIPA has been governed by a Memorandum of Understanding, but has not been incorporated or formally established as a non-





The APIPA principals met in Guam to discuss emerging standards and the forthcoming peer review cycle.

profit professional association. PITI-VITI assisted APIPA by researching the organizational structures of similar non-profit audit associations, obtaining representative bylaws and corporate articles for APIPA's consideration, and providing legal support to formalize APIPA's organizational and decision-making structure. It is anticipated that APIPA will soon be formally incorporated as a not-for-profit professional association that serves the public audit offices in the region.

grant by writing clear work plans and targeting achievable outcomes. Participants learned how to write effective objectives and to identify program outputs that are clearly connected to activities to show progress towards goals. Participants reviewed examples of Notice of Funding Opportunities (NOFOs) and Funding Opportunity Announcements (FOAs) for specific grant requirements and program expectations to ensure that activities are allowable and expenses justifiable.

REGIONAL GRANTS TRAINING

PITI-VITI's regional grants training initiative was developed to address many of the recurrent single audit findings the insular governments experience, especially relating to questioned costs and deficiencies in internal controls. In 2019, PITI-VITI provided Grants Management and Uniform Guidance training for more than 100 students in the Republic of the Marshall Islands, the Federated States of Micronesia and the U.S. Virgin Islands. Participants represented programs throughout the insular governments (agriculture, health, education, etc.) as well as finance and procurement offices.

PITI-VITI has implemented an ongoing effort throughout the insular areas to improve the outcomes of grants through quality assurance programs and training staff on compliance and accountability. Over the course of 2019, training focused on how to successfully implement a federal



PITI-VITI instructor David Rykken delivered regional grants training to insular government officials.



PITI-VITI instructor Jeanne Yamamura, Ph.D. delivered regional finance training to insular government officials.

Each week of grants training is customized to incorporate government-specific grant findings from each jurisdiction's single audit. In addition, PITI-VITI instructors work directly with insular program representatives outside of classroom hours to discuss issues, findings, and strategies to improve future audits.

PITI-VITI's regional effort to focus on Uniform Guidance training has led to several key outputs:

- Programs have improved their work plans with more achievable outcomes and SMART objectives.
- Participants have been informed of the rules and regulations that need to be followed while managing grants.
- Processes have been implemented to ensure insular grant offices operate in compliance with the Uniform Guidance.
- Participants have completed self-assessments of their program's internal controls
- Programs have developed grants management manuals
- Participants have increased awareness of deficiencies in internal controls and audit findings of their jurisdictions
- Corrective actions have been reviewed to address deficiencies outlined in the single audit.

Although the process of fully implementing the Uniform Guidance is ongoing in the jurisdictions with improvements in many areas, there are still many more opportunities to increase effectiveness and efficiency of their programs due to high staff turnover and increased expectations of performance by granting agencies.

REGIONAL FINANCE TRAINING

PITI-VITI provided nine customized financial and systems analysis training courses to 649 participants in Guam, American Samoa, the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia (Pohnpei & Yap) in 2019. Attendees came primarily from central finance offices, but also from other government departments, component units, and offices.

The 2019 finance and accounting courses provided participants with a review of their government's financial accounting and reporting systems, accompanied by extensive discussion about internal controls within those systems. Each course included the government's latest audited financial statements and single audit findings which facilitated discussion of system weaknesses or failures resulting in the findings. The courses included: (1) an introductory level governmental accounting and reporting

course; (2) a governmental accounting and reporting course focused on the year-end close and necessary steps related thereto; (3) a course focusing on the development of corrective action plans; and (4) a newly-developed course in governmental ethics. An additional systems-related course provided an introduction to artificial intelligence and its impact on governmental accounting, finance processes and audit performance and delivery.

In addition to formal training sessions, course instructors provided technical assistance to individual attendees regarding unique departmental or other problem areas.

Benefits obtained from these courses include:

- Considerable turnover has occurred in recent years as the Baby Boomers retire and new employees are hired as replacements. The loss of systems knowledge has been substantial. The introductory and year-end courses have been helpful in providing a “big picture” overview for newly-hired staff to enable them to better understand how they “fit” into the system. This, in turn, enables participants to better perform their functions and to identify issues that can impact the system.
- Participants learned how to create effective action plans to address audit findings that would enable audit findings to be resolved. Such creation requires interdepartmental cooperation as processes usually cross multiple departments. In the past, Finance has often

been tasked with writing action plans despite the critical involvement of multiple departments. Interdepartmental cooperation is frequently required to first identify the process and to document issues that creating findings. The identification and implementation of required actions to clear the finding are then discussed.

CITIZEN-CENTRIC REPORTING IN CNMI, GUAM, AND THE U.S. VIRGIN ISLANDS

Developing publicly accessible “citizen-centric” reports has been an emerging topic for insular governments and an ongoing training and development theme for the PITI-VITI program. Required government financial reports can be complex and jargon-filled, but recent efforts can better communicate government information to the public. Creating publicly-focused documents like Popular Annual Financial Reports (PAFR) and Citizen-Centric Reports (CCR) helps governments present complex financial and performance information in short, easy-to-understand formats for public consumption. Targeted PITI-VITI training and a growing awareness of best practices in US-based finance offices highlighted at the IGFOA have contributed to a growing desire among audit and finance offices to improve public transparency regarding resources and spending – the efforts and accomplishments of government.

PITI-VITI delivered training to CNMI public sector officials on developing citizen-centric reports.



To this end, both Guam and the Commonwealth of the Northern Mariana Islands (CNMI) recently passed legislation requiring citizen centric reports. Each year, Guam's Office of Public Accountability receives citizen-centric reports from "every director, administrator, president, or head of a Government of Guam agency, including line agencies, autonomous and semi-autonomous agencies, public corporations, the Guam Mayors' Council, the Courts of the Judiciary of Guam and the Guam Legislature," which are mandated by public law. Each report is posted on the website of the Guam Office of Public Accountability and available for public review. In November, 2018, the CNMI enacted similar legislation in its Public Law 20-83, requiring "all Commonwealth government entities" to prepare citizen-centric reports.

According to the new CNMI law, "the foundation of democracy is based on governments being answerable to their citizenry and, as such, having a responsibility to provide information regarding government operations, most notably in regards to how taxpayer dollars are spent. The Legislature further finds that governments should provide such information in an easily understandable and accessible manner. Financial reports are often too lengthy and too technical for the average person to understand."

During PITI-VITI's 2019 program cycle, CNMI's Office of the Public Auditor requested training focused on Citizen-Centric Reporting to meet this current and specific need. PITI-VITI trained almost 100 officials from more than 20 departments in Saipan in August to meet this need, offering information, examples, and Citizen-Centric Reporting templates for participants to use as the government approaches its first reporting deadline under the new law. A follow-up PITI-VITI workshop is planned for 2020 to provide support and feedback to the CNMI government entities required to comply with the law.

Highlights of CNMI's CCR reports include sections on:

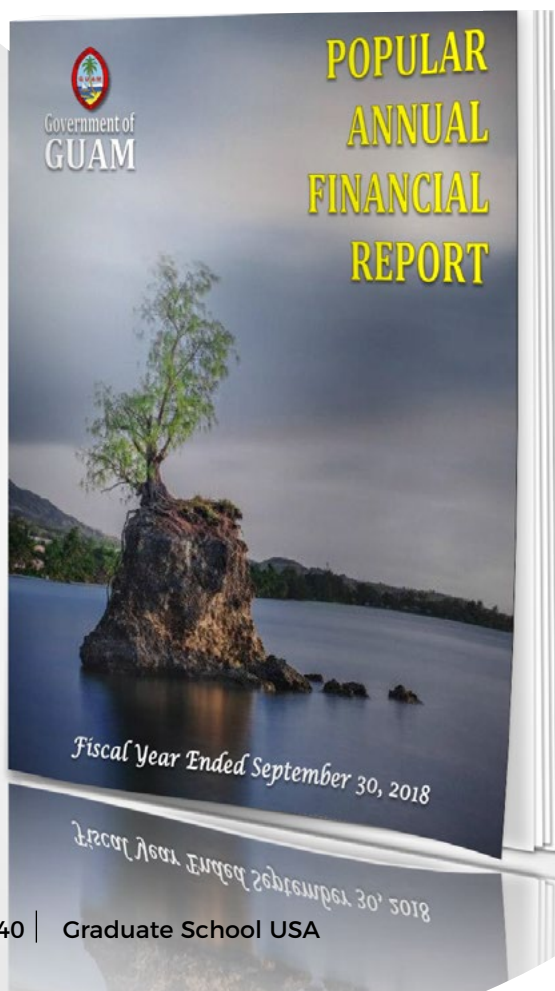
- Vision, Goals, Structure, and Demographics
- Performance of the Entity including Key Missions, Services, and Outcome Measures
- Snapshot of Financial Data and Cost for Services
- Forecast on Future Challenges and Economic Outlook

Also in 2019, the Virgin Islands Office of Management and Budget requested training in Performance-Based Budgeting to support a current initiative of OMB and the USVI government. PITI-VITI delivered three days of curriculum in Performance-Based Budgeting to an audience of more than 50 U.S. Virgin Islands officials from a range of 20 departments. The June training in St. Thomas focused on assisting departments and agencies in developing key performance indicators, which are necessary as the government develops a performance-based budget, which can provide ready inputs into citizen-centric reports and is another focused effort to make government financial and resource decisions more transparent to decision-makers and the public.

Finally, the government of Guam issued its third consecutive Popular Annual Financial Report (PAFR) in 2019—the first insular government to do so. Guam's PAFR accompanies its 2018 financial statements, and presents information on Guam's budget, capital projects, revenues and expenses in a format that includes graphs, charts and images to help the public more easily understand how the government is using its resources.

Highlights of Guam's PAFR include sections on:

- Revenues – Where the Money Comes From
- Expenses – Where the Money Goes
- Economic Forecast
- Economic Highlights on Tourism ("Third Record Year of Visitors in 2018") and the Military Buildup in Guam ("Trump Signs \$717b Defense Law")





PITI-VITI continued to support finance office systems and processes throughout the insular areas.

FINANCE OFFICE SYSTEMS AND PROCESSES

With funding support from the World Bank, the governments of the FSM and RMI have each embarked on the process of procuring new Financial Management Information Systems (FMIS). Palau is utilizing Compact infrastructure funds to implement its new FMIS, anticipating installation prior to the end of the 2020 calendar year. The CNMI and Guam continue exploring options for new finance and document management systems, with the CNMI recently implementing a new budget preparatory system. The U.S. Virgin Islands is in the process of installing a new grants management module as part of their finance system, while American Samoa continues to refine workflow processes interfacing with its system. Financial Management Information Systems (FMIS) are critical to the central operations of insular governments. FMIS represent significant financial investments, but also tremendous investments of time and resources.

PITI-VITI continues to support the financial management and systems operations of the insular areas. In 2019, PITI-VITI worked closely with the governments of CNMI, Palau, and Yap on systems and process issues.

The CNMI recently issued a Request for Proposals (RFP) for a new financial management system. The RFP was built in-house, based upon interviews with

major users and the documented weaknesses of the current JD Edwards system, which has been in place since 1995. The CNMI was encouraged to identify funding and initiate the process of acquiring a fully integrated governmental financial management system, rather than to acquire or build peripheral systems which attempt to resolve specific problems.

Palau continues to work towards timely implementation of their new FMIS. As part of the implementation, Palau contracted with Tyler Technologies (the selected software) to provide the Republic with full time technical assistants during the full course of the implementation. They intend to go live with the accounting modules in April 2020 and with the payroll/personnel in July 2020. PITI-VITI is assisting Palau with the design of their Chart of Accounts (COA) in the Tyler Munis system. The COA is among the most critical building blocks of any system and can make-or-break successful financial reporting.

In Yap, PITI-VITI trained finance personnel on how to best utilize the report-writing features of Yap's FMIS. Through the training, staff focused on needed process modifications relating to the issuance of cash receipts, travel advances, encumbrances, and invoices, with a particular focus on reconciling subledger and general ledger accounts.

As the FSM works to identify and convert to a new FMIS, it is critical that the FSM national and state finance offices understand and fully utilize their current financial management system. The current system is not only necessary for continued basic operations, but will also serve as a critical tool to clean-up and reconcile account balances which will be carried over into the new system.



PROCESS IMPROVEMENT TRAINING IN PALAU

PITI-VITI delivered a series of courses focused on government innovation and process improvement entitled “Innovation: Without Additional Resources” as part of the 2019 program cycle. The first course was delivered in Palau in February 2019, where 72 public sector participants completed the course. The training focused on commonly used tools and techniques to improve public-sector performance, and the application of those tools to real-world examples in Palau. Special emphasis was placed on citizen-centric delivery of public services, and streamlining government processes. The participants included ministers, program directors, and bureau chiefs from across Palau.

In his welcome to the training participants, Republic of Palau Vice President Raynold B. Oilouch reminded participants of Palau Presidential Proclamation 19-255, which declared 2019 to be the “Year

of Innovative Learning and Excellence”. The Proclamation encouraged Palauans to “open [their] hearts to new experiences, new approaches, and new solutions in [their] lives, families, businesses, culture, and government.”

Brian Elms, author of Peak Performance and former Director of the Denver Peak Academy, provided the training. Brian specializes in government innovation with more than fifteen years of experience providing program management expertise to government agencies, elected officials, trade associations, and non-profit organizations. Since its inception in 2012, Peak Academy initiatives have saved the city and county of Denver more than \$30 million and have provided training to more than 7,000 public and nonprofit professionals. Brian began working with the Insular Area governments in late 2017 at the Island Government Finance Officers’ Association (IGFOA) Winter Conference.

Building on the success of the training in Palau, Mr. Elms joined 55 participants of the summer Island Government Finance Officers Association (IGFOA) meeting in May to provide additional high-level



PITI-VITI Instructor Brian Elms delivered training on government innovation and process improvement to insular government participants.

ETHICS TRAINING IN MAJURO

The Republic of the Marshall Islands Ministry of Finance requested specific training to support a continuing government-wide ethics initiative. In response to this request, PITI-VITI delivered customized ethics training for government officials on two occasions in Majuro, including a *Practical Ethics for Government Employees* course in February, with 69 participants from 16 ministries and departments, followed by *Ethical Decision-Making* in April, with over 60 attendees from 15 ministries and departments. Both courses were tailored to the unique needs of the RMI, including incorporating RMI legal code and relevant legislation. The training activities help forward the government's efforts to train employees in ethics-based approaches to decision-making in government. Following these training activities, the RMI Ministry of Finance developed a local-language ethics video intended to focus public-sector employees on ethical concerns.

process improvement training to insular government leadership, and to discuss practical implementation of innovation tools and techniques which can be applied across the insular governments. The strong response and high level of interest has led to additional requests for follow-up training during the 2020 PITI-VITI program cycle.

PITI-VITI delivered two customized ethics courses to participants in the Republic of the Marshall Islands.



PITI-VITI 2019 Program Activities

FIRST QUARTER

CATEGORY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS
Training	The New Uniform Grant Guidance	Majuro, RMI	January 15-18, 2019	D Rykken	27
Training	The New Uniform Grant Guidance	Pohnpei, FSM	January 21-25, 2019	D Rykken	24
Training	Preparing for the Year-End Close (Government)	American Samoa	January 28-31, 2019	J Yamamura	8
Consultation	Drafting RMI Procurement Regulations	Majuro, RMI	January, 2019	F Nakamura	
Training	Developing Corrective Action Plans	Majuro, RMI	February 5-8, 2019	J Yamamura	27
Training	Practical Ethics for Government Employees	Majuro, RMI	February 8, 2019	J Yamamura	76
Regional	Executive Leadership Development Program (Pacific) Session III	Yap, FSM	February 11-15, 2019	Various	26
Consultation	Yap State Finance Office Consultations	Yap, FSM	February 11-19, 2019	D Milks	20
Training	Customizing Report Writing with Fundware FMIS	Yap, FSM	February 14, 2019	D Milks	8
Training	Innovation: Without Additional Resources (For Directors)	Koror, Palau	February 19, 2019	B Elms	30
Training	Innovation Without Additional Resources	Koror, Palau	February 20-22, 2019	B Elms	30
Consultation	Enhancing Finance Office Performance Measures	Guam	February 22, 2019	D Milks	8
Consultation	CNMI Finance Office Consultations	Saipan, CNMI	February/March 2019	D Milks	40
Regional	Executive Leadership Development Program (USVI) Session III	Hampton, VA	March 4-8, 2019	Various Instructors	4
Training	Developing an RMI Fiscal Strategy	Majuro, RMI	March 11-15, 2019	M Sturton, K O'Keefe	20
Consultation	Fixed Assets, Performance Measures, and FMIS Planning	Guam	March 18-22, 2019	D Milks, D Arakaki	50
Consultation	Finance Office Follow-Up Consultations	Guam	March 28, 2019	D Milks	12

SECOND QUARTER

CATEGORY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS
Training	The New Uniform Grant Guidance	St. Thomas, VI	April 1-5, 2019	D Rykken	65
Consultation	Reviewing Revenues, Fees, and Taxes	Guam	April 2, 2019	W Fujita	5
Consultation	Reviewing Revenues, Fees, and Taxes	Saipan, CNMI	April 4, 2019	W Fujita	10
Training	Ethical Decision Making for Governmental Employees	Majuro, RMI	April 16-17, 2019	D Kahn	39
Training	Quick Response Auditing	Majuro, RMI	April 18-19, 2019	D Kahn	14
Consultation	EconMAP + IMF Article IV Consultation, RMI	Majuro, RMI	April 22-26, 2019	M Sturton	

SECOND QUARTER (CONT)

CATEGORY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS
Training	Island Government Finance Officers' Association (IGFOA) Summer Meeting	Los Angeles, CA	May 17-23, 2019	Various Instructors	55
Training	Planning, Budgeting, and Performance Measurement	St. Thomas, VI	June 10-12, 2019	D Kahn	50
Training	Quick Response Auditing	St. Thomas, VI	June 13-14, 2019	D Kahn	12
Regional	Executive Leadership Development Program (Pacific) Session IV	Honolulu, HI	June 10-14, 2019	Various	24
Regional	Executive Leadership Development Program (USVI) Session IV	Towson, MD	June 3-7, 2019	Various	4

THIRD QUARTER

CATEGORY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS
Training	Accounting for Governmental Entities	Koror, Palau	July 14-18, 2019	J Yamamura	24
Training	Accounting for Governmental Entities	Yap, FSM	July 21-25, 2019	J Yamamura	31
Training	Accounting for Governmental Entities	Pohnpei, FSM	August 19-23, 2019	J Yamamura	47
Training	Quick Response Auditing	Saipan, CNMI	August 22-23, 2019	D Kahn	14
Training	FY18 Performer Presentation	Saipan, CNMI	August 22-23, 2019	F Crawford	40
Training	Preparing and Using Citizen-Centric Reports	Saipan, CNMI	August 22, 2019	D Kahn	110
Consultation	FY18 Statistical Development	Pohnpei, FSM	August, 2019	G McKinlay	25
Consultation	FY18 Statistical Development	Majuro, RMI	August, 2019	G McKinlay	25
Consultation	FY18 Statistical Development and Economic Review	Pohnpei, FSM	August 12-16, 2019	M Sturton	25
Consultation	FY18 Statistical Development and Economic Review	Majuro, RMI	August 19-23, 2019	M Sturton	25
Regional-APIPA	Opportunities in an Evolving Audit Environment	Guam	August 26, 2019	D Ray	421
Regional-APIPA	Leadership, Motivation and Accountability for High Performance Audit Teams and Organizations	Guam	August 26, 2019	M Binder	90
Regional-APIPA	Creative and Critical Thinking for Auditors	Guam	August 27, 2019	M Binder	71
Regional-APIPA	Basic Auditing	Guam	August 28, 2019	F Crawford	113
Regional-APIPA	Contract and Procurement Fraud Auditing	Guam	August 29, 2019	D Kahn	131
Regional-APIPA	Artificial Intelligence	Guam	August 30, 2019	J Yamamura	54
Regional-APIPA	Maintaining Integrity When Faced with Conflict	Guam	August 26, 2019	D Ray	75
Regional-APIPA	Performance Auditing: Findings, Evidence, and Reporting	Guam	August 27, 2019	D Kahn	79
Regional-APIPA	APIPA Principals Meeting	Guam	August 28, 2019	D Kahn	21
Regional-APIPA	Selecting and Planning Audits for Return on Investment	Guam	August 29, 2019	M Binder	26

THIRD QUARTER (CONT)

CATEGORY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS
Regional-APIPA	Streamlining the Audit Process, New Techniques	Guam	August 30, 2019	F Crawford	81
Regional-APIPA	ABCs of Governmental Finance	Guam	August 26-27, 2019	J Yamamura	200
Regional-APIPA	Presentation Techniques: Using the Power of Persuasion	Guam	August 28, 2019	M Binder	160
Regional-APIPA	Difficult Bosses: Are You One? How to Work with One	Guam	August 29, 2019	D Arakaki	140
Regional-APIPA	Full-Cost Accounting and Recovery of Government Services	Guam	August 30, 2019	D Arakaki	159
Regional-APIPA	The Infamous ERP Project	Guam	August 26, 2019	D Arakaki	63
Regional-APIPA	GASB Update: The Never-Ending Story, Including GASB 75, OPEB and Deja Vu	Guam	August 27, 2019	F Crawford	84
Regional-APIPA	Strategic Project Management and Managing Project Risks: Beyond the Planned Scope, Schedule and Budget	Guam	August 28, 2019	D Arakaki	135
Regional-APIPA	Practical Ethics for Government Employees	Guam	August 29, 2019	J Yamamura	128
Regional-APIPA	Regional Issues in Accounting and Financial Reporting	Guam	August 30, 2019	D Fitzgerald	121
Training	Accountability and Transparency in the Pacific: Successes in our Islands	Guam	August 30, 2019	D Kahn	381
Training	FY18 Performer Presentation	Guam	August 29, 2019	F Crawford	20
Consultation	FY18 Economic Presentation to FSM JEMCO Members	Honolulu, HI	September 4, 2019	M Sturton, K O'Keefe	40
Consultation	FY18 Economic Presentation to RMI JEMFAC Members	Honolulu, HI	September 4, 2019	M Sturton, K O'Keefe	20
Consultation	FY18 Economic Presentation to US JEMCO/JEMFAC Members	Honolulu, HI	September 3, 2019	M Sturton, K O'Keefe	20
Consultation	FY18 Economic Presentation to RMI Nitijela Members	Majuro, RMI	September 16, 2019	K O'Keefe	20

FOURTH QUARTER

CATEGORY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS
Training	Financial and Investigative Audits	Majuro, RMI	October 14-18, 2019	M Ruben	15
Training	Performance Auditing for Maximum Value and Impact	Chuuk, FSM	October 14-18, 2019	K Memmott	44
Training	Quick Response Auditing	Koror, Palau	October 8-11, 2019	D Kahn	7
Training	Quick Response Auditing	Guam	October 16-17, 2019	D Kahn	15
Consultation	2020 Audit Planning Meeting	Honolulu, HI	October 18, 2019	Various	
Regional	IGFOA Winter Conference 2019	Maui, Hawaii	December 10-12, 2019	Various	55

2019 PITI-VITI Press Releases

2019

February

Interior Funds Training “Innovation: Without Additional Resources” for Government Leadership in Palau

March

Interior Applauds Executive Leadership Development Program
Concludes Third Session in Yap, Micronesia

April

Interior Funds Initiatives to Develop Insular Area Capacity through the Pacific & Virgin Islands Training Initiatives (First Quarter Training Activities)

May

Interior Supports Leadership Training and Congratulates Four U.S Virgin Islands Graduates of the Executive Leadership Program (ELP)

June

Interior Supports Fiscal Accountability in Island Areas through Insular Government Finance Officers Association
Finance Officers from Insular Areas Participate in Summer 2019 Meeting

June

Interior Congratulates 24 Graduates of the Pacific Executive Leadership Development Program

July

Interior Funds Initiatives to Develop Insular Area Capacity through the Pacific & Virgin Islands Training Initiatives. (First Quarter Training Activities)

September

Interior Applauds Association of Pacific Islands Public Auditors 2019 Annual Conference on Guam

October

Interior Funds Initiatives to Develop Insular Area Capacity through the Pacific & Virgin Islands Training Initiatives (Third Quarter Training Activities)

December

Interior Highlights Fiscal Accountability in the Island Areas
Supports Island Government Finance Officers Association Winter Meeting

2020





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