Island Government Finance Officers' Association

DEC 1-3, 2015 IGFOA Winter Meeting

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

900 Fort Street Mall, Suite 1540, Honolulu, Hawaii 96813 Additional information is available online at www.pitiviti.org





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MILLENNLALS















ISLAND GOVERNMENT FINANCE OFFICERS' ASSOCIATION (IGFOA)

Winter Conference Wailea Marriott Beach Hotel Wailea, Maui, Hawaii December 1-3, 2015

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EXECUTIVE SUMMARY

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

During recent conferences, the IGFOA has focused on improving financial, accounting and budgeting practices and has provided workshops on topics such as ethics and political transitions. This year's winter conference presented trainings on: strengthening finance office performance measures; creating better understanding among different generations at work; and getting and staying healthy. In addition, participants were updated on new GASB accounting standards as well as changes in uniform grant guidance relating to procurement. Finally, the forum provided the opportunity to develop government-specific action plans, which addressed many issues, including audit performance, federal grants and review processes, new accounting standards, cash management, staff training, communication, and personnel evaluations.

The IGFOA Executive Committee built the agenda for the conference based on input solicited from IGFOA members, feedback from previous conferences, and current issues in government accounting. The goals of the December 2015 IGFOA conference were to:

- Share the status of each government's single audits, finance office operations and performance measures, and other initiatives completed since the June 2015 IGFOA conference.
- Present and discuss best practices in federal program coordination, finance office performance measures, single audit improvement, and cash management.
- Exchange information on the latest Performeter analysis.
- Build government-specific plans to implement new GASB standards, improve communication and fiscal capabilities with federal program managers, enhance finance office performance measures, and improve management skills and capabilities.

The conference agenda has been included in this report as Appendix A.

WELCOMING REMARKS

Valdamier Collens, Commissioner of Finance for the U.S. Virgin Islands, Tom Bussanich, Director of the Budget and Grants Management Division of the U.S. Department of the Interior's Office of Insular Affairs (DOI/OIA), and Stephen Latimer, Program Manager for the Graduate School USA's Pacific and Virgin Islands Training Initiative (PITI-VITI) welcomed the 22 finance officers, who represented all of the insular areas, as well as the other government officials and participants to the 2015 IGFOA winter conference.

Commissioner Collens of the USVI opened the conference by expressing gratitude to the Department of the Interior representatives for traveling from Washington, D.C., to attend this year's meeting. He thanked the DOI/OIA for sponsoring the conference for the last 15 years and for the alliance it has built with the Graduate School USA.

The finance commissioner also congratulated the Graduate School for its 15th anniversary in coordinating the conference. He said that this was his second trip to Maui, Hawaii, and that his first trip was in 2011 to attend the same type of event.

Mr. Collens remarked on what a wonderful opportunity these meetings provide for sharing ideas and best practices with colleagues from other insular areas. He said that during his first conference, the focus was on issuing financial statements in a timely manner. "We were about two years behind," he said. "It took commitment by the U.S. Virgin Islands, but we are finally up to date and intend to stay on target." He said that he was inspired by the outcomes of some of his peers who presented at the 2011 meeting, and that "we have followed your lead in staying timely." Mr. Collens commented that he is now particularly interested in seeing how "our pension looks in comparison to yours."

Commissioner Collens encouraged his colleagues to enjoy the events of the week. He said that he was looking forward to learning from the presentations and trainings. He concluded his remarks by conveying thanks to the Department of the Interior, the Graduate School, and his colleagues.

Tom Bussanich, Director of Budget and Grants Management for the U.S. Department of the Interior's Office of Insular Affairs, welcomed the participants to the IGFOA conference on behalf of Assistant Secretary Esther Kia'aina, Director Nik Pula, and Charlene Leizear of the technical assistance division.

Director Bussanich reminisced about his first "real" finance department job, which was in Yap state in 1982. He shared that when he arrived in Yap, not only was he an accountant, but he had never worked in finance. "I had done plenty of budget work," he said, "but I can tell you that budget is a lot less of a headache." Mr. Bussanich confessed that in finance, he was "kind of lost." So what did he do? He called Debbie Milks, CPA, and asked for help. That was "one of the smartest things I ever did," he said. "She is still the first person I want to talk to about any accounting issues in the islands."

With the help of Ms. Milks, he focused on the basics—funds control, bank reconciliations, meeting payroll. He thought things were going well until one day, a woman in his office said that no one could cash their paycheck—there was no money in the bank account! So he had to ask a finance officer to go make a deposit, Mr. Bussanich said humbly.

Director Bussanich followed his story by turning his focus to the future. As 2016 approaches, he told the conference attendees, "we mark the 25th anniversary of the partnership between the Office of Insular Affairs and the Graduate School USA to provide training opportunities and services to the U.S. Territories and the Freely Associated States."

"It has been a very productive relationship for us and all of you," commented the director. "The broad scope of trainings and technical assistance provided through the Graduate School over those years has been remarkable."

Director Bussanich also pointed out that this is the 15th year of the OIA and Graduate School's joint support for the Island Government Finance Officers' Association, which, he said he would argue, "represents the most important part of the relationship with the OIA, Graduate School, and all of you."

"Establishing and sustaining sound financial management practices has been the heart and soul of our technical assistance program," the director said. "I think we all agree that without control of the governments' financial resources, all of the other efforts to promote economic development and the welfare of our citizens can't be supported."

Before he left Washington, said Director Bussanich, he looked at the record of the national Government Finance Officers' Association meeting that was held last summer in Philadelphia, Pennsylvania. He said that a core takeaway of the gathering was a focus on "resiliency in government practices." The director shared that it was said that "resilient governments accept the uncertainty of change, learn from past experiences, evolve, and come back from misfortunes better than they were before."

He continued that "a resilient organization is firmly rooted in its principles, and it is flexible and innovative in how it makes those principles a reality. Because change is a constant, the only way the public sector can truly be responsive to those changes is by trying new approaches and learning from each other."

"Those words will also serve us well this week, as we share new approaches and learn from each other," he said, adding that "if that fails, we can all get help from Debbie!"

Director Bussanich then introduced the DOI/OIA's new Director of Policy, Basil Ottley. He finished his remarks by encouraging the participants to "have a good conference." Next, Stephen Latimer, Program Manager for the Graduate School USA's Pacific and Virgin Islands Training Initiative (PITI-VITI), welcomed the attendees to the winter conference. Reflecting back to the initial PITI-VITI conference in 1991, Mr. Latimer recalled that early meetings were held in locations such as Maui and Palau, some drawing as many as 100 participants. In the last 15 years, he said, the conferences have been scaled down.

"It's always great to see you," Mr. Latimer told the attendees. The meetings provide a wonderful mix of cultures, he said. Looking around the room, he observed that the participants were seated at round tables, much like their "islands." He encouraged everyone to "move around" during the conference and share ideas.

Mr. Latimer expressed sincere gratitude to the Office of Insular Affairs for investing in the IGFOA's most important asset—its people. He noted that there were about 10 individuals who were attending the event for the first time.

Mr. Latimer then thanked Tom Bussanich and Basil Ottley of the DOI/OIA for supporting and participating in the conference. He also recognized the consultants, Deborah Milks, CPA, Frank Crawford, CPA, Dr. Mark Sturton, Kevin O'Keefe, CFP, and Dr. Pat Keehley, for their work. Finally, Mr. Latimer acknowledged Jason Aubuchon and Judy Perry of the Graduate School for their efforts in preparing for the meeting.

Concluding his remarks, Mr. Latimer thanked the three participants who completed the pre-conference questionnaire: Valdamier Collens, Commissioner of Finance for the U.S. Virgin Islands; Julius L. Tun, Acting Director of the Office of Administrative Services, Yap; and Alik Isaac, Director of the Department of Administration and Finance, Kosrae. As a token of appreciation, each of them received a small gift.

REACHING ACROSS GENERATIONS

Dr. Patricia Keehley, the conference facilitator, led the group in a warm-up exercise designed to help them better understand the perspectives of different generations. With her extensive experience in federal and state government and facilitating partnerships and trainings in the Pacific Islands, Dr. Keehley explained that dealing with colleagues from different cultures and age groups is an everyday part of the office environment. A clearer understanding of how they operate and where they are coming from can create a more productive and harmonious workplace.

The participants were asked to assemble themselves into three groups: Baby Boomers (age 44 and up); Generation X (ages 28-43); and Millennials (27 and under). Within the room, there were 18 who identified themselves as Baby Boomers, 10 members of Generation X, and 2 Millennials.

The participants were asked to talk within their groups and identify the following:

- 3-5 work ethics that define their generation,
- 3-5 major influences, world or island specific, and
- a famous musician or actor that represents their generation—which someone must imitate.

Because there were so many Baby Boomers, they were separated into two groups. Within those two groups they listed work ethics as: being on time, getting the job done, respecting hierarchy, following instructions, punctuality, quality, and loyalty. Their influences included the internet, Sept. 11 attacks, major crashes (financial, stock market, tech bust), parents, and technology. Valdamier Collens of the USVI brought smiles with a quick imitation of Michael Jackson performing "Billy Jean." Casmir Remengesau, Director of Budget and Planning for Palau's Finance Ministry, followed up by mimicking Mick Jagger's "I Can't Get No Satisfaction."

The Generation X team named initiative, innovation, punctuality and efficiency as their work ethics. Their influences included the internet, national security, and Baby Boomers. Chief Accountant Levi Reese of American Samoa then entertained everyone with a rendition of Madonna's "Like a Virgin."

The Millennials listed their work ethics as results-driven, team work, relationships, and dependability. Influences were family, media exposure (Facebook, iPhone, iPad), and education. They skipped the musician, explaining that they do not have a legend yet, and they urged the participants "to go on YouTube and find one."

The exercise was concluded during a second session, in which the participants were asked to address:

- What advice would you give others on how to work with you or your generation?
- What can you do to work better with or reach out to other generations?

The Baby Boomers offered the following advice: speak louder, take initiative, be on time, listen to our advice, and aim for better communication. They said they could reach out by creating opportunities for younger colleagues to work in groups to help them build confidence, and they encouraged the younger generations to be prepared and speak up during meetings—because the Boomers listen, they said.

Members of the Generation X group gave these suggestions for others to work better with them: strike a balance between face-to-face interactions and emails, and maintain humility, empathy and respect. To enhance cooperation with Millennials, they said they could aim for flexibility, maximize technology, and provide more coaching. To be boost effectiveness with Boomers, the Gen-Xers acknowledged they needed to place more value on rules and punctuality.

The Millennials advised others to: take a relaxed, informal approach; be open-minded and flexible about finding solutions; and provide more feedback. To improve their interactions with others, the Millennials said they need to ask for more assistance; slow down at work; and find a facilitator, mediator or partner.

Slides for Dr. Keehley's exercise on Reaching Across Generations is included in this report as Appendix B.

GOVERNMENT UPDATE PRESENTATIONS

Before the conference, each government was asked to prepare a brief presentation on its progress on the IGFOA-sponsored financial improvement activities. During the meeting, eight of the 11 IGFOA member governments summarized the status of their single audits and finance office performance measures. Each government was asked to address the following topics in its presentation:

Audit Status

- Completion date of the FY2014 audit
- Qualifications received and changes from prior years
- Challenges faced during the audit process
- Current status, expected changes in qualifications and findings, and anticipated challenges in completing the FY2015 audit

Federal Programs – Communicating On-Island

- Formal training or outreach performed or planned
- Types of interactions between finance office and federal program staff
- Any changes in management of federal grants under new omnibus super-circular

Employee Outreach

- Staff training provided or coordinated by the office
- Frequency of staff meetings
- Employee evaluations and mentoring
- Changes in employee initiation or cross-training
- Results of employee satisfaction surveys and follow-up

Performance Measures

- Timeliness of bank reconciliations
- Fixed-asset inventory
- Number of days to process an invoice
- Collection of outstanding advances
- Federal grant receivables
- Other suggestions of performance measures for finance operations
- Ways in which your office uses performance measures
- Highlights of one finance office accomplishment for the year

Some of the challenges that the governments faced or anticipate include:

- Loss, lack of or shifts in key personnel
- Training new employees to a competent level
- Change in auditors
- Duplicative or adversarial relationships between offices
- Inadequate records
- Carry-over issues from previous audits
- Accuracy and timeliness of reconciliations
- Timely completion of component unit financial audits
- Procurement issues
- Paying vendors on time
- Server error
- Fixed assets

Among the goals for improving their audits for FY2015 and overall performance were the following:

- Decrease findings
- Invest in new hires
- Cross-train staff
- Solicit assistance from consultants, specialists and donor partners
- Improve communication within and between offices
- Work to spend money within one year and eliminate extensions

Slides for each government's presentation are included in Appendices C-1 to C-8.

MEASURING FINANCE OFFICE PERFORMANCE

Dr. Patricia Keehley facilitated an exercise designed to help illustrate how measures can be used to monitor and improve performance. Simulating a real work experience, and focusing on outputs and outcomes, the exercise was intended to encourage implementation of best practices and promote positive change.

Using plastic blocks called Stickle Bricks, the participants were assigned the task of building toy boats. Teams were formed and roles were assigned.

After meeting in small groups and working through three rounds of boat building, the participants returned in plenary and discussed their observations and lessons learned. Key steps that made the boat-building process more effective included:

- Continually improving the process
- Identifying selective and specific training, including cross-training
- Dealing with resistance to change
- Explaining the big picture
- Sharing goals
- Communicating
- Reviewing policy
- Measuring and managing performance
- Providing feedback and evaluation
- Maintaining flexibility
- Offering incentives
- Understanding roles and responsibilities
- Building cooperation and team work
- Assuring quality
- Maintaining stock and inventory

Dr. Keehley shared that the top three motivators are: the ability to control your job, positive and constructive feedback, and money. Results of the boat-building exercise are depicted in Appendix D-2.

OUTCOMES OF CURRENT FINANCE OFFICE PERFORMANCE MEASURES

Several of the conference attendees had participated in the boat building exercise in the past. Therefore, Debbie Milks, CPA, led them in a small group discussion on the outcomes of the current finance office measures. Their discussion is highlighted below.

Outcomes of processing invoices in a timely manner:

- Better vendor relationships
- Larger pool of vendors who will work with government
- Reduction in the need for advance payments
- Better cash management
- Lower cost of business
- Happy vendors

Outcomes of collecting accounts receivable (travel, federal and general):

- Improves cash flow
- Facilitates proposals for more user fees, without having to respond to the comment "just collect the fees you already impose"
- Boosts morale with em
- ployees (fairness in collecting travel advances)

Outcomes of timely completion of fixed-asset inventory:

- No audit findings
- Needed to qualify as a low-risk grantee
- Better utilization of assets

Outcomes of timely completion of bank reconciliations:

- Actually know how much the government has in the bank
- Find and fix bank errors in a timely manner

Outcomes of estimating revenue within target:

- Avoid over (or under) appropriating
- Improve cash flow, by matching actual revenues with expenditure levels
- Pay bills on time
- Add to fund surplus or reduce deficit

Outcomes of timely grant reporting:

- Needed to become a low-risk grantee
- Promotes better grant performance
- Prevents losing money from federal government
- Improves grant management

In addition, the group expanded on the suggested new finance office performance measures. Their list included the following:

Perform personnel evaluations

Target: 100 percent of annual evaluations

Output: Number of completed evaluations/number of employees, annually

Outcomes:

- Improved employee morale
- Better employee performance
- Eventually, the results for all measures will improve

Track unspent grant funds

Target: \$0 unspent funds, without audit qualifications

Output: Unspent funds based upon a quarterly fund status calculation

Budget vs. spending plan from the grant managers

Outcomes:

- Maintain or increase available grant funding (don't decrease)
- Program results benefit the island

Number of employees clearing their travel advances in a timely manner:

Target: 100% collected within 30 days

Output: Timeliness of filing (develop an aging report)

Outcomes:

- Better cash flow and accounting
- Boosts morale with employees (fairness in collecting travel advances)

Number of training hours per employee:

There was a long discussion on whether this would be a fair measure, as it is difficult to determine the quality of the training hours. The participants agreed on the following:

- It should be based on staffing needs and deficiencies.
- Must define training, from reading a manual to taking a course to meeting with a mentor.

Ms. Milks concluded by reminding the participants that "if it doesn't get measured, it doesn't get done."

Later in the conference, Ms. Milks revisited the concept of performance measures, which she explained, have been out there for the past four to five years. "We have had some success in getting everyone to report on them," she said, but we have had limited success in getting everyone to complete their performance measure "dashboards." Yap and Palau were recognized for doing a great job of completing their performance measures dashboards, which are included in this report as Appendices D-3 and D-4.

"You might share your dashboard," said Ms. Milks, "with your chief executives and the DOI." She explained the concept of the dashboard:

- It can be designed in many different ways.
- The idea is to present information—measures, goals, targets—in a very succinct way.
- It looks at trends: How are we doing at this point in time? Are we doing better?
- You could publish it monthly.
- It could be shared with anyone above you or anyone in your office.
- Most of our performance measures can now be done on a monthly basis.

Ms. Milks then provided a list of **current performance measures**, which included:

- Timely bank reconciliations
- Reduction of travel advances
- Reduction of federal accounts receivable
- Number of days to process an invoice
- Completion of fixed-asset inventory
- Timely filing of federal reports
- Percent difference of actual vs. estimated revenue
- Completion of cash-management plan

She concluded by providing the following list of **proposed performance measures**:

- Collection of general accounts receivable
- Completion of personnel evaluations
- Number of training hours per finance employee
- Percent of unspent federal funds
- Number of employees clearing advances
- Number of days to close (monthly/quarterly)
- Number of days' cash on hand

OMB UNIFORM GRANT GUIDANCE: TACKLING THE PROCUREMENT ISSUE

Deborah Milks presented a talk on the Office of Management and Budget's uniform grant guidance, which is a "government-wide framework for grants management." The guidance presents reforms designed to curb administrative burdens on grant recipients, while guarding against waste and misuse of federal funds. With a focus on procurement changes, Ms. Milks' presentation covered:

Subpart D—Post-award Requirements

- Financial and program management standards
- Property standards
- Procurement standards
- Performance and financial reporting
- Sub-recipient monitoring
- Record retention

Subpart E—Cost Principals

- Basic considerations
- General provisions for selected items of cost

Procurement violations are easy for auditors to find and document, explained Ms. Milks. "Let's try to get procurement right," she said. Ten of the 11 governments had procurement findings, and seven of the 11 had questioned costs, totaling \$2.7 million or 46 percent of all questioned costs.

There are not a lot of changes in the A10 and A87, she said, but this is a "great opportunity to relearn what you are supposed to be doing and incorporate that into what you are doing locally."

"The real issue is documentation," said Ms. Milks. "Most problems in procurement relate to documentation." If there is a question, obtain prior approval—and document it, she said.

Discussing federal risk assessment and federal agency metrics, Ms. Milks made these points:

- Federal agencies have to track and look at the number of audit findings.
- They are going to look at these points before they award a grant.
- The rules are easy to interpret, so be sure to incorporate them into your procedures.

"I don't like to recommend duplicate processes, but we've found, especially in the islands, that we are better off when there is some internal oversight," Ms. Milks said. "You can't rely solely on grant managers in the field."

One of the changes in the uniform grant guidance relates to effective dates and the grace period for procurement. Ms. Milks offered the following details and tips:

- The grace period was changed from one to two full fiscal years. (It was Dec. 26, 2014.)
- Make sure someone reviews grant awards very carefully.
- Document whether you are going to be in compliance with the old or new standard.
- You may want to get your governor's signature to verify whether you are following the old or new standard.

Below are insights Ms. Milks shared regarding general procurement standards and conflicts of interest:

- This is a good time to clean up procurement procedures and post them.
- Address any conflict-of-interest policies.
- You must ensure their participation is essential.
- Document why you bought an item, how you selected the provider, and the basis.
- If you have relatives in business, you have to remove yourself from the selection process and replace yourself with someone who is competent.

In reference to micro-purchases, which are goods and services under \$3,000, Ms. Milks offered:

• It has to be a reasonable cost.

- If there is any question, you need to think about how you are going to document that.
- Check with multiple suppliers.
- Quotes are not necessary, but you do have to make sure the cost is reasonable.
- Geography and lack of planning are not adequate justifications.

Discussing small purchase procedures, she said:

- New guidelines define that as purchases of \$150,000 or less.
- The non-federal entity (grantee) may set a lower threshold.
- If your procedures are lower, the auditors are going to look at that.
- Best practice: Check to see if there is an abundance of purchases from a single supplier.
- Must have proof that there was equitable distribution and that the purchase was reasonable.
- For small purchases, such as copy paper, you don't have to analyze every time you buy it, but you might evaluate it quarterly.

Regarding the vendor selection process and noncompetitive proposals, Ms. Milks made these points:

- A noncompetitive contract raises a red flag.
- Ensure you have persuasive and adequate documentation to pass the audit.
- New: In an emergency, if you inform your federal agency that there is a sole source—and you get their permission—you are "golden."
- Vendors must be fully aware of the criteria you use to select them.
- Make sure that the vendor has not been debarred or suspended from government contracts.

In reviewing prior written approval, she shared that:

- An agreement must include a specific timeframe, such as a grant year—it cannot say "forever."
- If you lay someone off and give them a severance package, you must get prior approval.
- If you can obtain prior approval to join the Chamber of Commerce, you can get your dues paid.

• Entertainment costs were not allowed in the past. However, now they are, if you can justify why they are essential, and you get prior approval.

Referring to property standards, Ms. Milks said:

- Regardless of how much the federal government contributed to the purchase of equipment, you must document its location, who will care for it, and how it will be secured and maintained.
- Make sure grant managers have a way to track those property records at any given time.
- The federal government wants to make sure you have controls in your procedures for the custodial nature of property.

Some of the points she made in discussing inventory (fixed asset) management included:

- Property records must provide very specific data for fixed assets (see slide 35 in Appendix E).
- Be sure to conduct physical inventory at least every two years.
- Findings in recent years have related to a lack of having a maintenance program in place.
- If your fixed asset wears out, such as a car, you can trade it in toward a new one.
- Also, if the grant ends, you must attempt to share the item within your grant agency first, and then to other grant agencies.

In conclusion, Ms. Milks offered the following "to-do" list:

- Document whether you are following old or new procurement regulations for FY2016.
- Review local procurement and fixed asset regulations and revise as necessary.
 Use checklists!
- Review grantee department procedures and application of procedures for fixed asset management.
- Train on procurement and fixed asset regulations—grant managers, procurement, accounting, and budget personnel.
- Consider including a duplicate review of grant procurement items in the procurement process.

The slides for Ms. Milks' presentation on OMB uniform grant guidance are attached as Appendix E.

UPDATE FROM THE U.S. DEPARTMENT OF THE INTERIOR'S OFFICE OF INSULAR AFFAIRS: 2016 BUDGET REQUEST

Tom Bussanich, Director of the Budget and Grants Management Division of the U.S. Department of the Interior's Office of Insular Affairs, presented an update on the DOI/OIA's budget request and budget outlook for 2016. Mr. Bussanich covered a variety of topics, including:

- Assistance to Territories
- Compacts of Free Association (Current)
- Compacts of Free Association (Permanent)
- Palau Compact
- Fiscal Payments

Mr. Bussanich presented a pie chart depicting the following breakdown of funds:

Permanent Mandatory - \$540.6 million

- Compacts of Free Association \$258.6 million
- Fiscal Payments (Guam Section 30, VI Rum Taxes) \$282 million

Current Mandatory - \$27.7 million

• CIP Grants - \$27.7 million

Discretionary Assistance - \$42.3 million

- Technical Assistance \$24.2 million
- Maintenance Assistance Fund \$5 million
- Brown Tree Snake Control \$3 million
- Coral Reef Initiative \$1 million
- Empowering Insular Communities \$4.4 million
- Compact Impact Discretionary \$1.3 million
- Federal Services \$2.8 million
- Enewetak \$500,000

Directed Appropriations - \$22.8 million

• American Samoa Operations - \$22.8 million

OIA S&E- \$10.2 million

• Office of Insular Affairs - \$10.2 million

Although the OIA's budget request for 2016 totaled \$643.6 million, explained Mr. Bussanich, most of the funds are directed toward Permanent Mandatory spending, which includes Compact and Fiscal payments. That means that his office has very little control over the bulk of the budget. In any given year, he said, what they really have to work with is the \$42.3 million of Discretionary Assistance to meet immediate needs in the islands.

Mr. Bussanich discussed the Covenant CIP funds that are distributed in the flag territories of Guam, CNMI, American Samoa and the United States Virgin Islands. These funds are appropriated for capital improvements in areas such as water, sewer, schools, and hospitals. One of the key components of the program is that allocations are awarded by a competitive process, which is based on the performance of the finance office of each government. This creates an incentive for better fiscal oversight. Factors that affect a government's score include:

- Timeliness of the single audit
- Financial reporting
- Speed in which the funds are used

Although the total amount has remained at \$27.7 million for the last 20 years, the allocation does shift from time to time, said Mr. Bussanich. Guam's share has grown over the years, he said, particularly because of the performance of its finance office.

Under the Technical Assistance category, the OIA requested an additional \$6.7 million for 2016 for Resilient Insular Areas. Mr. Bussanich noted that the islands are on the front lines for climate change impact. This money was requested to assist the islands in updating their land use plans and construction for adaptation. However, he does not anticipate Congressional approval for the funding.

Regarding Technical Assistance for Grant Awards, Mr. Bussanich explained that for 2015, most of the money was distributed in the last part of the fiscal year, so the numbers have not yet been updated.

Among those programs, the ABC Initiative, which is a program to analyze the condition of each school building in the U.S. Territories and help develop a maintenance program on island, is growing as the program enters its implementation stage, said Mr.

Bussanich. Contractors with the U.S. Corps of Engineers went out and looked at every single school in the territories and found \$177 million in deferred maintenance, \$17 million of which was related to critical health and safety issues.

They are now in the first year of a five-year push that involves working with governors, creating work plans and bolstering capacity to redress maintenance issues and develop long-term strategies. Teams are in place and work has begun. A key component of the program is the creation of a data base that tracks the condition of each school and can be used to identify maintenance priorities and distinguish which buildings need to be replaced. The OIA is funding the program through Technical Assistance as well as the allocation of \$1 million for each area for each year from the CIP to supply the materials for construction, he said.

Other highlights of Mr. Bussanich's presentation included the following:

- Brown Tree Snake Control This \$3 million program is still a major effort in Guam. The focus is on isolating the problem and protecting wildlife. No snakes have been found in Hawaii or CNMI. Biologists estimate that the numbers are in the millions. Nearly 10,000 snakes are being captured each year.
- Coral Reef Initiative The \$1 million project provides resources primarily to nongovernmental organizations to promote the long-term health of the coral reef. Plans call for expanding the program to look at broader coastal and natural resource issues.
- Empowering Insular Communities Relatively new, this \$4.4 million program involves a partnership with the National Renewable Energy Laboratory in Colorado to develop plans for alternative and sustainable energy projects, such as wind and geothermal, in the islands. The effort aims to reduce the fact that energy costs in the territories are three times the U.S. national average. The budget calls for a \$1.45 million increase.
- Compact Impact Discretionary This is additional funding that Congress authorized for health or education programs in Guam, CNMI, Hawaii and American Samoa to help offset the impact of individuals from the Freely Associated States who are living in those areas. (In addition, OIA has allocated \$30 million in a permanent appropriation for the Compact Impact program.) The budget calls for a \$1.7 million decrease in discretionary funding.
- Federal Services This \$2.8 million program supports postal services in the Freely Associated States, and some audit services in Palau under an old agreement. No change in funding was requested for 2106.

- Enewetak This program provides \$500,000 to support the food and agricultural program on the atoll. Congress established the program to mitigate the effects of having to remove all of the topsoil on Enewetak at the end of the U.S. nuclear testing program. There is a permanent appropriation for this program as well. No additional funding was requested for 2016.
- Compact Impact This is a \$30 million permanent program. The presentation summarized the allocations for that money to Hawaii, Guam, CNMI, and American Samoa. The allocations are based on enumerations that are done every five years by the U.S. Census Bureau. It tracks the relative ratios of people from the FSM, Palau and the Marshall Islands in those areas.
- **Compact of Free Association** This funding is also a permanent appropriation. The slides showed actual numbers for the RMI and FSM.
- **Palau Compact** This still has not been enacted. The same \$13 million is being provided through continuing resolutions. The OIA remains hopeful that it will be able to implement the plan.
- Fiscal Payments The estimate for Guam Section 30 payments is \$71 million. For the USVI Rum Excise Tax, the estimate is \$211 million. The USVI funds were sent to the government prior to the fiscal year, so they will make adjustments as the actual numbers become available.

Mr. Bussanich's complete presentation appears in this report as Appendix F.

PANEL DISCUSSION: THE ELDP EXPERIENCE—APPLYING WHAT WAS LEARNED TO DAILY ACTIVITIES

During a panel discussion, five members of the Executive Leadership Development Program's Class of 2015 shared insights from their yearlong experience. The ELDP graduates included:

- Caryn Koshiba, Ministry of Finance, Republic of Palau
- Umerang Imetengel, Ministry of Finance, Republic of Palau
- Shiro Sigrah, Department of Administration and Finance, Kosrae
- Sermina Namelo, Department of Education, Chuuk
- Juliet Jimmy, Department of Finance and Administration, FSM National Government

Designed to address emerging personnel needs, the ELDP provides customized leadership training to insular area government employees. Stephen Latimer, Program Manager of the Graduate School, shared that they realized there were not enough young people in finance and government, and that there was no pipeline in the island governments for young professionals. The EDLP was established in 2008 to meet those needs.

Program participants meet four times during the course of one year to build skills in leadership, management, government finance, procurement and auditing. Key priorities of the program include helping insular governments: develop and retain highly qualified staff; identify professionals who can be promoted into leadership positions; support continuity in specialized areas; build networks and cooperation across programs; and build human resource capacity.

The program is administered by the Graduate School's Pacific and Virgin Islands Training Initiative with funding from the U.S. Department of the Interior's Office of Insular Affairs. The most recent class, which graduated June 12, 2015, included 22 participants from throughout the U.S. affiliated insular areas.

At the conference, the panel members were asked to share lessons learned from ELDP, which included:

- It's important to be a role model for your employees and to be a credible leader.
- To be a leader, you have to be a coach and a team player.
- Do not take things personally.
- Serve your country.
- Don't quit.
- Leaders don't dictate—they listen.
- Stand up for what is right.
- Learn from one another.

Regarding the most exciting or entertaining aspects of the training, the panel shared the following:

- The training provided an opportunity to see one's weaknesses and strengths.
- Traveling to different places (Guam, American Samoa, Palau and Hawaii) and meeting people from different cultures was exciting.
- The experience empowered them as islanders to make the most of what they had.

Some of the additional comments included:

- Millennials should apply for the program.
- Thanks to the OIA for supporting the program.
- It brought down the silos between human resources and other departments.
- It empowers everyone and gives them the skills to run their governments.
- It was an exceptional program and a great opportunity.

Mr. Latimer shared that an allocation of funds was provided for a five-year program, which runs through Dec. 30, 2015. A proposal has been submitted, and they are waiting to see who wins the award. An announcement will be made in early 2016. Applications for the next class are expected to be available at that time. Hundreds apply for the 20 to 25 seats. Candidates who have at least two years of experience in government are encouraged to apply. There are no age limits, as this is a federally funded program. For more information, go to http://pitiviti.org/initiatives/eldp/index.php

EMERGING ECONOMIC ISSUES IN THE FREELY ASSOCIATED STATES

Mark Sturton, Ph.D., and Kevin O'Keefe, CFP, delivered a presentation on emerging economic issues in the U.S. Freely Associated States for members of the conference who were from the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau. Dr. Sturton prepares the annual Economic Reviews of the three Freely Associated States on behalf of the Graduate School.

"You might ask, 'What do I care about economics?' I'm a finance person," said Mr. O'Keefe. He answered by saying, "You are our strongest advocates for better policy."

"As policymakers who attend legislative hearings, you are our first alert," continued Mr. O'Keefe. "We want you to have not only information but also knowledge about the economy." He explained that the purpose of the presentation was to help the participants feel more informed and confident to influence decisions in their governments. "When you see a financial crisis (looming), early detection and a few smart decisions could make all the difference," said Mr. O'Keefe.

Dr. Sturton and Mr. O'Keefe covered the following topics in their presentation:

Economic performance in the three Freely Associated States

- GDP
- Tourism
- Net migration
- Employment

- Real and nominal wages
- Tax effort
- Expenditures
- Outstanding debt
- Grants

Compact policy review

- Fiscal policy
- Public financial management
- State-owned enterprises
- Regulatory environment

Social Security program sustainability

Compact Trust funds

- Principles and structures
- Distribution
- Estimated balances
- Comparison of FAS trust funds
- Volatility in financial markets
- Annual composite index returns
- Simulations
- Designing better rules
- Performance measures

The final segment of the presentation focused on the Compact Trust Fund simulations, which incorporated historical data for rates of return, volatility and covariance among asset classes. The analysis estimated the median value and probability distribution of size of the Compact Trust funds. The simulations also estimated the probability of a "zero distribution" year in the future.

At the end of their presentation, Dr. Sturton and Mr. O'Keefe were asked if they had any thoughts regarding the action plans for the conference attendees. They replied by saying that the finance and budget officers need to ask their governments the following:

- What's being done about this?
- Do we have a way forward?
- Are we working with the U.S. government to alleviate this problem?

The slides from Dr. Sturton and Mr. O'Keefe's presentation are provided in Appendix G.

GASB 68 PENSION WORKSHOP

While members of the FAS were meeting with Dr. Sturton and Mr. O'Keefe, conference attendees from American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands participated in a workshop with Frank Crawford, CPA, on the Government Accounting Standards Board Statement No. 68, also known as GASB 68. Mr. Crawford led them in an exercise to modify their financial statements and assess each government's unfunded pension liability. The results will be published in their audits.

ASSESSING TODAY'S GLOBAL ECONOMIC OUTLOOK

Christopher J. Borden, MBA, presented an overview of the global economy. Mr. Borden is the founder and director of Kobo Wealth Conservancy, an investment advisory firm which is registered with the U.S. Securities and Exchange Commission and manages assets of nearly \$100 million. He was honored as one of the "Top 40 Under 40" professionals in Hawaii for 2010. His presentation appears in Appendix H.

Mr. Borden's talk focused on "what's happening and where things are going" in capital markets. Some of the themes he covered included China and the Federal Reserve (interest rates).

Discussing the trends and outlook for 2015, he noted that:

- China's slowing economy and devaluation are having an impact on commodity prices and gold.
- If you are investing in the U.S. and Europe, "you're doing O.K."
- The U.S. is two to three years ahead of Europe and Japan.
- Global interest rates are dropping.
- December 2015 will be "interesting," as the U.S. Federal Reserve is expected to increase interest rates for the first time in 10 years.
- The increase is expected to be modest.
- Over time, the rates are expected to rise slowly and smoothly.
- If the Federal Reserve raises rates, commodities and equities will likely do well.
- The U.S. stock market has done well in the past month or two, which is typical for Quarter 4.

The question was asked: Why would the Federal Reserve raise interest rates now, in the face of limited inflation and a mediocre global economy? Mr. Borden responded by explaining that in the U.S. interest rates are kept artificially low. They want to have some "gun powder" in the U.S., in case the economy slows, he said. "They want to be able to push it up." Inflation is expected to rise in the next few years, he continued, but if the Fed raises interest rates too quickly, the U.S. economy could decline. "So they have to be careful," he said.

Regarding U.S. Treasury returns, he said:

- If interest rates are in line with expectations, we should see a "smooth path in the market."
- If investors are "really uncertain" about what the Fed will do, the market will be more volatile.
- "We hope they raise rates in line with expectations."

Mr. Borden provided insights on China's economy, which included:

- China's slowing economy does impact the economies in the Pacific Island region.
- China is a massive player in the global economy.
- China's economy is slowing for several reasons:
 - It has overbuilt in the last 20 years.
 - It has an excess in the credit markets.
 - They are starting to pull back.
 - Overcapacity is an important issue at the moment.

In reference to particular industries, Mr. Borden shared these observations:

- Technology—All indicators suggest a moderate rise in the next several years.
- Oil—Prices have dropped from over \$100 to \$38 per barrel. Prices are expected to rise to \$80 per barrel. Demand must increase. There is no pressure for oil prices to rise substantially.
- Labor—Prices for labor are not rising very much in the U.S. We are seeing a deflationary shock. China is our greatest risk.

In terms of investing, Mr. Borden offered the following comments and suggestions:

• Typically, people invest based on fear and emotion, but they need to think counterintuitively.

- Focus on what you can control—fees, asset allocation, rebalancing—not on market changes.
- Buy a broadly diversified fund, and keep it in the market.
- To build wealth, look beyond the concerns of today, and invest for the long term.

One of the conference attendees asked how the situation in Puerto Rico impacts investment in the tax-exempt bond market. Mr. Borden responded by noting that:

- Puerto Rico is having substantial financial problems.
 - Their economy is doing very poorly.
 - The issue is debt burden.
 - Many citizens have moved off the island.
 - They no longer have the resources to pay their debt.
- Puerto Rico's bonds are now worth pennies on the dollar.
- The situation presents a realm of issues for tax-exempt bonds.
- The take-away is that a lot more attention is being paid to the AAA credit rating.

In closing, Mr. Borden offered some key points regarding working with investment firms:

- You must get clarity on fees.
- They are critical, and Wall Street is "very good at hiding them."
- The U.S. government is cracking down on investment fees.
- Every three years, review your fees.
- The more money you have to invest, the lower the fees should be.
- "At your level, with your trust funds, you should leverage your assets to hammer the invest managers to lower your fees."

FY2014 PERFORMETER AND A.F.T.E.R. ANALYSIS UPDATE

Frank Crawford, CPA with Crawford and Associates, provided an update on the financial health and success of the island governments. Using a system of measurement called the *Performeter*, Mr. Crawford presented the 2014 scores for each government.

Mr. Crawford opened his presentation with an explanation of the *Performeter*:

 The *Performeter* measures the financial health and success of a government using a scale that everyone can understand, 0-10, with 0 = poor, 5 = satisfactory, and 10 = excellent.

- It uses financial ratios for the evaluation.
- The evaluation is only as reliable as the information in the annual audited financial statements and most relevant when the information is used in a timely manner.
- Relevance and reliability are the key concepts in accountability.

Mr. Crawford reminded participants that the *Performeter* was developed to enable analysis of financial information and help governments track their score and compare themselves to others of similar size.

For most governments, the fiscal year ending Sept. 30, 2014, was a mixed bag of results: some governments experienced declining scores, others improved, and one held steady. Pension plan or social security entitlement program woes persisted for nearly all, some to a much greater extent than others. Fund balance and/or deficits and net position and/or deficits increased for some, decreased for others, with a few remaining relatively stagnant. Mr. Crawford noted several particular factors and circumstances for FY2014, including:

- It was a tough year for the Flag Territories, with three of the four showing declines in their overall *Performeter* reading, with the remaining one showing a stagnant reading.
- The opposite was true for the FSM National Government and three of the four states, with all but Chuuk showing an improvement in the reading.
- Palau finally reached a 5, and the RMI held the 5 that it had reached in the prior year.

Mr. Crawford cautioned that sometimes governments will misread the comparison. "We are all playing golf against the course—not against each other," he said. "The question you should ask yourself is 'What can I do to get my 2.7 to a 5? –not 'How am I doing compared to the others?' "

In his presentation Mr. Crawford also provided results of the *A.F.T.E.R. Analysis*, which he described as an analysis of the status of audit findings, the timeliness of the submission of the audit, and the resolution of certain audit exceptions. This analysis can be used to track a government's progress toward eliminating its most significant findings and exceptions, along with tracking the timeliness of submission to the Federal Clearinghouse.

Specific to overall performance in FY2014, Mr. Crawford shared the following good news:

- Most governments, even when considering component units, are receiving unmodified (formerly known as unqualified or clean opinions) on their financial statements.
- A few are receiving unqualified opinions on their compliance with federal program monies.
- A few have no questioned costs, or very few questioned costs.
- One government posted clean opinions on both its financial statement audit and its compliance audit, had zero findings of internal control and zero findings of compliance, and had zero questioned costs.

See Appendix I for the slides from Mr. Crawford's presentation and the *Performeter* summary scores and *A.F.T.E.R.* analysis for each government.

UPDATE ON SINGLE AUDITS FY2014

During an afternoon session, Deborah Milks, CPA, presented the results of the audit improvement program for FY2014. The IGFOA group has been actively engaged in tracking the audit improvements of its members since FY2002. IGFOA members recognize that each government is unique, and specific audit issues and solutions must be addressed within each government. However, a consolidated review of audit results for all the governments helps to spot trends and areas where it is beneficial to address issues as a group.

Ms. Milks noted several overall trends in the single audits for FY2014, including:

- There is a lot more "divergence" now, not because the governments have changed things but because they have gotten new auditors and information is being reported differently.
- Although the number of late audits increased, overall there were more timely audits—and "timely is more important than trying to get it better."

In her presentation, Ms. Milks reported the following results from the audit improvement program:

- There was a slight increase in the number of governments that were 12 months late in publishing their annual audits.
- Among the number of qualifications by category there was:

- A 23 percent decrease in compliance issues relating to federal programs
- An 82 percent decrease in financial statement qualifications relating to finance offices
- A 70 decrease in financial statement qualifications relating to component units

In discussing audit "findings," Ms. Milks showed that the greatest areas of concern included:

- Fixed assets
- Procurement
- Grant management
- Reconciliation
- Reporting
- Cash management

Among her recommendations for improvement, Ms. Milks suggested the following:

- Make sure you have a competent cash management plan to ensure that you are not holding federal money.
- You must show that you are making the best possible use of federal funds and that the money is not "sitting in the bank."

To view the slides for Ms. Milks' update on single audits for FY2014, please refer to Appendix J.

GETTING AND STAYING HEALTHY

Guest speaker Renee Latimer, APRN, MPH, presented a special workshop on getting and staying healthy. A nursing director at Queens Medical Center in Honolulu, Hawaii, Ms. Latimer oversees nursing research and evidence-based practice. She has served as a health educator and coordinator of numerous research projects in diabetes prevention and heart disease.

Ms. Latimer opened her presentation with a thought for the day: "If you don't make time to take care of your health, you'll have to make time to be sick." She noted that the IGFOA members comprised a "very high-powered group" and that they need to be healthy to get their work done. "You must prioritize your health," she said, "not only to increase the length of your life but also the quality of your life." She said that "genetics loads the gun, but lifestyle pulls the trigger." Ms. Latimer emphasized that health is about more than diet and exercise. One needs to have a spiritual life and good mental health as well.

Ms. Latimer noted the top causes of death in the U.S., which included, among others: heart disease, cancer, stroke, diabetes, and kidney disease. Looking at the list (see Appendix K, slide 4), she said, "What jumps out is that they can all be prevented. They all have a lifestyle element."

For getting and staying fit, Ms. Latimer recommended the following:

- Do not smoke—If you currently do, quit. Seek out medical assistance and support groups. When you quit, your body starts to heal quickly.
- Reach and maintain a healthy weight—The higher your body mass index (BMI), the greater your risk for contracting diabetes, heart disease and other chronic illnesses.
- Eat a healthy diet—Be sure to get at least five fruits and vegetables per day.
 Twice a day, half of your plate should be vegetables. Focus on fresh or frozen fruits and vegetables. Do not eat packaged foods that have more than five ingredients. Read food labels. Drink more water.
- Stay active and sit less—Balance your food intake with exercise. Schedule time to walk, do an exercise video, take a class, or go to the gym. Find a workout buddy. Get up every 30 minutes.

Ms. Latimer noted that if you get 30 minutes of exercise five times per week, you can prevent or delay the onset of diabetes. Exercise has many benefits—it can help you stabilize your weight, improve your sleep, boost good cholesterol, and increase muscle tone, strength and flexibility. Walk to work. Take the stairs. Every bit helps, she said.

Additional information on getting and staying fit is available in Ms. Latimer's presentation in Appendix K.

DOI/OIA PRIORITIES

Tom Bussanich, Director of the Budget and Grants Management Division of the U.S. Department of the Interior's Office of Insular Affairs, delivered a brief presentation on the OIA's priorities for the next fiscal year. Among the topics he discussed were:

- Climate change adaptation planning
- Compact Impact aid
- Medicaid and Earned Income tax credit

- Self-determination
- Section 902 consultations
- Cabotage in American Samoa
- Permanent tax rum cover over for USVI
- FAS legislation

For more details on Mr. Bussanich's presentation on OIA priorities, please see Appendix L.

GASB UPDATES: THE LONG AND WINDING ROAD

Frank Crawford, CPA, presented a "high-level look" at the standards that are winding down the GASB's long road to financial accountability. He explained that currently there are 77 accounting standards in place. "By this time next year, we will be up to the mid to high 80s," he said. "Every one of these will affect something that will look different in your audit," he continued, "and will have a direct impact on some of the things that you do."

The following are some of the points that Mr. Crawford shared in his discussion:

- Statement 68—This will turn a lot of bottom numbers negative.
- Statement 69—The possibility of shutting down a component unit is very real for a lot of our governments.
- Statement 70—If you have promised to pay the debt of component units, you
 must disclose that you have agreed to do this. It's like co-signing a loan. If you are
 co-signing for free, you must disclose what you are guaranteeing. Also, at some
 point, you will have to determine if you are going to pay that debt. This affects
 every ADB loan. A new trigger is "more likely than not." If there is a 51 percent or
 greater chance that you will have to pay the debt, you must disclose it. "Get with
 your auditor and ask them to take a better look at GASB 70 to see if you need to
 disclose more," advised Mr. Crawford.
- Statement 71—This amended Statement 68. If you have a social security fund, and not a pension fund, then continue to do the accounting the way you have always done it.
- Statement 72—This is a clarification of "fair value" in the accounts we have been doing.
- Statement 73—Don't worry about this. It does not apply to you.
- Statement 74—Relates to post-employment benefits.

- Statement 75—Sets accounting rules for other postemployment benefit (OPEB) liabilities. If you set aside money in an irrevocable trust, then whatever you put in that trust can only be used to pay that benefit.
- Statement 76—This statement identifies the hierarchy of generally accepted accounting principles (GAAP). There are five levels. When booking a transaction, if you can't find guidance in Level A, go to Level B, and so on. GAAP levels A and B are authoritative.
- Statement 77—"This will cause headaches," he said, and is a "big issue in a lot of areas." It relates to disclosing taxes that are "abated"—not "rebated." For example, if a government waives taxes for an entity (industry or company) as an economic development incentive, the government must disclose how the deal came about, why it was made, and the details of the agreement. It only applies to taxes. You must disclose taxes that you never received in the first place—not taxes that you rebated.
- Leases—GASB is revamping leases so they won't be as complicated. If you have leased assets, such copiers or police cars, they will still be assets, but they will be intangible assets (the right to use that asset). "It will create a lot of work," he said.
- Financial reporting model—If you like GASB 34, you may not like the new financial reporting model under consideration, but it probably won't come into effect for another five years or so.

The presentation slides for Mr. Crawford's GASB update are included in Appendix M.

STUMP THE CHUMPS: QUESTIONS & ANSWERS

In an afternoon session, three consultants—certified public accountants Deborah Milks and Frank Crawford and economist Dr. Mark Sturton—answered questions posed by the IGFOA conference participants. The questions and answers are highlighted below.

Question: Regarding other postemployment benefits (OPEB) which become effective in FY2018 (GASB 75), when and how often should we request an evaluation?

Answer: If your retiree health care plan has 200 or more members, you will be required to have an actuarial evaluation every other year. If you have 100 or more members, it's every three years. Plans with less than 100 members are not required to have an actuarial evaluation.

Question: What if the OPEB benefit is wrapped up in the social security fund?

Answer: When it comes to OPEB, everything is in the Social Security Administration. Since it's part of the SSA, there aren't any rules. In the RMI, if it's all part of the social security system, then just continue to do your accounting.

Question: If another agency wants to use our accounting services, how much should we charge?

Answer: You can charge whatever you want. The number of transactions is an easy basis to calculate.

Question: When you transfer an asset, such as a car, how does it affect the fixed asset?

Answer: Initially, set up the terms of the lease (for example, 36-month lease for one car). Then you amortize the asset over its original life. Be sure to estimate a value that you will depreciate. Go on the internet and look up "three-year-old police car with over 100,000 miles" to determine the value.

Question: This is a general question about procurement. A significant amount of our transactions have to flow through property and procurement. What we encounter is a mindset of "we aren't accountants, so we can't review it before we convert it to a purchase order." What should we do?

Answer: Train them. Make it *their* business. Make a penalty for non-performance. It sounds like it is ripe for a process review.

GOVERNMENT ACTION PLANS

Throughout the event the IGFOA participants were given numerous opportunities to make notes for use in developing government-specific action plans on the final day of the conference. In its action plan, each government was asked to address the following:

- What needs to be done?
- Who will take the lead?
- When will it be done?
- Comments
- Questions

After meeting in small groups, each government presented its action plan to the conference attendees. Topics covered during the presentations included:

• OMB uniform grant guidelines

- Tracking unspent grant funds
- Corrective action plans to reduce findings
- Improving and implementing performance measures
- Procurement
- Questioned cost resolution
- Updating financial management system
- Pension accounting
- Cash management plans
- Fixed-asset inventory
- Identifying funding for CPAs, internal auditor, procurement specialist
- Clearing advances in a timely manner
- Establishing debt sustainability guidelines
- Hiring new staff
- Cross-training staff
- Tracking number of trainings
- Employee engagement
- 100 percent personnel evaluation
- Communicating on island

The individual government action plans are included in Appendices N-1 through N-9.

CONFERENCE WRAP-UP

At the end of the conference, the participants were asked to name something that they thought worked well or that they learned during the conference that they could take back with them. The following comments and topics were among those shared by the participants:

- The information about the Millennials and the Baby Boomers was educational and will be helpful within our office.
- The importance of the performance measures to make our jobs more efficient
- "The Stickle Bricks helped me learn lessons that I can apply."
- GASB updates
- The Performeter
- The health workshop and learning how to read packaged food labels

Basil Ottley, Director of Policy for the U.S. Department of the Interior's Office of Insular Affairs, offered the closing remarks. He said he wanted to commend the staff at the Graduate School USA for doing an "amazing job" in coordinating the 2015 winter IGFOA conference.

"This is my first time to witness how important this type of activity is," said Mr. Ottley. "In our work in policy, we are always looking at ways we can add value to the difficult work that you do." He said that "being an islander" himself, he understands the tremendous challenges of working in the insular areas.

Mr. Ottley said that he was honored to work in this capacity and that he enjoyed the opportunity to talk with many of the participants during the conference. He looks forward to traveling out to all of the jurisdictions, he said, to build greater relationships, share some of the depth of experiences that he has gathered, and to determine how they can do more to help alleviate some of the finance and accounting challenges that the governments face.

On behalf of his entire department and the Assistant Secretary for Insular Areas Esther Kia'aina, Mr. Ottley "especially wanted to commend" the Graduate School for "continuing to add value" to all of the finance officers' professional lives. He thanked everyone for their participation and wished them a safe journey home.

CONFERENCE EVALUATIONS

Following Mr. Ottley's closing remarks, each participant completed an evaluation of the conference. The Graduate School USA uses the feedback from the evaluations to assist in planning future events and to ensure that its programs are as responsive as possible to the needs of its participants.

Of the 25 evaluations completed for the 2015 winter IGFOA conference, the following overall results were found, based on a scale of 1 (lowest) to 5 (highest):

- The IGFOA conference sessions were relevant and timely. (4.7)
- The conference goals were substantially met. (4.7)
- Logistics for bringing participants to and from Maui were handled satisfactorily.
 (4.8)
- The conference site (hotel) was comfortable and conducive to the meeting. (4.8)
- Support services by the Graduate School USA staff during the conference were handled well and in a timely manner. **(4.9)**
- Overall, this conference of the Island Government Finance Officers' Association (IGFOA) was excellent. **(4.7)**

The top responses to "most relevant and meaningful" sessions included: *Performeter* Updates, Getting and Staying Healthy, Government Update Presentations, OMB Uniform Grant Guidance and Measuring Finance Office Performance.

Among the "most important items learned" were the following:

- Ideas to deal with "non-performing" staff
- Learning from other islands' best practices
- Performance measures and implementing action plans
- Improving communication by consistently holding management and staff meetings
- Importance of clear objectives, plan of action, follow-up
- Implementation tools for uniform grant guidance

A complete summary of the conference evaluations can be found in Appendix O of this report.





ISLAND GOVERNMENT FINANCE OFFICERS' ASSOCIATION Conference Agenda December 1 – 3, 2015 Wailea Marriott Beach Hotel Wailea, Maui, Hawaii

The goals of the December 2015 IGFOA conference are to:

- Share the status of each government's single audits, finance office operations and performance measures, and other initiatives completed since the June 2015 IGFOA conference.
- Present and discuss best practices in federal program coordination, finance office performance improvement, single audit improvement, and cash management.
- Exchange information on the latest *Performeter* analysis.
- Build government specific plans to implement new GASB standards, improve communication and fiscal capabilities with federal program managers, enhance finance office performance measures, and improve management skills and capabilities.

Monday, November 30

2:00 – 4:00 pm	Conference Registration Registration table located on the Pavilion Lanai outside the Aulani Ballroom
<u>Tuesday, December 1</u>	
7:00 – 8:15 am	Breakfast South Pacific Lanai
8:30 – 9:00 am	IGFOA Conference South Pacific Ballroom, Mauna Loa Room

	Welcome Remarks:
	Valdamier Collens, Commissioner of Finance, US Virgin Islands
	Tom Bussanich, Director, Budget and Grants Management Division, U.S. Department of Interior/Office of Insular Affairs
	Stephen Latimer, Program Manager, PITI-VITI, Graduate School USA
9:00 – 9:45 am	Review agenda and introductions (Reaching Across Generations) Dr. Patricia Keehley, Facilitator
9:45 – 10:15 am	Government Update Presentations: Status of Single Audits,
	Finance Office Performance Measures, and Update on implementation of the new Circular for Uniform Grant Guidance
	Moderator: Debbie Milks, CPA
	Presentations (7-10 minutes each):
	Republic of Palau
	Federated States of Micronesia
	Chuuk
	Kosrae
	Үар
	Republic of the Marshall Islands
10:15 – 10:30 am	Break
10:30 – 12:00 pm	Government Update Presentations (Continued) Commonwealth of the Northern Mariana Islands
	American Samoa
	Guam
	U.S. Virgin Islands

12:00 – 12:15 pm	Group Photo
12:15 – 1:15 pm	Lunch South Pacific Lanai
	Panel Discussion: The ELDP Experience: Applying what was learned to my daily activities
	 Caryn Koshiba, Ministry of Finance, Republic of Palau Umerang Imetengel, Ministry of Finance, Republic of Palau Shiro Sigrah, Department of Administration and Finance, Kosrae Sermina Namelo, Department of Education, Chuuk
	 Juliet Jimmy, Department of Finance & Admin., FSM National Government
1:15 – 3:15 pm	Measuring Finance Office Performance Dr. Patricia Keehley
3:15 – 3:30 pm	Break
3:30 – 4:15 pm	OMB Uniform Grant Guidance: Tackling the Procurement Issue Debbie Milks, CPA
4:15 – 5:00 pm	Begin action plans and record questions Distribute health survey instrument
<u>Wednesday, December 2</u>	
7:00 – 8:15 am	Breakfast South Pacific Lanai
8:30 – 8:45 am	Review results from Tuesday and overview of today's agenda Dr. Patricia Keehley, Facilitator

8:45 – 9:15 am	Updates from DOI, Office of Insular Affairs Tom Bussanich, Director, DOI/OIA
9:15 – 10:30 am	Emerging Economic Issues in the Freely Associated States Presenter: Mark Sturton, Ph.D.
	Kevin O'Keefe, CFP
	Federated States of Micronesia
	Republic of the Marshall Islands
	Republic of Palau
	GASB 68 Pension Workshop
	Presenter: Frank Crawford, CPA
	American Samoa
	Commonwealth of Northern Marianas Islands
	Guam
	U.S. Virgin Islands
10:30 – 10:45 am	Break
10:45 – 12:00 pm	Continue with morning sessions Add items to action plans and record questions
12:00 – 1:15 pm	Lunch Lunch speaker: "Assessing Today's Economic Climate: Where are the Markets Heading?"
	Christopher J. Borden
	Chief Investment Officer
	Kobo Wealth
1:15 – 2:30 pm	FY 2014 Performeter Updates Frank Crawford, CPA

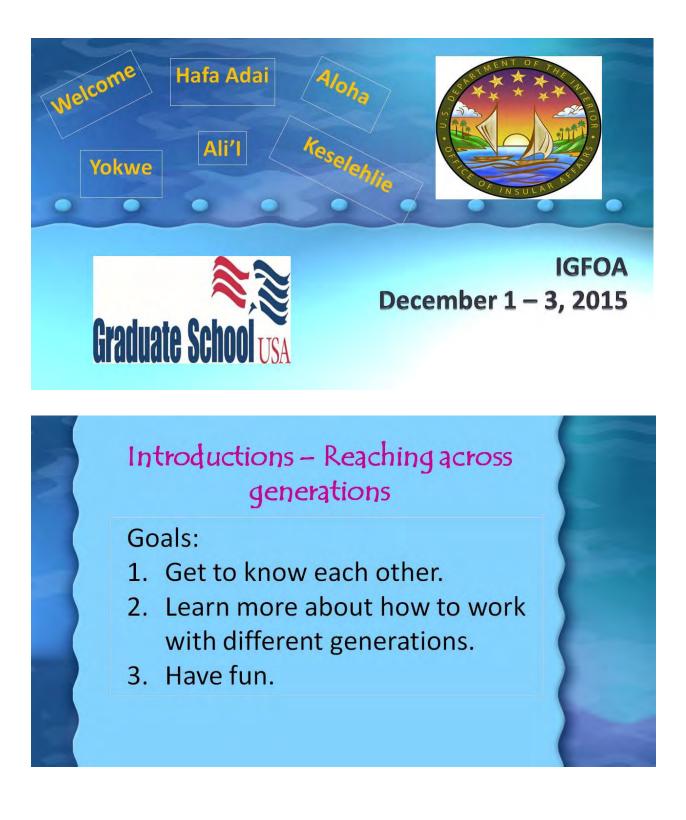
3:00 – 3:15 pm	Break
2:30 – 3:15 pm	Update on Single Audits Debbie Milks, CPA
3:15 – 3:30 pm	Break
3:30 – 4:30 pm	Getting and Staying Healthy Renee Latimer, APRN, MPH
4:30 – 5:00 pm	Update action plans and record questions
5:30 pm	Lahaina Trip (Optional) Bus departs the Wailea Marriott at 5:30 pm for an evening in Lahaina
<u>Thursday, December 3</u>	
7:00 – 8:15 am	Breakfast South Pacific Lanai
8:30 – 8:45 am	Review results from Wednesday and overview of today's agenda Dr. Patricia Keehley, Facilitator
8:45 – 10:00 am	GASB Updates: The Long and Winding Road Frank Crawford, CPA
10:00 – 10:15 am	Break
10:15 – 10:45 am	Stump the Chumps Answers to previously submitted questions Debbie Milks, CPA and Frank Crawford CPA

10:45 – 11:30 am	Action planning: compile action steps previously noted
11:30 – 12:30 pm	Working Lunch
12:30 – 1:15 pm	Report out: Government specific action planning
1:15 – 2:00 pm	 Conference Wrap-up Advancing the plans Summary of progress during this session Next steps Conference evaluation

2:00 pm

Adjourn

APPENDIX B--REACHING ACROSS GENERATIONS





Introductions – Reaching across generations

Baby Boomers: 44 – 62 Generation X: 28 – 43 Millennials: 8 – 27

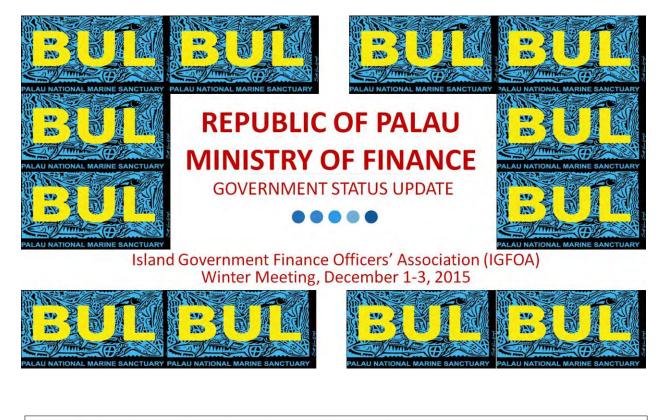


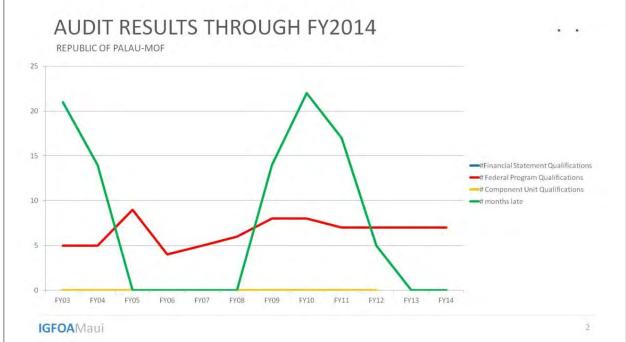
Baby Boom: 44 - 62

Generation X: 28 – 43 Millennials: 8 – 27

- 1. Meet with your group and discuss:
 - What to consider when working with other generations.
 - How you can adapt to other generations.
- 2. Be prepared to report to the plenary.

APPENDIX C-1-- GOVERNMENT UPDATE: REPUBLIC OF PALAU





FY 14	Audit Status	
Provide the completion date of your audit.	JUNE 30, 2015	
List the qualifications you received. Describe any changes from prior years.	Qualified opinion on Certain Major Federal Programs. Less than prior years.	
List at least two or three challenges you faced during the course of the audit.	1)New auditors 2) FAC Server Error 3) Fixed Assets	

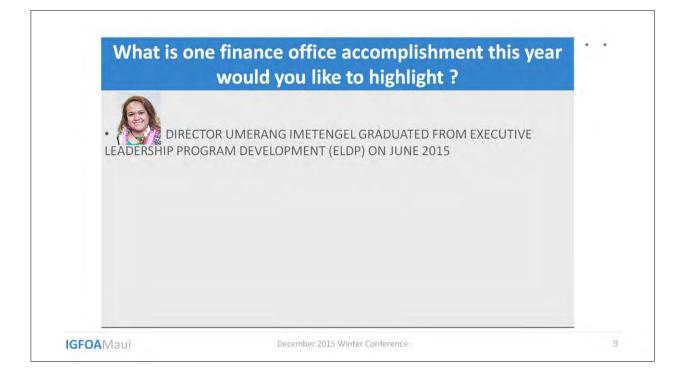
	FY 15	Audit Status	
Describe the cu your FY15 audit		Preliminary field work	
Describe any ex changes in you and findings fro	qualifications	Less	
List at least two challenges you the course of th	expect during	New Auditors	

Describe the formal training or	No formal training but emails went out to
outreach your office has provided or	all program managers and Ministers to
coordinated in the last 6 months.	send their grant representative to attend
Describe future plans for outreach.	APIPA on August 2015
Describe the types of interactions	Open communication;
between finance office and federal	Meeting when necessary to address any
programs staffs.	issues
What changes (if any) has your office made with regards to management of federal grants under the new omnibus super-circular?	New Division of Grants Management under the Bureau of National Treasury

Employe	ee Outreach
Describe below any employee training, staff meet has held in the last year.	ngs, retreats or other employee related initiatives your office
List training has your office provided or coordinated for your employees.	Leadership, Year End, Reporting, Financial System,
How often do you meet with your staff?	Once a month or quarterly
How often do you complete regular performance reviews and/or formal mentoring activities?	Evaluations on annual basis
What changes have been made to new employee initiation or cross-training?	None
Describe the results of any employee satisfaction surveys you may have conducted and follow up actions.	Last year's result on Nov 2014: 74% agreed or strongly agreed to be engaged to their work and are satisfied; Have yet to do another one for this year.

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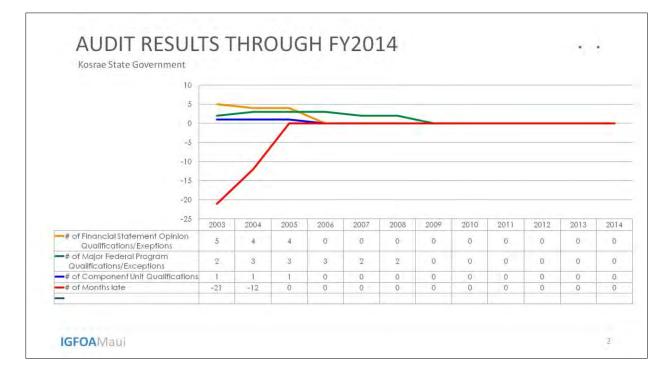
Timeliness of I	Fixed Asset	# days to	Collection of	Federal Grant	
	Perfo	ormance N	leasures		•
What other perfor measure(s) would the finance operat	you propose for	ACCOUNTS	RECEIVABLES		
Describe how you performance meas include use for IGF discussions with st report measures to	sures. Be sure to OA meetings, aff, when you	Measure th effort.	ne workload and the	collection	





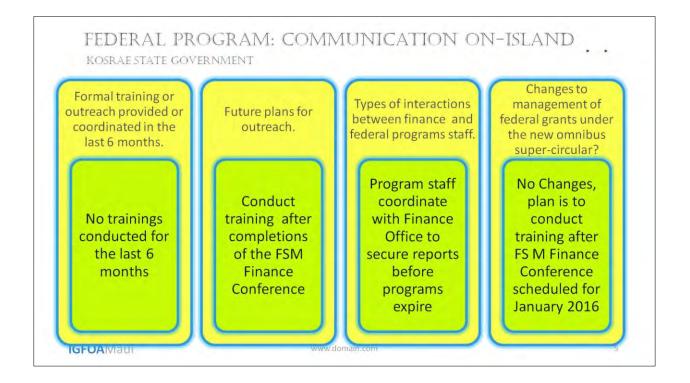
APPENDIX C-2-- GOVERNMENT UPDATE: KOSRAE, FSM

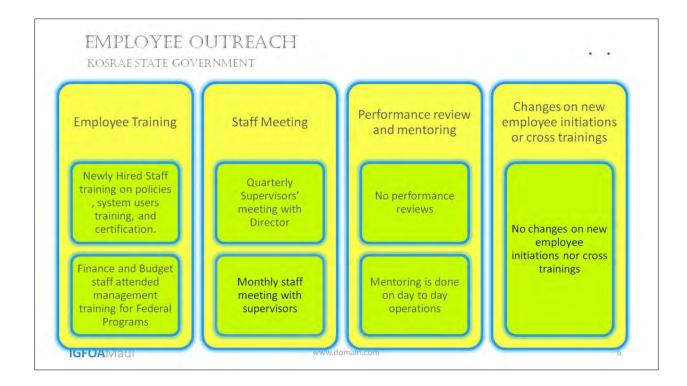


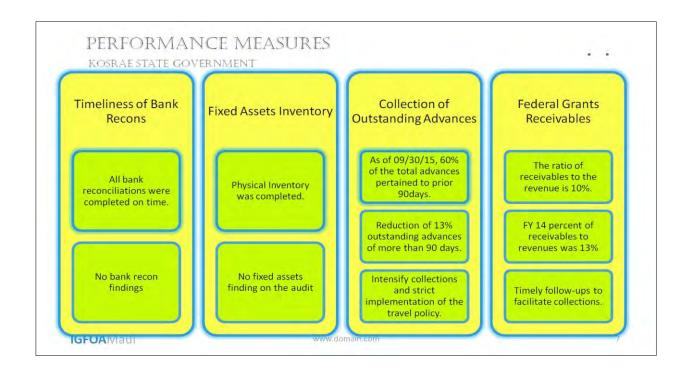


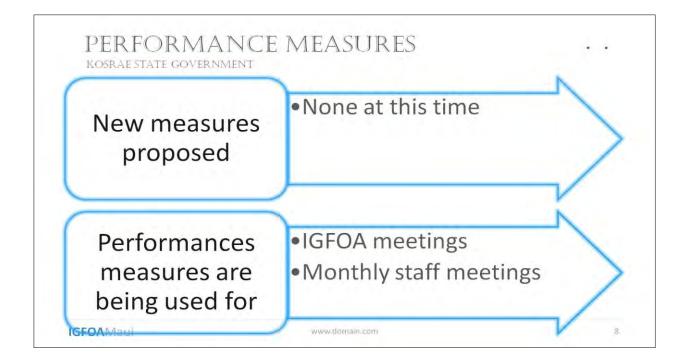


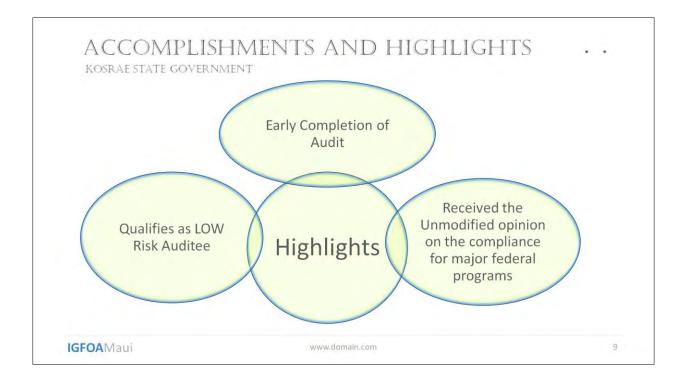




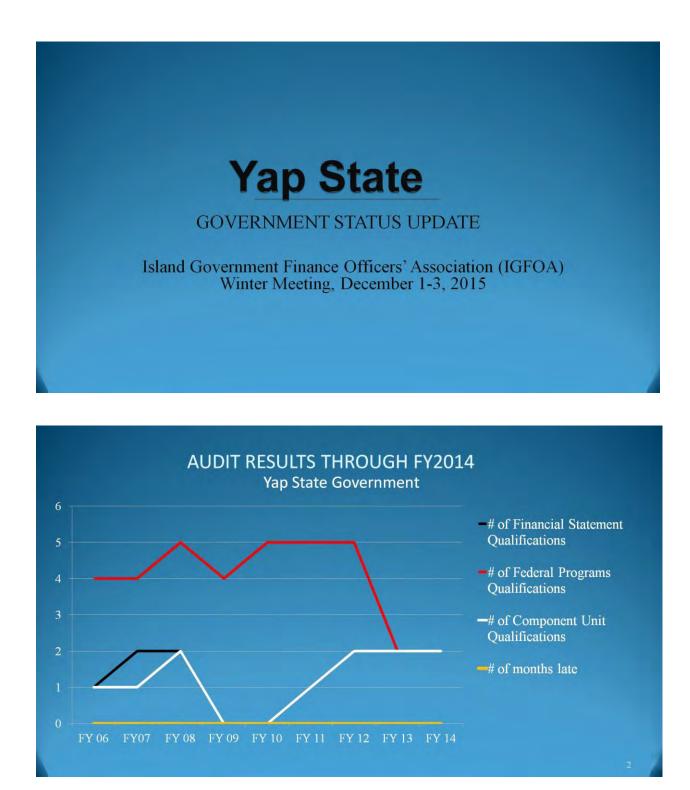




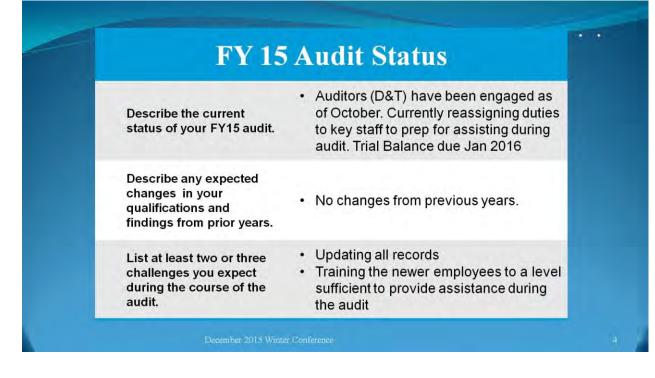




APPENDIX C-3-- GOVERNMENT UPDATE: YAP, FSM



FY 14	Audit Status
Provide the completion date of your audit.	• June 26, 2015
List the qualifications you received. Describe any changes from prior years.	 Adverse opinion on two un-auditable component units of the Government
List at least two or three challenges you faced during the course of the audit.	Loss of key personnelLack of updated records



Federal Programs: Communicating On-Island

Describe the formal training or outreach your office has provided or coordinated in the last 6 months. Describe future plans for outreach.

Describe the types of interactions between finance office and federal programs staffs.

What changes (if any) has your office made with regards to management of federal grants under the new omnibus supercircular?

- No formal training held in the past 6 months. Will need to revisit topic in near future to formulate a plan
- · Quarterly reports
- · Annual reports
- · Audit reports
- None at this time

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Employee Outreach

List training has your office provided or coordinated for your employees.

How often do you meet with your staff?

How often do you complete regular performance reviews and/or formal mentoring activities?

What changes have been made to new employee initiation or cross-training?

Describe the results of any employee satisfaction surveys you may have conducted and follow up actions.

No formal training provided in past 6 months

No set schedule. Meetings are held when deemed necessary.

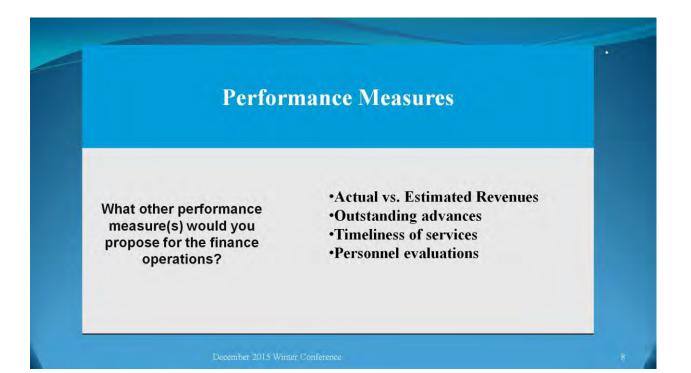
None in past 6 months. Planning on initiating quarterly reviews beginning in the 2nd quarter

Senior employees are tasked individually on training new employees.

None

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The Part CD	The I A set	# 1 A D	CIL C	Federal Grant
Timeliness of Bank Recons	Inventory	# days to Process an Invoice	Collection of outstanding advances	Receivables
Status of 9-30 bank reconciliations	Physical inventory completed at 9-30?	Average days to process an invoice FY14	% of advances outstanding over 90 days at 9-30	Ratio of receivables to revenues for FY14
General Savings-8% Payroll Checking-0%	Completed, final report issued one month behind schedule	21 days?	PO Advances: 900k(75%) over 1 yr old 300k(25%) current	Unable to get data
Any bank recon findings on the audit?	Any fixed asset findings on the audit?	What is your target # days?	Change from previous year?	Compare to previous years
No	No	3 Days	Prior year outstanding advances: 150k (-50%) compared to current outstanding	No significant changes?
Improvement plan?	Completion plan?	Improvement plan?	Improvement plan?	Improvement plan?
Transition the task to another accountant to provide relief to Chief Accountant and improve workload balance.	Improve timeliness of inventory and issuance of final report	Revisit workload balance to improve efficiency	Revisit policy and institute or amend policies that would minimize the risks of advances in general	Revisit status quo and assess ways to improve timeliness of receipt and improve communication flow



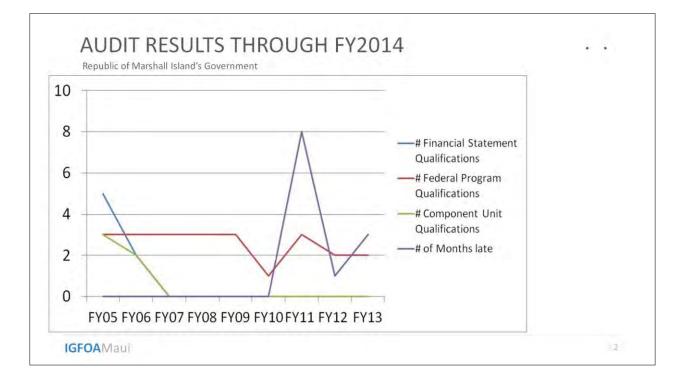
What is one finance office accomplishment this year would you like to highlight ?

Surviving the transition from FY15-FY 16 with minor setbacks in light of the major shift in key personnel

December 2015 Winter Conferen

APPENDIX C-4-- GOVERNMENT UPDATE: REPUBLIC OF THE MARSHALL ISLANDS





RIVII F I	14 Audit Status	
Provide the completion date of your audit.	Not yet complete	
List the qualifications you received. Describe any changes from prior years.	Unmodified –Draft Report	
List at least two or three challenges you faced during the course of the audit.	No periodic reconciliation of GL accounts. There are still be some carry over issues from previous audits, in particular unresolved issues regarding questioned costs as far back as 2008.	

Describe the current status of your FY15 audit.	Not yet commenced Audit engagement has already been signed. The trial balance will be provided to the auditors tentatively on March 16, 2016.
Describe any expected changes in your qualifications and findings from prior years.	We started with the GL reconciliations and expecting to finish the FY15 audit on time. Given such period of time and additional staff on board, we anticipate to reduce the audit findings and resolve some of the prior year's findings.
List at least two or three challenges you expect during the course of the audit.	 •unresolved issues regarding questioned costs as far back as 2008 •availability of the supporting documents •timely and the accuracy of the reconciliation •reconcile not only the FY15 but the previous years to clear out the unidentified accounts.

Describe the formal training or outreach your office has provided or coordinated in the last 6 months. Describe future plans for outreach.	None
Describe the types of interactions between finance office and federal programs staffs.	Periodic meetings with Ministries and Agencies
What changes (if any) has your office made with regards to management of federal grants under the new omnibus super-circular?	Work-in progress-

RIVII Emplo	yee Outreach	
List training has your office provided or coordinated for your employees.	Generic Training: Excel Training, MOF SOP training, Performance Based Budgeting	
How often do you meet with your staff?	Plans are being formulated to hold regular staff meetings either weekly or fortnightly.	
How often do you complete regular performance reviews and/or formal mentoring activities?	Currently-once a year	
What changes have been made to new employee initiation or cross-training?	Planning stage currently in progress	
Describe the results of any employee satisfaction surveys you may have conducted and follow up actions.	None carried out.	

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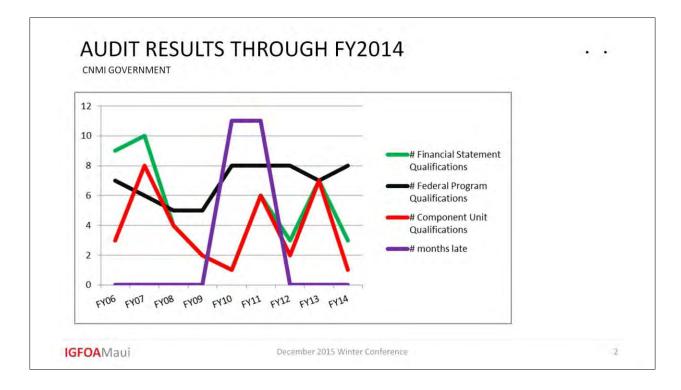
Timeliness of Bank Recons	Fixed Asset Inventory	# days to Process an Invoice	Collection of outstanding advances	Federal Grant Receivables	
Status of 9-30 bank reconciliations Bank reconciliations have been a long way behind for an extended period. Additional staff are currently being recruited to alleviate the staffing shortage that has contributed to the situation.	Physical inventory completed at 9-30? Partial inventory is carried out on smaller items but it is not clear if inventory has been carried out on items over \$50,000 recently.	Average days to process an Invoice FY14	% of advances outstanding over 90 days at 9-30	Ratio of receivables to revenues for FY14	
Any bank recon findings on the audit? There are a number of findings relating to bank reconciliations.	Any fixed asset findings on the audit? There was a finding relating to Construction in Progress.	What is your target # days?	Change from previous year?	Compare to previous years	
Improvement plan? Additional staff are being recruited, procedures are being reviewed modified and formulated as necessary to address areas that have been found lacking in adequate	Completion plan? The whole fixed asset system is currently being overhauled with the view to completing thorough reconciliations in a timely manner on a regular basis.	Improvement plan? To follow the procedure, hire qualified staff including a procurement specialist.	Improvement plan? The system of advances is being examined with the aim of bringing it back under control with reimbursements of advances being brought into line with existing	Improvement plan?	

RIVII Peri	formance Measures	
What other performance measure(s) would you propose for the finance operations?	A series of completion dates for such activities as bank and GL reconciliations will be formulated and implemented with the view of completing these activities in a timely manner	
Describe how you use your performance measures. Be sure to include use for IGFOA meetings, discussions with staff, when you report measures to leaders, etc.	Plan to use performance measures to : •Set targets •Improve performance, etc	



APPENDIX C-5-- GOVERNMENT UPDATE: COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS





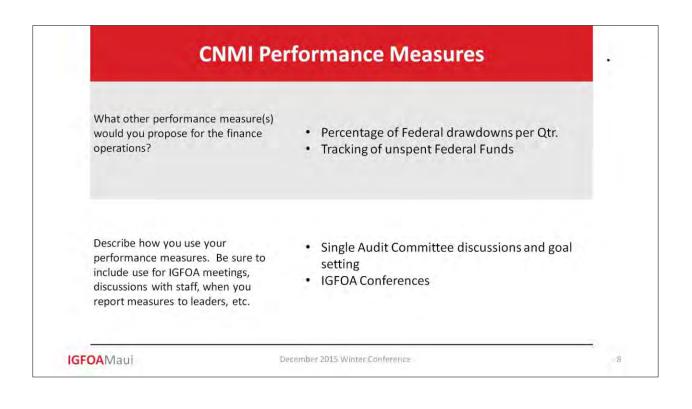
CNMI FY	14 Audit Status
Provide the completion date of your audit.	• 06/30/2015
List the qualifications you received. Describe any changes from prior years.	 Commonwealth Health Care Corp. NMI Retirement Fund Group Health & Life Insurance Trust Fund Less than previous years
List at least two or three challenges you faced during the course of the audit.	Settlement Fund audited financialsInclusion of NOAA grants in Single Audit

	and the second
Describe the current status of your FY15 audit.	 On Time Entrance conference completed More outreach & assistance to major programs
Describe any expected changes in your qualifications and findings from prior years.	 Expect for NMI Retirement Fund & Group Health & Life Insurance Trust Fund qualifications to continue.
List at least two or three challenges you expect during the course of the audit.	 Procurement findings expected Timely completion of component unit financial audits

Describe the formed to be a subsect	
Describe the formal training or outreach your office has provided or coordinated	 Super Circular Overview Training in Jan 2015 Super Circular Overview with Deloitte and FY15 major
in the last 6 months. Describe future	program unit Expect more collaboration
plans for outreach.	
	Re-established the roles and responsibilities of F&A and
Describe the types of interactions	the OGM;
between finance office and federal	 Setting up new accounts Reprogramming requests
programs staffs.	Reviewing allowable expenses /Monitor and
	Compliance
William a france different bergeneren effere	Ensuring that all federally-awarded agencies get
What changes (if any) has your office	charged for IDC;
made with regards to management of federal grants under the new omnibus	 Working on performance indicators of grant spending and product delivery;
	 Slowly integrating the IGR/clearinghouse process with
super-circular?	Slowly integrating the IGR/clearinghouse process with OGM SOP

chun Emp	loyee Outreach
List training your office provided or coordinated for your employees.	A-133 & Uniform Guidance (11/3/15)
How often do you meet with your staff?	As-needed basis
How often do you complete regular performance reviews and/or formal mentoring activities?	N/A
What changes have been made to new employee initiation or cross-training?	 Peer to peer trainings due occur; however new employees are being lost due to low compensation
Describe the results of any employee satisfaction surveys you may have conducted and follow up actions.	Drafted Survey but yet to be implemented

Timeliness of Bank Recons	Fixed Asset Inventory	# days to Process an Invoice	Collection of outstanding advances	Federal Grant Receivables
Status of 9-30 bank reconciliations 60% Completed	Physical inventory completed at 9-30? No.	Average days to process an invoice FY14 GEN = 19 days FED = 29 days	% of advances outstanding over 90 days at 9-30 25%	Percentage of reduction in receivables 38%
Any bank recon findings on the audit? Yes.	Any fixed asset findings on the audit? Yes.	What is your target # days? 30 days	Change from previous year? increase	Compare to previous years 9.8% increase
Improvement plan?	Completion plan?	Improvement plan?	Improvement plan?	Improvement plan?





APPENDIX C-6-- GOVERNMENT UPDATE: AMERICAN SAMOA

American Samoa

GOVERNMENT STATUS UPDATE



Island Government Finance Officers' Association (IGFOA) Winter Meeting, December 1-3, 2015

AUDIT RESULTS THROUGH FY2014

Our past results have shown the American Samoa Government has gone through serious changes in both key positions and findings. We have opted to concentrate on moving ourselves forward and making a greater focus to maximize our best results.

Key Goal:

1. Decrease overall findings.

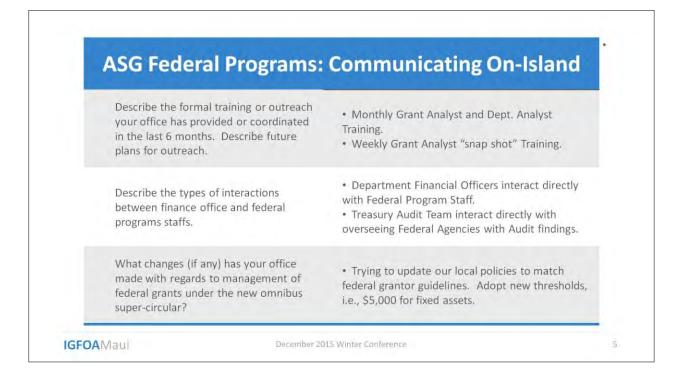
- FY 2014 ASG received 10 Qualified Finding of Federal Major Programs. 8 Financial Statement Findings. 8 Federal Award Findings.
- Goal for FY 2015 To remedy all past findings due to new professional staff hire (4 interim Controllers) working closely with treasury Staff and our external auditors (Moss Adams).



4

	14 Audit Status
Provide the completion date of your audit.	Complete, June 30, 2015.
List the qualifications you	 Cash Management. Sub Recipient Monitoring Reporting Equipment and Real Property
received. Describe any	Management. (8 FS & 5 Fed Award Findings)
changes from prior years.	No major changes.
List at least two or three	 Change in upper management – death of
challenges you faced during	Treasurer and the reassignment of new
the course of the audit.	personnel to meet deadlines.

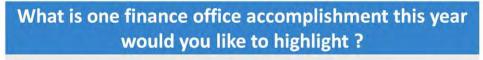
ASG FY	15 Audit Status
Describe the current status of your FY15 audit.	Currently we are on track with our Auditors. First major milestone will be 11/30/15 – Trial Balances are due.
Describe any expected changes in your qualifications and findings from prior years.	DOE has been working closely with USDOE to alleviate future findings, especialy with fixed asset issues and tracking of purchases.
List at least two or three challenges you expect during the course of the audit.	 Getting all our semi- autonomous government entities to close their books or time. File audits by March 31, 2016.



List training has your office provided or coordinated for your employees.	 IFAS training to strengthen Grant Analyst posting of accounts.
How often do you meet with your staff?	• Weekly
How often do you complete regular performance reviews and/or formal mentoring activities?	• Yearly performance evaluation.
What changes have been made to new employee initiation or cross- training?	 With limited resources, cross training is essential for basic operations.
Describe the results of any employee satisfaction surveys you may have conducted and follow up actions.	Contract to Career Service.

	ASG Per	formance M	leasures	
Timeliness of Bank Recons	Fixed Asset Inventory	# days to Process an Invoice	Collection of outstanding advances	Federal Grant Receivables
Status of 9-30 bank reconciliations: Complete. ASG Policy – recon policy states recon to be completed by 15 th of the next month.	Physical inventory completed at 9-30? Complete,	Average days to process an invoice FY14? Treasury process is less than 14 days. However, that does not take into account the time it takes to reach the AP Division.	% of advances outstanding over 90 days at 9-30 Not a Performance Measure	Ratio of receivables to revenues for FY14? 0.014?
Any bank recon findings on the audit? None.	Any fixed asset findings on the audit? Yes. DOE.	What is your target # days? Goal to process invoices within 45 days from PR to approved PO.	Change from previous year?	Compare to previous years? Minimal change,
Improvement plan? None but remind monthly recon practice.	Completion plan? Completed 11/30/15.	Improvement plan? AP is monitoring and tracking invoices better. Goal is to have a Grant run and Local run weekly.	Improvement plan?	Improvement plan? Grant oversight is now under Accounting Division supervision to assist with better accountability and recon practices.,

Perfor	mance Measures
What other performance measure(s) would you propose for the finance operations?	 Track the amount of Grant Account Receivables per Department. Track how often departments turn in timely monthly reconciliation reports.
Describe how you use your performance measures. Be sure to include use for IGFOA meetings, discussions with staff, when you report measures to leaders, etc.	ASG has been very active in trying to get the various departments to review and cleanup their outstanding Account Receivables. • Thresholds have been devised to help monitor the levels of exposure for the Government. •These establish early warning internal controls to limit Government exposure.



In researching the need to find better internal controls, we found that instead of reinventing the wheel, we looked to our partnering agencies and found the solution to our dilemma.

Case in point: USDOE was following up with internal controls that ASDOE may put in place that would remedy a FY 2014 Audit Finding # 5. Specifically, what USDOE (Office of Elementary and Secondary Education) was hoping to see some process that ASG can implement that would better track equipment and goods purchased using Federal Funds.

Solution: Current partnering agencies have existing controls that can be enhanced to meet the expectations and properly track inventory and allows ASDOE to track the goods with a guide and reconciliation process.

Aha moment: Rather then try to reinvent the process, we modified an existing process to enhance a tracking process using the same material and data.

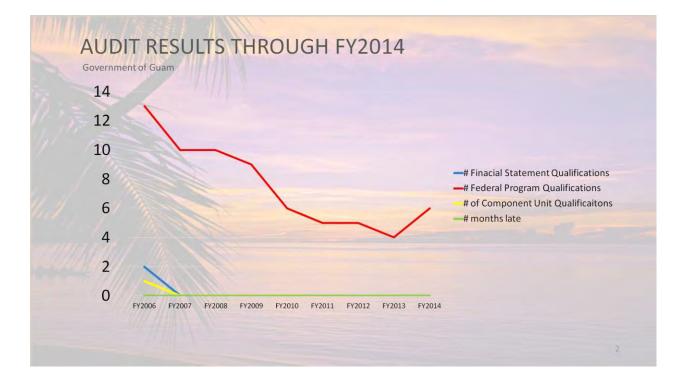
IGFOAMaui

December 2015 Winter Conference

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APPENDIX C-7-- GOVERNMENT UPDATE: GUAM





FY 14	Audit Status
Provide the completion date of your audit.	June 29, 2015
List the qualifications you received. Describe any changes from prior years.	 •No Financial Statement Qualifications; •6 Federal Program Qualifications relating to Equipmen & Property Management, Procurement & Suspension & Debarment; Eligibility and Allowable Costs
List at least two or three challenges you faced during the course of the audit.	 Department of Veterans Affairs program transactions were not centrally processed at DOA; Lack of communication between the fixed asset and AS/400 financial systems; Manual tracking of construction in progress (CIP) using Excel making it challenging to perform quarterly reconciliations.

Government of Guam FY 15 Audit Status

Describe the current status of your FY15 audit.

In Progress Expected completion date is June 30, 2016

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

No Financial Statement qualifications expected

List at least two or three fina challenges you expect during the Ma course of the audit. usin

Communication between fixed asset and AS/400 financial systems;

Manual tracking of construction in progress (CIP) using Excel making it challenging to perform quarterly reconciliations.

December 2015 Winter Conference

Government of Guam Federal Programs: Communicating On-Island

Describe the formal training or outreach your office has provided or coordinated in the last 6 months. Describe future plans for outreach.

Describe the types of interactions between finance office and federal programs staffs.

What changes (if any) has your office made with regards to management of federal grants under the new omnibus super-circular? November 2015 – Bi-Annual Accounting Policies and Procedures: Training covers areas of: Budget process; fixed assets, federal grants and internal controls; upon request – hands on AS/400 & FFR federal grants training

Daily communications between the grants managers and the Federal Branch, who are assigned specific agencies/departments to monitor and assist as needed.

Updated training materials; provide additional support to agencies with regards to reference information; increased hands on AS/400 & FFR federal grants training

December 2015 Winter Conference

Government of Guam Employee Outreach

List training has your office provided or coordinated for your employees.

How often do you meet with your staff?

How often do you complete regular performance reviews and/or formal mentoring activities?

What changes have been made to new employee initiation or cross-training?

Describe the results of any employee satisfaction surveys you may have conducted and follow up actions.

Internal Customer Service Training; Bi-Annual Accounting Policies and Procedures; OIA-DOI Accounting for Government Entities and Ethics; Wellness Program

Weekly

Evaluation based on the individual employee's due dates. Mentoring is daily, in an informal setting.

Adopted employee On-boarding procedures which includes a checklist.

None established, still being drafted.

Timeliness of Bank Recons	Fixed Asset Inventory	# days to Process an Invoice	Collection of outstanding advances	Federal Grant Receivables
Status of 9-30 bank reconciliations 155 bank account reconciliations completed	Physical inventory completed at 9-30? 98% inventory completion, pending close out of FY15	Average days to process an invoice FY14 4 days for data entry and average 17 days for payment	% of advances outstanding over 90 days at 9-30 14.8%	Ratio of receivables to revenues for FY14 39.3%
Any bank recon findings on the audit? No	Any fixed asset findings on the audit? Yes	What is your target # days? 3 days for data entry and 2 weeks for payment (fund available basis)	Change from previous year? Increase of 2.1%	Compare to previous years Increase of 3.4% (up from 35.9%
Improvement plan? Cross-training among employees.	Completion plan? Completion plan is formulated and approved by DOI.	Improvement plan? Continued cross- training	Improvement plan? Continue to enforce existing policies and follow up with agencies.	Improvement plan? Improve the gap of match for Medicaid drawdowns.

Performance Measures

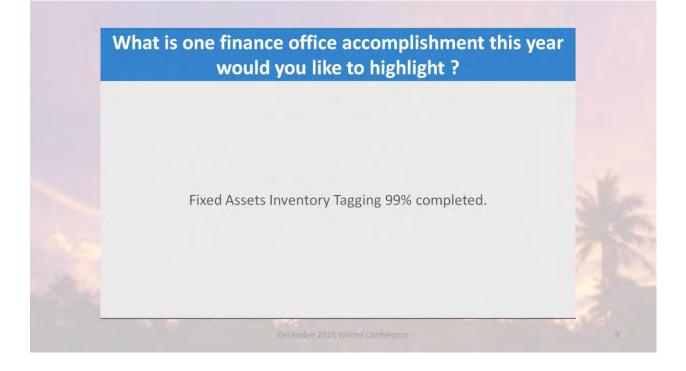
What other performance measure(s) would you propose for the finance operations?

Track travel compliance: Measure the compliance of employees clearing travel advances.

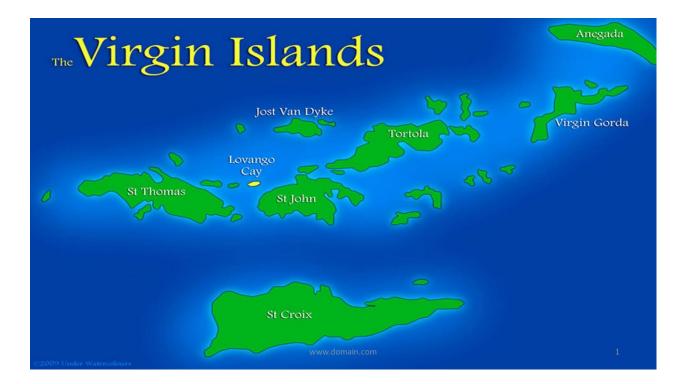
Describe how you use your performance measures. Be sure to include use for IGFOA meetings, discussions with staff, when you report measures to leaders, etc.

This measure will correlate directly with the advance receivables and will help decrease the outstanding balance and decrease encumbrances.

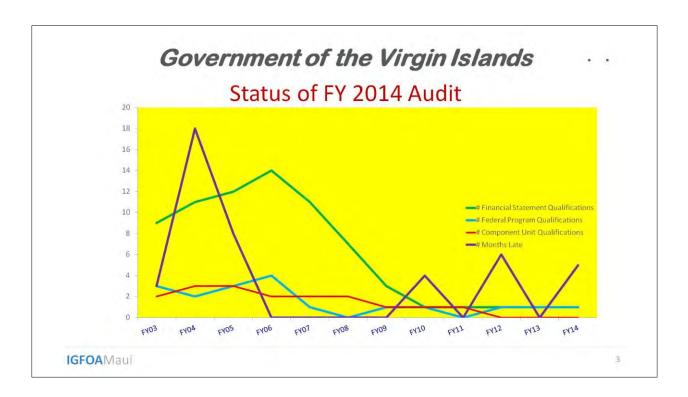
ecember 2015 Winter Conference



APPENDIX C-8-- GOVERNMENT UPDATE: U.S. VIRGIN ISLANDS







	FY 14 Audit Status				
Provide the completion date of your audit.		The Financial portion is completed. Completion date for Single Audit – November 30, 2015			
	List the qualifications you received. Describe any changes from prior years.	We have not received opinions/qualifications yet from the auditors because they are still reviewing the final documents.			
IGFOA	List at least two or three challenges you faced during the course of the audit.	New Auditors, and their lack of familiarity with the programs. The late commencement of the audit and agency bottlenecking for requested documentation, and only one person being available to provide the information, caused many delays.			

FY 1	5 Audit Status
Describe the current status of your FY15 audit.	Both the FY 2015 Single Audit and the FY 2015 Financial Audit are expected to commence in the 2 nd quarter of FY 2016.
Describe any expected changes in your qualifications and findings from prior years.	We expect that both findings and qualifications will b reduced from prior years.
List at least two or three challenges you expect during the course of the audit.	The auditors' time management and human capital t be executed sufficiently to attend to the audit timely the flow of information; and timely responses from the programs.

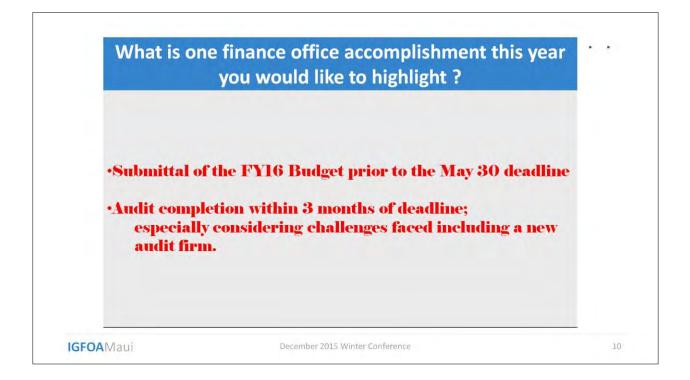
Describe the formal training or outreach your office has provided or coordinated in the last 6 months. Describe future plans for outreach.	OMB/FGMU continues to provide formal training to agencies; In January 2015 and March 2015, OMB facilitated training with the Graduate School to agencies on the OMNI Super Circular CFR 200 or St Thomas and St. Croix.
Describe the types of interactions between finance office and federal programs staffs.	Collaborations between Department of Finance and OMB/FGMU include, but are not limited to, assessing the completeness, timeliness, quality, and accuracy of agency's sampled data and the implementation and use of data standards by the federal agency/grantors through memoranda.
What changes (if any) has your office made with regards to management of federal grants under the new omnibus super-circular?	OMB/FGMU is enforcing the internal controls noted in the OMNI Circular for compliance with Standards for Internal Control in the federal Government and Internal Control Integrated framework. We are evaluating and monitoring compliance and taking prompt action when instances of noncompliance are identified in audit findings. OMB/FGMU aggressively monitors agency program performance with all agencies as noted in the OMNI Super Circular, in monthly site visits.

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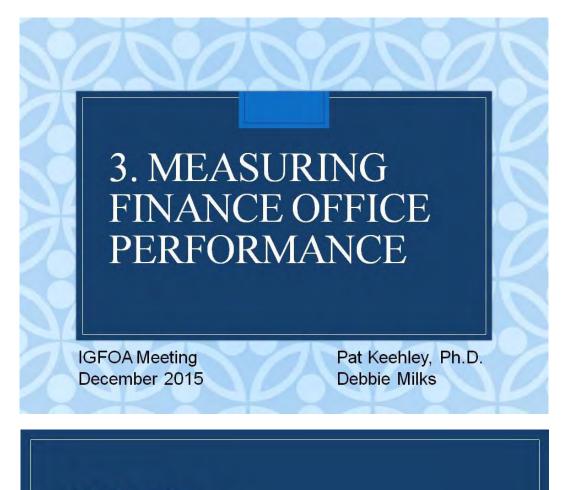
Describe below any employee training, staff meeting: the last year.	s, retreats or other employee related initiatives your office has held in
List training that your office provided or coordinated for your employees.	DOF, Human Capital Division have launched a year of training in the areas of Customer Service for Support Staff, and Management Seminars for Directors and Supervisors. DOF, Accounting division continue to provide ERP Training to New Users, as well as Existing Users. DOF Commissioner have also put a reorganizational structure in place, that have offered the opportunity for employees to cross-train across the divisions within. This will open the doors for future growth and promotion.
How often do you meet with your staff?	We meet quarterly with Directors and Monthly with the Staff
How often do you complete regular performance reviews and/or formal mentoring activities?	DOF Management have initiated performance reviews for FY 2016. Directors and Managers are therefore required to have quarterly discussions with their staff, to avoid any surprises for their annual reviews. Recognition initiatives is also ongoing through the Division of Human Capital
What changes have been made to new employee initiation or cross-training?	Cross-training and reorganization of staff across divisions have been implemented with adequate compensation and promotion.
Describe the results of any employee satisfaction surveys you may have conducted and follow up actions.	An Employee satisfaction survey was done only once. However, more is being considered for the second or third quarter of FY 2016. This will be used as a vehicle to assess the success and result of the training initiatives implemented.

Timeliness of Bank	Fixed Asset	# days to Process an	Collection of	Federal Grant
Recons	Inventory	Invoice	outstanding advances	Receivables
 Status of 9-30 Bank Reconciliations Accounts: 1. Easy(6) - All Completed 2. Moderate (10) - 8 Completed and 2 pending final adj. 3. Difficult (7) - 3 completed, 1 pending preliminary work, & 3 with substantial work. 	Physical inventory completed at 9-307 FY 2014 was completed by end of FY 2015. Cycle counts was done during FY 2015. FY 2015 should be completed by end of FY 2016.	Average days to process an invoice FY14 3 to 5 Days	% of advances outstanding over 90 days at 9-30 Cannot be Measured	Ratio of receivables to revenues for FY14 FY 2013 Revenues - \$286,119 Receivables - \$37,169 Ratio - 0.13 or 13% FY 2014 Revenues - \$318,473 Receivables - \$63,823 Ratio - 0.20 or 20%
Any bank recon findings on the audit? Yes	Any fixed asset findings on the audit? Yes	What is your target # days? 4	Change from previous year? No	Compare to previous years There has been an increase in the Receivables for FY 2014 by 7% in comparison to FY 2013
Improvement plan? > Will work with Banks to reconcile deposits electronically > Periodicoutside Accounting assistance will be solicited as needed	Completion plan? The Dept. of Property & Procurement will take the lead in managing the assets of the Gov't, and has proposed to perform a full physical inventory in FY 2016	Improvement plan? Within the cross-training initiative, three additional employees is now involved in the process of approving involces which would ultimately reduce the number of days for processing.	Improvement plan7 No	Improvement plan? OMB/FGMU has now taken the lead in the Management of the Federal Grants, and have created a database for closer monitoring and scrutiny.

Perfor	mance Measures	
What other performance measure(s) would you propose for the finance operations?	None at this time.	
Describe how you use your performance measures. Be sure to include use for IGFOA meetings, discussions with staff, when you report measures to leaders, etc.	Not applicable at this time	



APPENDIX D-1-- MEASURING FINANCE OFFICE PERFORMANCE



Objectives

- 1. Reenergize the focus on measuring finance office outputs and outcomes.
- 2. Encourage implementation of best practices
- 3. Promote positive change

Activities

- 1. Briefly discuss performance measures.
- 2. Split into two groups.

New Boat Builders

Assign roles Move to a different room Complete 2 to 3 rounds Debrief Return to plenary Experienced Boat Builders Move to different room Follow Debbie's instructions Complete tasks Return to plenary

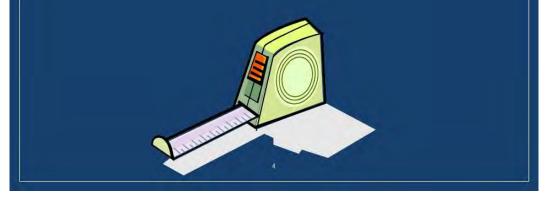
3. Debrief overall activities

4. Add items to action plan and questions template

Making Sense of Performance Measures

Quick Questions:

- 1. What is a measure?
- 2. What would the world be like without measures?
- 3. Why are measures important to governments?



Criteria for Good Measures

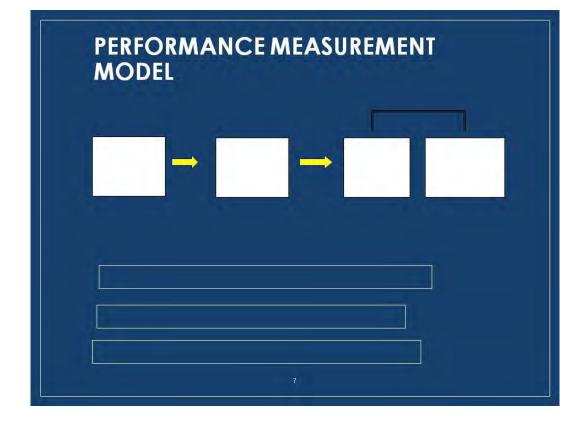
What makes a good measure?

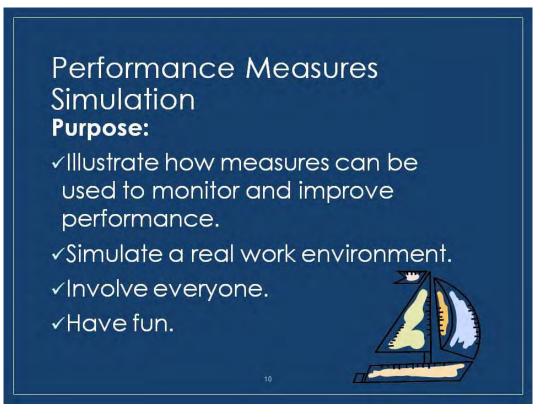
- >Valid measures what it's supposed to measure; thermometer measures temperature not inches.
- >Reliable gives consistent measure over time; yard stick always measures length in the same way regardless of the item (floor, wall, countertop, etc.).
- >Useful provides information that can be used by individuals, management, customers, auditors or others.
- Collectable the measures can be collected on a regular basis without undue burden on individuals or the organization.

Definition of Measures

- 1. Unit Cost
- 2. Input
- 3. Output
- 4. Process
- 5. Outcome
- 6. Benchmark
- 7. Efficiency
- 8. Customer Satisfaction

- 9. Cycle Time
- 10. Effectiveness
- 11. Error Rate
- 12. Timeliness
- 13. Productivity
- 14. Quality
- 15. Strategic Goal
- 16. Results





Simulation Steps

- Customer calls out one order every 60 seconds.
- 2. Team creates and delivers the order.
- Instructor stops the round after 10 minutes and collect measures.
- 4. Everyone evaluates performance and decides how to improve.
- Everyone participants in a second and third round.

Simulation Rules

- 1. Everyone must have a role.
- 2. Cannot change the product.
- 3. Complete three rounds consisting of 10 orders in each round.
- 4. Must respond to the customer demand.
- 5. Must follow the Rule of 5.

Lessons Learned

Think about the simulation experience. What lessons can be learned about leaders and performance measures

1.

2.

3.

4.

Glossary

Baseline - The starting point from which gains or losses are measured.

Benchmark - A standard or goal, benchmarking is a process for identifying and importing best practices to improve performance

Cycle time - Actual length of time to complete one or more steps in a process, time required to deliver a product or service.

Effectiveness - The interpretation of measures to infer success or failure; usually associated with outcomes.

Efficiency - Output/input, measures the amount of resources used to complete and deliver program and service outputs.

Error rate - Number of mistakes compared to the total number of items completed.

Input - Dollars spent (not simply budgeted) to complete a process and deliver a product or service; input frequently include the costs associated with salaries, fringe benefits, equipment, overhead, or facilities. Measure - Quantity; a number.

Operational measure - Number(s) that represent how well an activity or process is performing; e.g. unit cost, productivity, cycle time

Outcome – An assessment of the results of a program activity compared to its intended purpose, the consequences of program action, characteristics of a person, service, or program that has acquired some benefit, improved condition, or status signifying the achievement of an outcome

Output - Units of work produced, the direct result of program activity, comprising products and/or services, and countable such as the number of counseling hours provided or the miles of road paved. Output does not necessarily show that a program has achieved its goal **Performance Measurement** – The systematic and continuous assessment of how well services and, in some instances, products are being delivered. A number or quantitative indicator that, once interpreted, reflects performance.

Productivity - The relationship between outputs and inputs; Output/Input; the inverse of unit cost.

Process - A series of steps or tasks that result in the delivery of a product or service.

 $\label{eq:program Evaluation - An assessment, through objective measurement and systematic analysis, of the manner and extent to which government programs achieve intended objectives.$

Quantity-Measure the amount of work done-outputs completed.

Quality – The number of mistakes or the degree to which a product or service conforms to customer expectations or established standards; frequently measured by error rate and customer surveys.

 $\textbf{Results} - A \ term \ frequently \ applied \ to \ interpreting \ performance \ impacts, intended \ and \ unintended.$

Targets or Objectives - Measurable results seeking to achieve.

Timeliness - A comparison of the cycle time to the goal or standard expected.

Unit Cost -The cost to produce one unit of a product or service; Inputs/Outputs; the inverse of productivity.

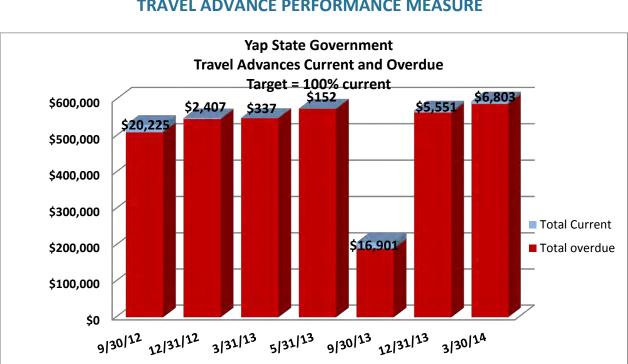
APPENDIX D2: MEASURING PERFORMANCE: A BOAT-BUILDING EXERCISE

Expense Category		Actual Expense		
	Round 1	Round 2	Round 3	
Operator \$100	\$800	\$800	\$800	
Inspector \$100	\$400	\$400	\$400	
Internal error \$100	\$8,400	\$1,100	\$100	
External error \$100	\$5,000	0	0	
Space (50 sq. ft. x 100)	\$1,000	\$1,000	\$500	
Missed deliveries \$100	\$5,400	\$2,100	\$2,400	

Outputs from Exercise					
Round 1 Round 2 Rour					
Number ordered	70	87	100		
Number delivered on time	16	66	76		
Unit cost	\$1,312.50	\$81.81	\$55.26		
	(\$21,000/16)	(\$5,400/66)	(\$4,200/76)		

APPENDIX D3: PERFORMANCE MEASURES DASHBOARD: YAP, FSM

Measure	Goal	Current Measure	Trend FY2012 – F	/2015	Status
Number of days to	Three (3)	29 # of days	FY 13 (2.5 days; 84% on		
process an invoice	days		FY 14 (5.0 days; 83% on	target)	
(general fund)			FY 15 (29 days; 11% on target)		~ ~ ~
Number of days to	Three (3)	14 # of days	FY 13 (1.2 days; 83% on		
process an invoice	days		FY 14 (4.3 days; 43% on target)		
(federal funds)			FY 15 (14 days; 19% on	- \ -	
FY14 Reduction in	50% of six	0 % reduced	Deteriorated (not sure		
overdue travel	months or	Oct 1, 2013 to-	accurately tracked)		
advances	more	Sept 30, 2014			\
	overdue				
Completion of fixed	Complete one	100% completed	Continue to meet Goal	\checkmark	
asset inventory	inventory	for FY 14. One			- /-
	every other	month late in			•
	year	completion.			
Bank reconciliations	Complete	0% timely (payroll	Deteriorated in FY 15 du	•	
completed on a timely	bank recon	checking acct)	staff work overload and		
basis	30 days after	8% timely (general	train someone to take over the		
	bank	checking acct)	task.		
	statement is				
Revenue Estimates	received. 5% within	-28 % difference	EV 12		
within target %		between estimate	FY 12 was -7% error		
within target %	target	and actual	FY 13 was -15% error FY 14 was -41% error (Oct-May)		1
			FY 15 was -28% error	JCL-IVIAY	•
Timeliness of SF425	100%	50% submitted on	FY 12 - 56% on time		
reports	submitted on	time (FY 15) 2 nd	FY 13 - 44% on time		
	time	half of FY 15 not	FY 14 - 60 % on time		
		on time	FY 15 - 50% on time		
Reconciliation and	Receivables 1		FY 12-FY 1338% red	uction	
Reduction in Federal	year and	23 % reduction	FY 13-FY 1498% red	uction	* k *
Grant Receivable	older is	FY 14- FY 15	FY 14-FY 1523% reduction		N
balance	brought to				
	zero			Respond	
Completion of		Government Cash Policies Documented? Yes			
comprehensive Cash		emplate Completed?		YES or	
Management Plan		Disbursement Process		No to	
		Drawdown Process Do		each	
			(bank reconciliation,	element	
		ned checks)? Yes	ma (if ampliately) a /-		
		-	me (if applicable)? n/a		
	Internal Control Checklist Completed? Yes				



YAP STATE GOVERNMENT TRAVEL ADVANCE PERFORMANCE MEASURE

WHY IS THIS MEASURE IMPORTANT?

This measure monitors compliance with the Yap Financial Management Regulations (FMR) that requires government paid travelers to file an expense report within a specified number of days. The amounts include travel advances that are outstanding because an expense report have yet to be filed and amounts owed by the traveler based on the expense report filed.

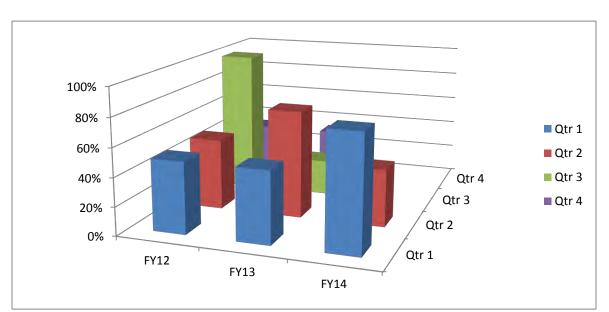
Outstanding travel advances will become uncollectible when a grant expires or when a traveler leave government. When an advance cannot be collected, the general fund bears the expense even if grant funds could have been utilized.

WHAT IS OUR PLAN TO IMPROVE THIS MEASURE?

We deny per diem advances to employees who have outstanding expense reports for prior travel advances and would only release their advances when they fill out a payroll allotment application or file the report. We will collect from paychecks when expense reports are not filed or withhold from per diem due to traveler when they request travel advance. Revisit policies and initiate amendment where applicable to improve performance.

WHEN DO WE EXPECT TO MEET OUR GOAL?

End of FY 16



YAP STATE GOVERNMENT SF425 REPORTING PERFORMANCE MEASURE

WHY IS THIS MEASURE IMPORTANT?

SF425 is a federal report required from grantees to report financial status and cash disbursement. Not submitting the report or consistent delays in reporting results in withholding of funds by the grantor.

WHAT IS OUR PLAN TO IMPROVE THIS MEASURE?

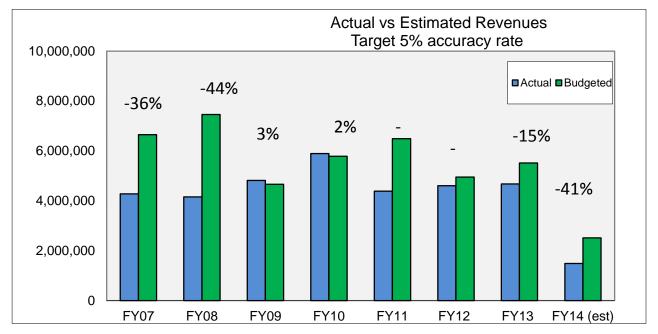
The current staff responsible for the reports will be included in the review of the performance measures every quarter. The SF425s are currently submitted three separate methods: (1) filed with federal system online; (2) filled out by Finance and turned in to relevant department to email to grantor, (3) filled out by Finance and sent to FSM National Government.

In order to improve performance, we will have to assign the federal grant reporting to a specific individual along with a calendar of due dates. Improve monitoring and involvement from key personnel.

WHEN DO WE EXPECT TO MEET OUR GOAL?

End of 2nd Quarter





WHY IS THIS MEASURE IMPORTANT?

Over-estimating revenue is the first step to payless paydays. It may take a while to get there if there are some reserves on hand, or when actual expenditures fall within actual revenues collected. However, when the estimated budget is consistently over the actual revenues collected, even when expenditures remain within budgets, there will be no cash to support checks written.

WHAT IS OUR PLAN TO IMPROVE THIS MEASURE?

Coordinate effort with the Budget Office so that the correct figures and financial scenario may be available to the Budget Review Committee, the Governor, and Legislature for their decision making.

WHEN DO WE EXPECT TO MEET OUR GOAL?

We can only hope to meet it before we get to a payless payday.

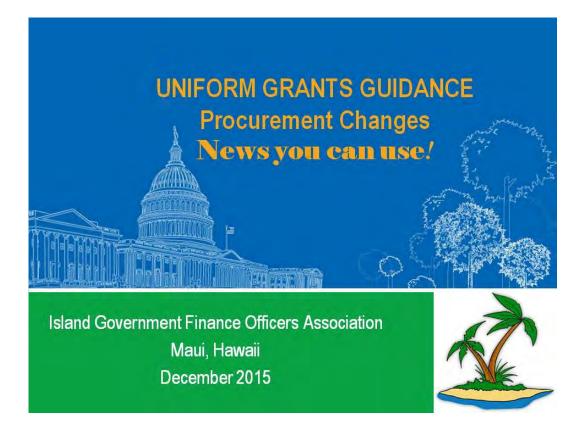
APPENDIX D-4—PERFORMANCE MEASURES DASHBOARD: REPUBLIC OF PALAU

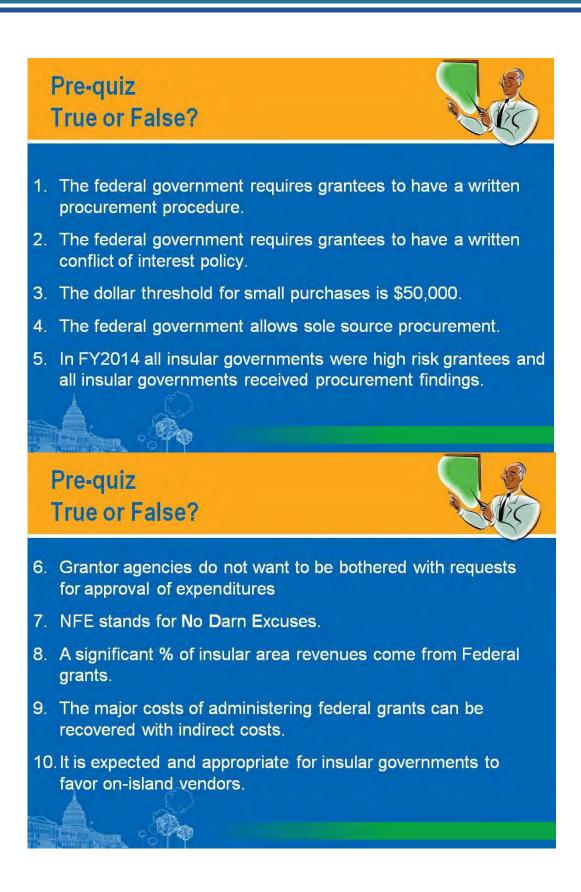
Measure	Goal	Current Measure	Trend FY2012 – FY2015	Status
Number of days to process an invoice (general fund)	Process invoices within 30 days	Average of <u>40</u> days to process an invoice for general fund	Slight change (down)	
Number of days to process an invoice (federal funds)	Process invoices within 30 days	Average of <u>28</u> days to process and invoice for federal funds	Slight change (up)	
FY15 Reduction in overdue travel advances	90% reduction of overdue travel advances	56 % reduced at end of 09/30/15	Slight change (down)	
Completion of fixed asset inventory	Reconciliation of Federal Grants Fixed assets with ROP master list	60% completed	Steady Improvement 🛩	1
Bank reconciliations completed on a timely basis	Bank reconciliation to be current/ Monthly basis-Within 30 days after month end	30% completed within 30 days as of 09/30/15	Slight change (down)	1
Revenue Estimates within target %	Target should be no greater than 2% or - 2%	As of 09/30/15, 63% actual revenue have been collected. To meet our goal we should collect the remaining 37%	Steady Improvement 🛩 Continue to meet Goal 💉	
Timeliness of SF425 reports	To submit SF425 on time before the due date	As of 09/30/15 SF425 where submitted on time	Steady Improvement 🛩	1
Reconciliation and Reduction in Federal Grant Receivable balance	Our goal is to meet our target of 95% reduction	<u>76%</u> Grant AR	Slight change (down)	ſ

**Reduction of overdue accounts receivable	Our goal is to meet our target of 95% reduction of overdue AR's	49% AR reduction	Slight change (dov	wn)	Î
Completion of	Government Cash Policies Documented?				
comprehensive Cash	Bank Account Template Completed?			YES	
Management Plan	Federal Grant	Federal Grant Disbursement Process Documented?			
	Federal Grant Drawdown Process Documented?			YES	
Other cash procedures d		cedures documented	(bank	YES	
	reconciliation, deposits, returned checks)?		ecks)?	YES	
	Treasury State Agreement filed on time (if				
	applicable)?			N/A	
	Internal Contro	l Checklist Completed	\$?	YES	

**New Measure

APPENDIX E—OMB UNIFORM GRANT GUIDANCE: TACKLING THE PROCUREMENT ISSUE





Uniform Grant Guidance what we will not cover

- Subpart A—Acronyms
 - Non Federal Entity (NFE) that's us
- Subpart B—General Provisions
 - §200.112 Conflict of Interest between NFE, subrecipients & Federal Agency
- Subpart C—Pre-award Requirements
 - §200.205 Federal agency risk assessment
 - §200.207 Special conditions for high risk grantees
- Subpart F—Audit Requirements
 - §200.513 (3)The cognizant agency for audit must:
 (i) Provide technical audit advice and liaison assistance to auditees and auditors.

Appendices

Uniform Grant Guidance what we will cover

- Subpart D—Post-award Requirements
 - Financial & program management standards
 - Property standards
 - Procurement Standards
 - Performance & Financial reporting
 - Subrecipient Monitoring
 - Record Retention
- Subpart E—Cost Principals
 - Basic Considerations

General provisions for selected items of cost



- Procurement violations are relatively easy for auditors to find and document
 - 10 of the 11 governments had procurement findings
 - 7 of 11 with questioned costs totaling \$2.7M or 46% of all questioned costs
 - 9 of the 11 governments had fixed asset findings
 - · All of these are multi-year, repeat findings





•Under the UGG, Federal agencies are *required* to assess risk prior to awarding a grant. Criteria may include:

- Financial stability
- Quality of management systems/ability to meet standards
- History of performance
- Prior audit reports/findings
- Ability to implement requirements



Federal Agency Metrics

- COFAR has established metrics for the Federal Agencies to use in the risk assessment, including Single Audit Metrics:
 - 1) Number of Modified Opinions for Higher Risk Major Programs;
 - 2) Number of Audit Findings of Material Weaknesses in Internal Controls for Higher Risk Major Programs;
 - 3) Number of Repeat Findings for Higher Risk Major Programs (Starting FY 2015);
 - 4) Number of Major Programs selected for audit; and
 - 5) Number of Audit Objectives in the Compliance Supplement

What can we do about it?



- Preventing procurement violations is relatively straightforward
 - · The federal rules are mostly easy to interpret
 - Ensure federal rules are part of clearly written, easily available documented local procedures (use checklists)
 - Don't rely completely on grantee departments to do the right thing (train & trust but verify)
 - · If there is a question, obtain prior approval
 - Document everything (and don't lose the documents)

§220.110-6 Effective Dates and Grace Period for Procurement NEW FAQ Sept '15



- Grace Period is **Two** full fiscal years after the effective date of the Uniform Guidance. But:
- Non-Federal entities must comply with the terms and conditions of their Federal award, which will specify whether the Uniform Guidance applies.
- The NFE must document whether it is in compliance with the old or new standard, and must meet the documented standard.
- The Single Audit Compliance Supplement will instruct auditors to review procurement policies and procedures based on the documented standard.
- For future fiscal years, all non-Federal entities will be required to comply fully with the uniform guidance.

§200.318 General Procurement Standards



- (a) Ensure the purchase complies with the non-Federal entity's *documented procedures* in place,
- (c)(1) maintain written conflict of interest policy,
- (d) ensure purchases are necessary,
- (i) maintain proper documentation for the purchases including:
 - rationale for the method of procurement
 - selection of contract type
 - contractor selection or rejection
 - the basis for the contract price

Before procurement begins Documented Procedures

- §200.318(a) All nonfederal entities *must* have documented procurement procedures which reflect applicable Federal, State, and local laws and regulations.
- §200.302 (b) (7) Also must have written procedures for determining the allowability of costs



<u>Before</u> Procurement Begins §200.318 (c) (1) Conflict of Interest



 Must maintain a written standard of conduct, including conflict of interest policy.

- No employee, officer, or agent may participate in the selection, award, or administration of a contract ... if he or she has a real or <u>apparent</u> conflict of interest
- A conflict of interest arises when any of the following has a financial or other interest in the firm selected for award:
 - Employee, officer or agent
 - · Any member of that person's immediate family
 - · That person's partner
 - An organization which employs, or is about to employ, any of the above or has a financial interest in the firm selected for award.

 Policy must cover gratuities and provide for disciplinary actions for violations.





§200.320 (c) Procurement by sealed bids (formal advertising)



- Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.
- The sealed bid method is the preferred method for procuring construction



Vendor Selection Process: Competitive Sealed Bids

- Award firm fixed-price contract to lowest responsive and responsible bidder
- Any or all bids may be rejected if there is a "sound documented reason"



§200.320(d) Procurement by competitive proposals

- The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded.
- It is generally used when conditions are not appropriate for the use of sealed bids.
- A new requirement under this method is that the NFE must have a *written method* for conducting technical evaluations of the proposals received and for selecting recipients.

Vendor Selection Process: Competitive Proposals

Appropriate when:

- Not feasible to draft clear specification or description of good or service
- Not feasible to award contract principally based on price
- Fixed-price or reimbursement contract
- •Note that reimbursement contracts are generally disfavored



§200.320 (f) Vendor Selection Process: Noncompetitive Proposal

As a practical matter, a noncompetitive contract raises a red flag

- Ensure you have persuasive and adequate documentation to pass the audit
- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) (New) The Federal awarding agency expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

§200.323 Cost or Price Analysis



- Must perform a cost or price analysis in connection with every procurement action, including contract modifications
 - Only required for costs in excess of the simplified acquisition threshold (\$150,000)
- Cost analysis generally means evaluating the separate cost elements that make up the total price (including profit)
- · Goal of a cost/price analysis is to determine reasonableness:
 - · Fair market value
 - Arms length bargaining
 - Act with prudence under the circumstances
- Method and degree of cost or price analysis depends on the particular facts and circumstances

Make an independent estimate before receiving bids or proposals

§ 200.319(a) Open Competition



- All procurement transactions must be conducted with full and open competition.
- Must have written code of conduct for all employees engaged in the award and administration of contracts (including conflict of interest policy)
- •Must have protest procedures to handle disputes
- •To eliminate unfair advantage, contractors that develop or draft specifications, requirements, statement of work, and invitations for bids or RFPs must be excluded from competing for such procurements.

Situations that restrict competition:

Unreasonable requirements on vendors to qualify to do business
Pre-qualified lists which limit competition
Requiring unnecessary experience or excessive bonding
Noncompetitive pricing practices
Noncompetitive awards to consultants on retainer
Organizational conflicts of interest
Specifying a brand name
Any arbitrary action in the procurement process
In-state or local preferences

Vendor Selection Process

- Must have written selection procedures
- · Procedures must ensure all solicitations:
 - Include a clear and accurate description of technical requirements
 - · Identify all requirements vendor must fulfill
 - Identify evaluation factors



Vendor Selection Process

- •For contracts over \$25,000 you must verify that the person with whom you intend to do business is not excluded or disqualified.
- •This MUST be done by either:
 - a.Checking SAM (system for award management) ;

or

b.Collecting a certification from that person

(I suggest you do both)

§ 200.407 Prior Written Approval

- The reasonableness of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness, the NFE may seek the prior written approval of the cognizant agency or the Federal awarding agency in advance of the incurrence of special or unusual costs.
- Include the timeframe or scope of the agreement.
- The absence of prior written approval will not affect the reasonableness of that cost, unless prior approval is specifically required as described under certain circumstances in the following sections of this part:
- (a) through (y) is a single comprehensive list of circumstances under which NFEs must seek prior approval from the Federal awarding agency, the cognizant agency or the pass-through entity, as applicable.

Prior Approval NFEs must seek prior approval for the following:

For non-construction awards, (i) changes in scope or objective (ii) changes to key persons specified in the award; (iii) disengagement for more than three months or 25 percent reduced time by the project; (v) transfer of participant support costs to other expense categories; (vi) transfer or subcontract of work under the award not otherwise approved; or (vii) changes in the amount of approved cost sharing or matching provided by the NFE;

- For construction awards, budget revisions that involve (i) changes in the scope/objective; (ii) addition of funds necessary to complete the project; or (iii) specific costs that implicate Subpart E (Cost Principles) (§ 200.308)
- Provision of subawards by pass-through entity based on fixed amounts up to the Simplified Acquisition Threshold (§ 200.332)
- Direct costs for the salaries of administrative and clerical staff, if not expressly included in the budget (§ 200.413(c))

Prior Approval NFEs must seek prior approval for the following:

Indirect costs related to specific severance payments (§ 200.431)

Entertainment costs (*i.e.*, amusement, diversion and social activities), if not expressly included in the approved budget (§ 200.438)

Capital expenditures for (i) general purpose equipment, buildings and land as direct charges; (ii) special purpose equipment as direct charges, where items have a unit cost of \$5,000 or greater; (iii) improvements to land, buildings or equipment as direct costs, where such costs materially increase in value or useful life (§ 200.439)

Fund raising costs for the purposes of meeting the Federal program objectives (§200.442)

Direct costs of housing, housing allowances and personal living expenses (§200.445)

Prior Approval NFEs must seek prior approval for the following:

Costs of membership in any civic/community organization (§ 200.454(c))

Participant (not employees) support costs (*i.e.*, direct costs for stipends, travel allowances and other items paid to or on behalf of participants in connection with conferences or training) (§ 200.456)

Pre-award costs (*i.e.*, those costs incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award) (§ 200.458)

Special arrangements and alternations of facilities (§ 200.462)

Travel costs of dependents and officials (§ 200.474) provided they are necessary to the grant and do not exceed charges normally allowed

Property Standards

Must have adequate controls in place to account for:

- Location of equipment
 Custody of equipment
 Security of equipment
- Regardless of cost, grantee must maintain effective control and "safeguard all assets and assure that they are used solely for authorized purposes." 200.302(b)(4)

Post-award requirements – equipment:

- Procedures must (at minimum) address:
 - Cradle-to-grave, regardless of portion of Federal funding used
 - Records to include source of funding and percentage of Federal participation in the costs for the award
 - Physical inventory taken and reconciled
 - Control system developed
 - Maintenance procedures developed
 - Sales procedure (if applicable)

What is equipment?

 §200.33 Equipment: tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.



NFE must have an inventory (fixed asset) management system which includes:

Property records

- Description, serial number or other ID, title info, acquisition date, cost, percent of federal participation, location, use and condition, and ultimate disposition
- Physical inventory at least every two years
- Adequate maintenance procedures to keep property in good condition
- Control system to prevent loss, damage, theft

Loss, damage or theft must be investigated

Fixed Asset Management

- Equipment must be used for the program or project for which is was acquired as long as needed, whether or not the program or project continues to be funded.
- NFE must also make equipment available for use on other programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the program for which it was originally acquired.

•NEW: Cannot "encumber" the property without approval of Federal agency or Pass-through agency. 200.313(a)(2) and 200.313(c)(1)

Fixed Asset Management

Inventory Management - NEW

- §200.313(c)(4) When grantee acquiring replacement equipment, the equipment to be replaced may be used as a "trade-in" without recourse to federal agency
- When no longer needed for original purpose, equipment must be used in other activities supported by the federal awarding agency in the following order:
- 1st preference activities under federal award from same federal agency
- 2nd preference activities under federal award from other federal agency

§200.94 Anything that is not equipment is considered supplies.

NEW: Computing devices

- Machines used to acquire, store, analyze, process, public data and other information electronically
- Includes accessories for printing, transmitting and receiving or storing electronic information
- •Computing devices are supplies if less than \$5,000



Disposition-Equipment & Supplies

- •When property no longer needed for original purpose of other federal activity, must follow disposition rules:
 - •Over \$5,000 pay federal share •Under \$5,000 – no accountability
- §200.313(e): Nonfederal entity must request disposition instructions from the federal awarding agency if required by the terms of the grant.
- §200.314 If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the program and the supplies are not needed for any other federal award, NFE must compensate the federal government for its share.



APPENDIX F—U.S. DEPARTMENT OF THE INTERIOR/OFFICE OF INSULAR AFFAIRS 2016 BUDGET REQUEST

2016 Budget Request Office of Insular Affairs



2016 Budget Request Office of Insular Affairs

- 2016 Budget Request Summary
- The Big Picture
 - Mission
 - Resources
- 2016 Budget Presentation
 - Assistance to Territories
 - Compacts of Free Association (Current)
 - Compacts of Free Association (Permanent)
 - Palau Compact
 - Fiscal Payments

The Big Picture

	To	tal 2016 Budget (Dollars in Thou		
Budget Authority	2014 Actual	2015 Enacted	2016 President's Budget	2016 Changefrom 2015
Current Discretionary	61,574	61,574	75,258	+13,684
Current Mandatory	40,867	40,867	27,720	-13,147
Total Current	102,441	102,441	102,978	+537
Permanent	556,102	494,395	540,626	+46,231
Total OIA	658,543	596,836	643,604	+46,768
FTEs*	33	40	42	+2







The Big Picture

St. Thomas, USVI

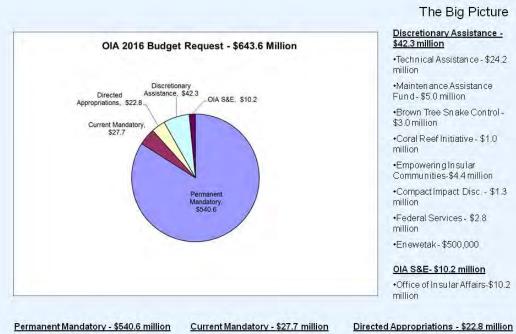
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OIA's Mission

Empower Insular Communities

- Improve Quality of Life
- Create Economic Opportunity
- > Promote Efficient & Effective Governance





•CIP Grants - \$27.7 million

•Compacts of Free Association - \$258.6 million

•Fiscal Payments (Guarn Section 30, VI Rum Taxes) - \$282.0 million •American Samoa Operations - \$22.8 million

5

Office Do	FY 2016 Budget at a Glance Office of Insular Affairs (Dollars in Thousands)	u Glance Affairs			
	2014 Actual 2015 Enacted	15 Enacted	Fixed Costs & Related Changes	Program Changes	2016 Request
Assistance to Territories			0	0	1
American Samoa Operations	22,752	22,752	0	0	22,752
Covenant Grants	27,720	27,720	0	0	27,720
Te mitorial Assistance	2				
Office of Insular Affairs	9,448	9,448	+69	+667	10,184
Resiliant Insular Areas	1			[+265]	
General Technical Assistance	14,504	14,504	0	+9,735	24,239
Resiliant Insular Areas				[+6,735]	
Maintenance Assistance	1,081	1,081	0	+3,919	5,000
Bro wn Treesnake Control	3,500	3,500	0	-500	3,000
Coral Reef Initiative	1,000	1,000	0	0	1,000
Empo wering Insular Communities	2,971	2,971	0	+1,450	4,421
Compact Impact Disc.	3,000	3,000	0	-1,656	1,344
Total, Assistance to Territories	85,976	85,976	69+	+13,615	099'66
Compact of F ree Asso ciation - Current					
Federal Se wices	2,818	2,818	0	0	2,818
Enewetak	500	500	0	0	500
Palau Compact Extension	13.147	13,147	0	-13,147	O
Total, Compact of Free Association - Current	16,465	16,465	0	-13,147	3,318
Total Current Discretionary/Mandatory	102,441	102,441	+ 69	+468	102,978
Compact of Free Asso ciation					
Marshall Islands Compact	71,526	74,336	Ö	+2,200	76,536
Fe derated States of Microne sia Compact	107,950	107,710	0	+3,192	110,902
P alau Compact (Legislative P to posal)	0	0	0	+40,829	40,829
Faleral Services Permanent				ł	[1,500]
Compact Impact	30,000	30,000	0	0	30,000
Judicial Training	349	349	0	+10	359
Total Compact (P emanent)	209,825	212,395	0	+46,231	258,626
Fiscal Payments					
Guam Section 30 Income Taxes	120,186	71,000	0	0	71,000
VI Rum Excise Taxes	226.091	211,000	O	O	211,000
Total, Fiscal P ayments (P ermanent)	346,277	282,000	0	0	282,000
Grand Total - Office of Insular Affairs	658,543	596,836	+69	+46,699	643,604

	Activity/Subactivity	2014 Actual FTE Amount	2015 Enacted FTE Amount	Changes FTE Amount	Frogram Changes FTE Amount	2016 Request FTE Amount	Change from 2015 (+/-
ASSIST	ANCE TO TERRITO RIES American Samoa Operations	2 22,752	2 22,752			2 22,752	
•	American Sa	amoa Opera	ations 2	014 Us	age		
	- Education -	\$12.6 millior	ſ				
	– LBJ Hospit	al - \$7.9 millio	on				
	- American S	Samoa Comm	nunity Co	llege - \$1	.4 million		
	– High Court	of American	Samoa -	\$855,000)		



Assistance to Territories

2016 Budget Request

		2014.	Actual	2015 Er	acted	Cha	inges	Program	Changes	2016 R	equest	Change fr	om 2015 (+/-)
	Activity/Subactivity	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
ASSIST	ANCE TO TERRITO RIES												
2	Covenant Grants - Mandatory												
	Northern Mariana Islands Construction		8,815	-	9,565		-		41		9,606		. 4
	American Samoa Construction	-	10,047		9,297				208		9,505		- 201
	Guam Construction		5,878		5,795	4			(125)		5.670		- (125
	Virgin Islands Construction		2,980		3,063		-		(124)		2,939		(124
	Total, Covenant Grants		27,720		27,720					-	27,720		

Covenant CIP

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



Northern Marian as College – Building K Ribbon Cutting, Saipan, CNMI



Barrigada Heights 2 Million Gallon Water Reservoir, Guam



Christian sted Boardwalk, St. Croix USVI

		2014 4	ctual	2015 E	nacted	Ch	anges	Program	Changes	2016 R	equest	Change fr	om 2015 (+/-)
	Activity/Subactivity	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Am ount	FTE	Am ount	FTE	Am ount
SSIST	ANCE TO TERRITO RIES									1.1.1			
	T erritorial Assistance										1.1		
	Office of Insular Affairs	31	9,448	38	9,448		- 59	2	667	40	10,184	1	2 73

Office of Insular Affairs

- Requested net increase of \$736,000
 - Fixed costs increase for DOI audit and pay raises.
 - Program increase for staff and professional services
- 40 FTE
- Oversight resources are crucial



Assistance to Territories

2016 Budget Request

	2014	Actual	2015 E	nacted	Ch	anges	Program	Changes	2016 R	equest	Change from 2015 (+	
Activity/Subactivity	FIE	Am ount	FTE	Am ounit	FTE	Am ount	FTE	Amount	FTE	Am ount	FTE	Amount
ASSISTANCE TO TERRITO RIES												
3. Territorial Assistance												
General T echnical Assistance		- 14,504		14,504				9,735	(e	24,239		9,73
Resiliant Insular Areas								[6735]				

Technical Assistance

- \$3.0 million increase for technical assistance grants
 - \$69.2 million in requests in 2014
- \$6.7 million increase for Resilient Insular Areas
 - Island communities on the front lines of climate change
 - Community, landscape and infrastructure adaptation and resilience initiatives







Assistance to Territories

2016 Budget Request

Technical Assistance Grant Awards 2014/Estimate for 2015 & 2016 (Dollars in Thousands)

Recipient	2014 Awards	2015 E stimate	2016 Estimate
Direct Grants to Insular Areas			
A merican Samoa	875	TBD	TBD
Northern Mariana Islands (CNMI)	1,019	TBD	TBD
Guam	1,064	TBD	TBD
U.S. Virgin Islands	\$27	TBD	TBD
Federated States of Micronesia (FSM)	468	TBD	TBD
Republic of the Marshall Islands (RMI) (includes \$1.2 m for 4 Atoll Healthcare)	1,543	TBD	TBD
Republic of Palau	929	TBD	TBD
Total, Direct Grants to Insular Areas	\$6,725	\$8,719	\$18,774
Other TAP (Provides Benefits to Multiple Insular Areas)	2014 Awards	2015 E stimate	2016 Estimate
Grad. School PITI VITI www.pitiviti.org -Includes FAS Compact area support projects	\$2,574	\$2,500	\$2,500
U.S. Bureau of Commerce, BEA (for GDP data)	\$0	\$750	\$750
Close Up Foundation	\$1,125	\$1,100	\$1,100
NEPA review and Compliance for OIA grants	\$315	\$315	\$315
Junior Statesman	\$494	TBD	TBD
Pacific Basin Development Council	\$190	TBD	TBD
Prior Service Benefits Program	\$800	\$800	\$800
Judicial Training	\$320	\$320	TBD
ABC Schools Initiative	\$1,300	TBD	TBD
Other crosscutting grants	\$1,021		
Total, Multiple Jurisdiction Programs	\$8,139	\$5,785	\$5,465
Total, Technical Assistance	\$14,864	\$14,504	\$24,239

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Assistance to Territories

2016 Budget Request

	2014.	Actual	2015 1	Enacted	Chi	anges	Program	Changes	2016 R	equest	Change fro	m 2015 (+/-
Activity/Subactivity	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
ISSISTANCE TO TERRITO RIES	1.000					1.00			1.00		1.0	-
Territorial Assistance												
Maintenance Assistance Fund		1,081		1,081	1			3,919	1	5,000		3.9

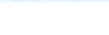
Maintenance Assistance Fund

- Assessment of Buildings and Classrooms (ABCs) Initiative
 - 2013 report noting \$177 million in deferred maintenance; \$17 million health and safety
 - 5-year push to reduce deferred maintenance
 - MOUs with Governors
 - Creating work plans and operating agreements
 - Bolster maintenance capacity to execute work plans



12

	2014 Actual	2015 Enacted	Changes FTE Amount	Program Changes	and a second second	Change from 20	
Activity: State fivity SIS TANCE TO TERRITO RIES Territorial Assistance Brown Tree Snake Control Coral Reef Initiative	- 3.500 - 1.000	FTE Amount - 3,500 - 1,000	FIE Amount	- (5	00) - 3,	000 - 000 -	en ount (500
 Brown Tree Sn 	ake Cont	trol					
 Aerial suppres 	ssion syste	em creatio	on testin	aand			
implementatio				9 41 4			
	on funded i			9 4 1 4			





Assistance to Territories

2016 Budget Request

		2014	Actual	2015 Er	acted	Ch	anges	Program	Changes	2016 R	e quest	Change fr	m 2015 (+/-)
	Activity/Subactivity	FIE	Am ount	FTE	Amount	FTE	Amount	FIE	Amount	FTE	Am ount	FTE	Amount
ASSIST	ANCE TO TERRITO RIES												
3	T erritorial Assistance												
	Empowering Insular Communities		2,971	-	2,971				1,450		4,421		1.45
	Compact Impact - Discretionary		3,000	-	3,000		2 L	1.1.1	(1,656)		1,344	-	(1,65

- Empowering Insular Communities
 - Energy costs 3X national average
 - \$1.45 million increase
 - Sustainable energy pilot projects
 - Photovoltaic, energy efficiency, wind, geothermal, integrated resource planning
- Compact Impact Discretionary
 - \$1.7 million decrease



and the set of the Local set of the	2014 . FTE	Actual Amount	2015 E FTE	nacted Amount	Fixed FTE	Costs & Amount	Program FTE	Amount	2016 I	Request Amount	Change FTE	from 2 Amo
OMPACT OF FREE ASSOCIATION - CURRENT Federal Services		2,818	1.11	2.818	112		112		1.12	- 2,818		-
Enewetak		500	4	500		4				- 500		÷
 Budget authori Enewetak Level Funding 	ty ur	nchai	ngeo	for l	JSF	°S ma	ail se	ervice	5			
Christmas Idente Argai										LADY E		

Compacts of Free Association

2016 Budget Request

	201	4 Actual	2015 Enacted		Fixed Costs and Related Changes		Program Changes				Change from 20 (+/-)	
Activity/Subactivity	FIE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
COMPACT OF FREE ASSOCIATION - PERMANENT					8				100		1	
Compact Impact		30,000		30,000		0		0		30,000		0

· Compact Impact

- Compact Impact enumeration completed in 2013
- Updated allocations began in 2015

Compact Impact Enumeration Summary

		2008 Enume	ration	201	3 Enumera	tion	Change from 2008 to 2013					
	COFA Population	Percent of Total	Compact Impact Funding	COFA Population	Percent of Total	Compact Impact Funding	Population	COFA Percent of Population	Compact Impact Funding			
Total	32,635	100%	30,000,000	34,555	100.0%		+1,920					
Hawaii	12,215	37%	11,228,742	14,700	43%	12,762,263	+2,485	+5.1%	+1,533,521			
Guam	18,305	56%	16,827,026	17,170	50%	14,906,671	-1,135	-6,4%	-1,920,356			
CNMI	2,100	6%	1,930,443	2,660	8%	2,309,362	+560	+1.3%	+378,919			
AS	15	0%	13,789	25	0%	21,705	+10	+0.0%	+7,916			



540 million (1997)	2014 Actual		2015 Enacted		Fixed Costs and Related Changes		Program Changes		2016 Request		Change from (+/-)		201
Activ ity/Sub activ ity		FTE Amount		FTE Amount		FTE Amount		FTE Amount		FTE Amount		FTE Amoun	
COMPACT OF FREE ASSOCIATION - PERMANENT					1		200						
assistance to the Marshall Islands:													
ector Grants		37,526		36,860	1	0		499		37,359			45
Audit		500	Sec. 1.	500	1.00	0		0		500			
rust Fund		13,985		14,534	1	0		1,032		15,566			1,0
Conge lap Resettlement		C		0	C	C		0		0	*		
Iwajalein Lease Payment		18,000		20,930	1	0		62.3		21,553			6
newetak		1,515		1512		0		46		1.558			
Subtotal, Marshall Islands Assistance		- 71,526		74,336	1	- 0		- 2,200		- 76,536	ŝ		22
Assistance to the Federated States of Micronesia (FSM)													
ector Grants		81,345		80,233	34.0	0		1,430		81,663			1,4
rust Fund		26,105		26,977	1.0	0		1,762		28,739			1,70
Ludit		500		500	C	0		0		500			
Subtotal, FSM Assistance		- 107,950		107,710		- 0		- 3,192		- 110.902		-	3.1

· Summary of RMI and FSM assistance



Palau Compact

2016 Budget Request

	2014 Actual		2015 Enacted		Fixed Costs &		Pro gram	Changes	2016 H	Request	Change from 2015		
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	
Palau Compact Extension	1.	13,147	-	13,147			-	(13,147)	-	-	(T	(13,147)	
Palau Legislative Proposal		0		0		0		40,829		40,829		40,829	
TOTAL, PALAU COMPACT		13,147		13,147	-		-	27,682		40,829	-	27,682	

- · Palau Compact
 - No current funding requested
 - 2016 enactment cost \$163.6 million (inclusive of USPS)
 - Transmitted to Congress on January 14, 2011 (New transmittal currently being crafted)



Fiscal Payments					2016 Budget Request								
	2014 Actual		2015 Enacted		Fixed Costs & Related Changes		Program Changes		2016 Request		Change fro 2015 (+/-)		
	FTE	Amount	FIE	Amount	FTE	A mount	FIE	Amount	FTE	Amount	FTE	Amount	
Fiscal Payments		1.0											
Guam Section 30		120,186	-	71,000			1.75		1.1.1.1	71,000	-		
VI Rum Excise Taxes		226,091		211,000		4	1.4			211,000	-		

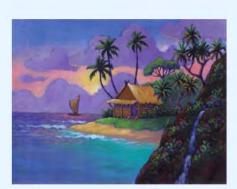
Summary of Fiscal Payments

- Guam 2014 adjustment for previously non-reporting entity
- USVI Rum (\$10.50 or \$13.25 a proof gallon)





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APPENDIX G—EMERGING ECONOMIC ISSUES IN THE FREELY ASSOCIATED STATES



www.econmap.org

Emerging Economic Issues in the Freely Associated States

Federated States of Micronesia Republic of the Marshall Islands Republic of Palau

IGFOA-December, 2015

slide 1

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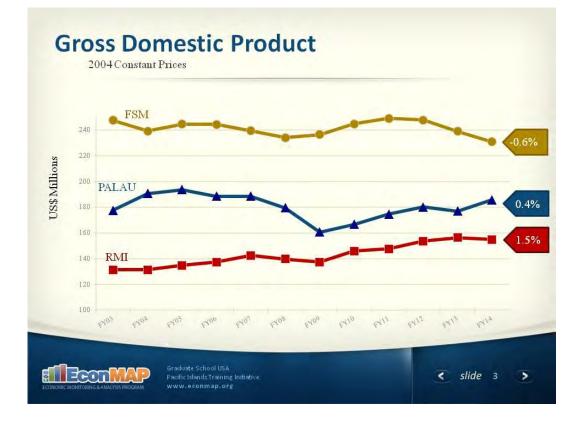
Presentation Outline

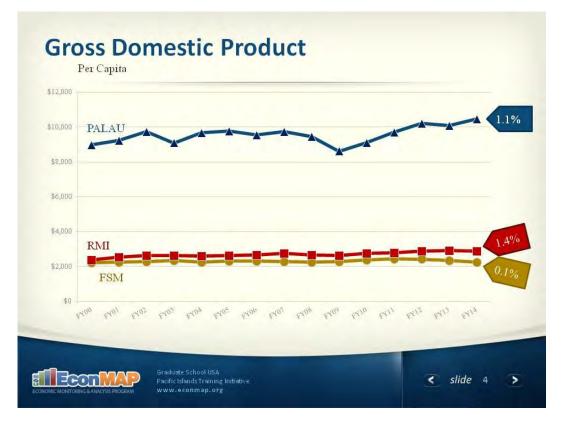
- ➡ Introduction & Scope
- Economic Performance in the 3 FAS
- Policy Review

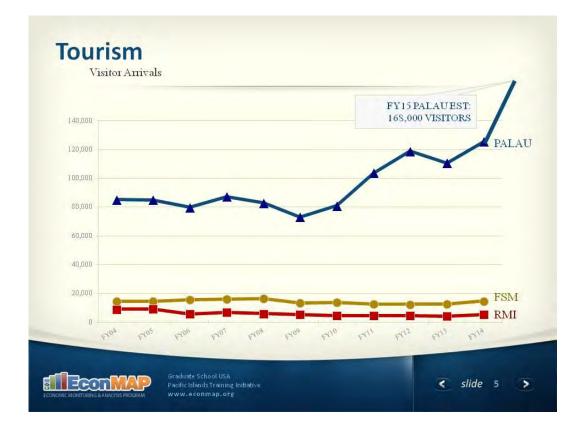
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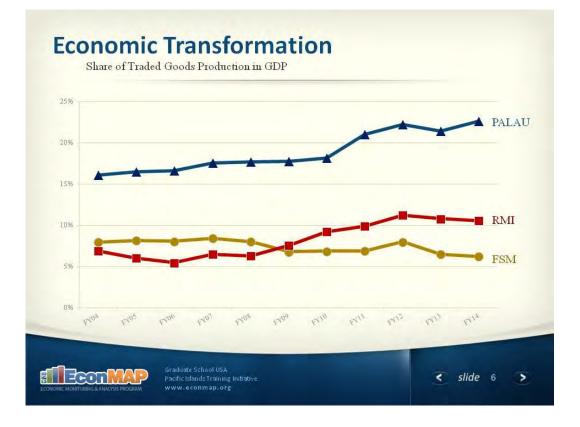
- Social Security Program Sustainability
- Compact Trust Funds

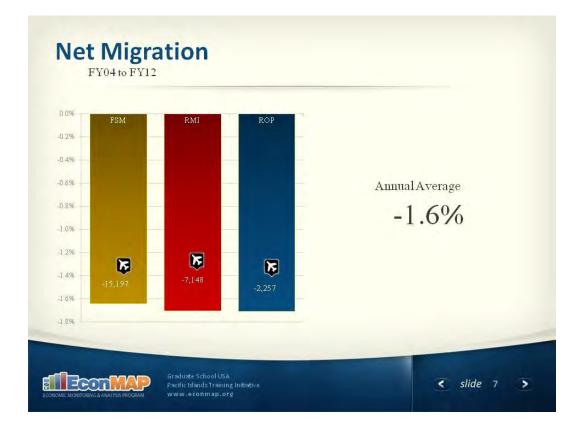
Graduate School USA Pacific Islands Training Initiative

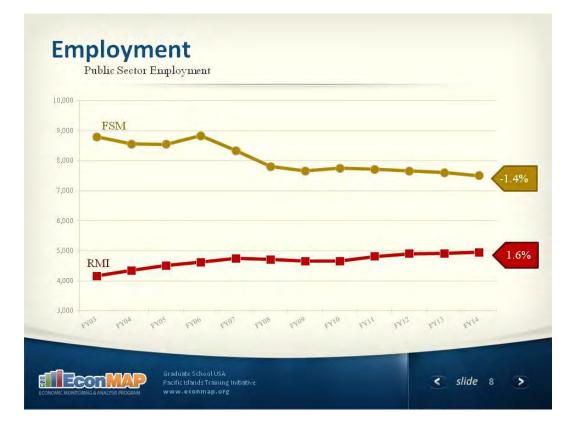


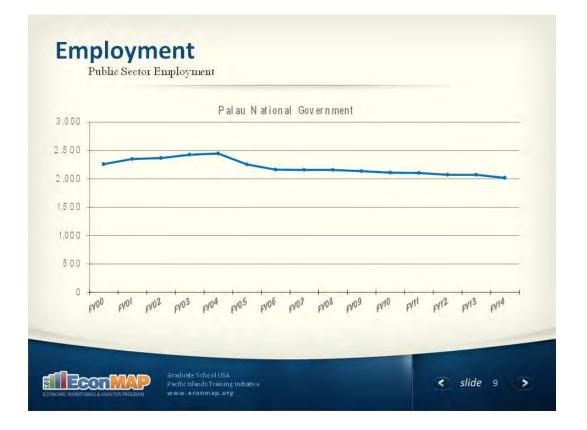


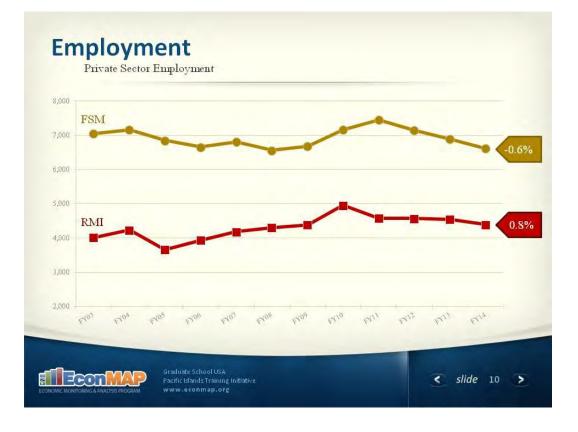




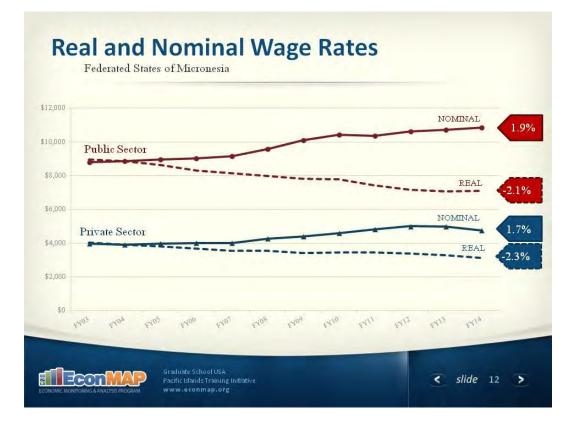




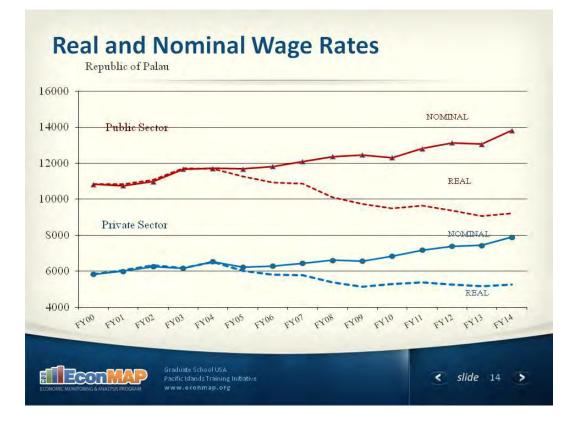






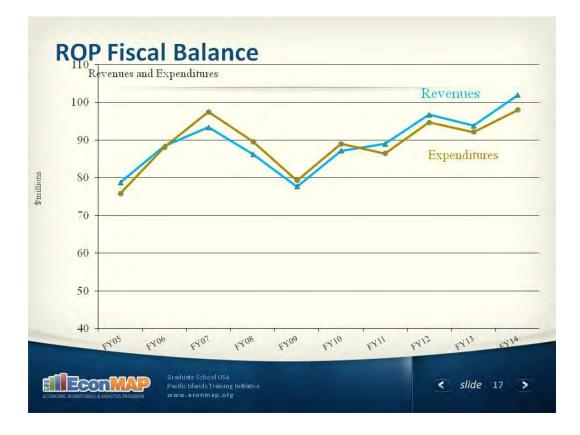


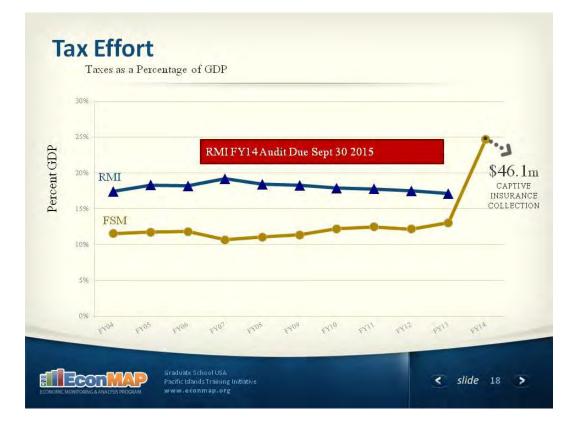


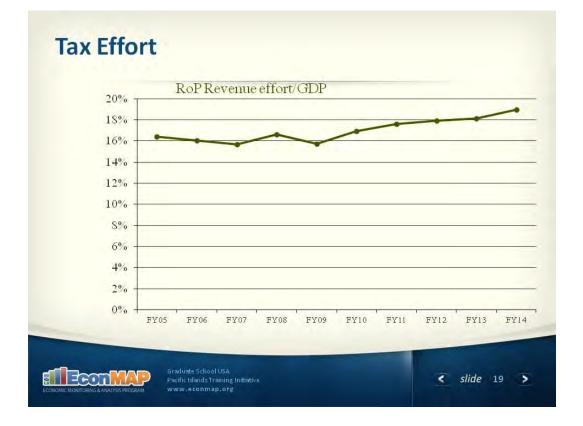


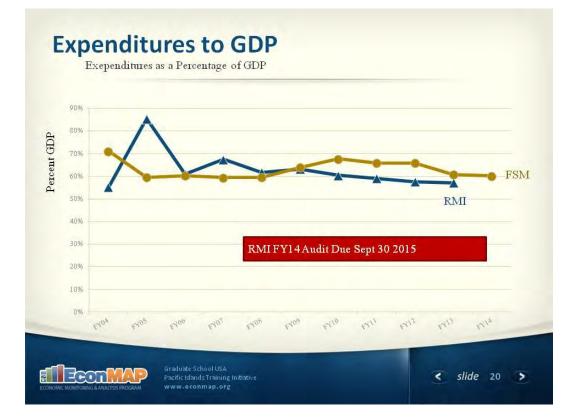


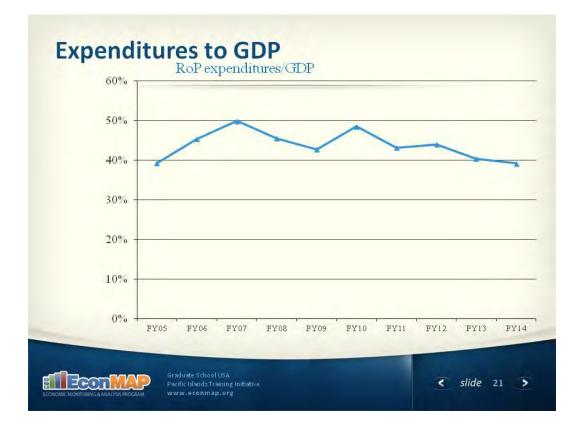




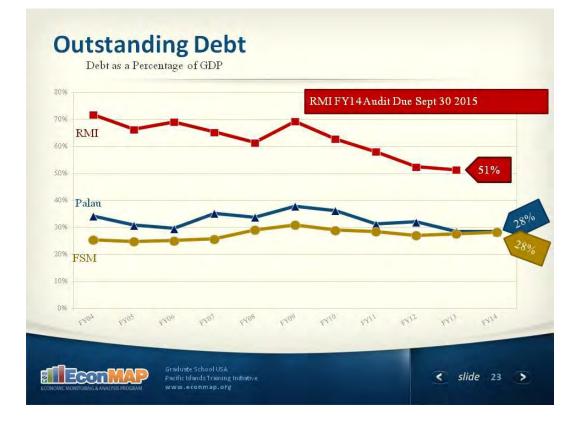


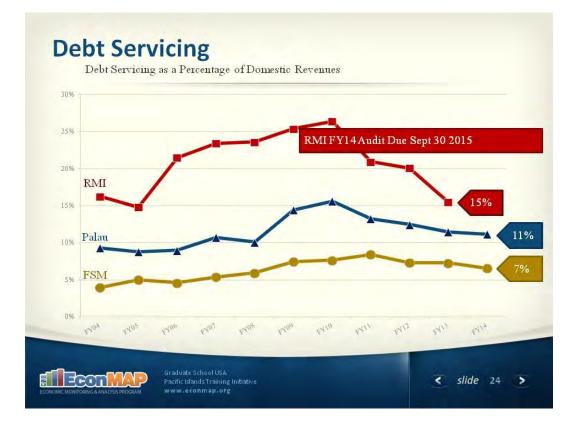


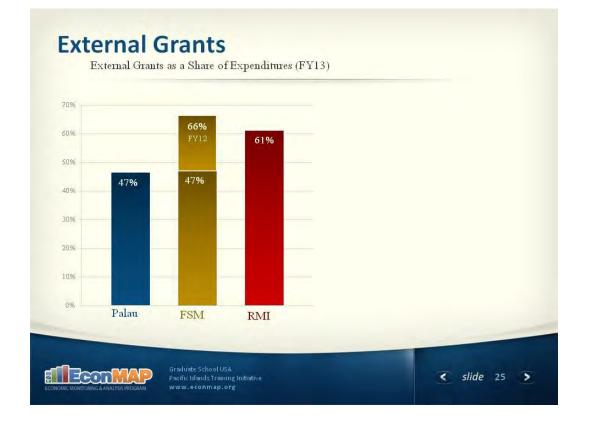












Compact Policy Assessment

Fiscal Policy	FSM	RMI	RoP
Fiscal balance			
Fiscal Adjustment			
Public sector payroll & wage policy			
Tax Reform			
Decrement Mgt / Long-Term Fisc Adj			
External debt			
Social security			
Civil Service Pension Fund	n/a	n/a	
Macroeconomic Monitoring			

Compact Policy Assessment Public Financial Management **Public Financial Mgt** FSM RMI RoP **Financial Accountability** + Medium-Term Framework Public Expenditure & Financial Accountability Strategic Development Plan + Performance management Information Systems Graduate School USA Pacific Islands Training Initiative www.econmap.org EEECONMAP < slide 27 >

Compact Policy Assessment State-Owned Enterprises & Regulatory Environment

State-Owned Enterprises FSM RMI RoP **Subsidies** Divestment Operating under full cost recovery -SOE policy **Regulatory Environment** FSM RMI RoP Foreign Direct Investment _ Land Reform **Doing business Survey** ECONMA < slide 28 🔉 Pacific Islands Training Initiative www.econmap.org



Compact Trust Funds

Principles and Structure of the Compact Trust funds

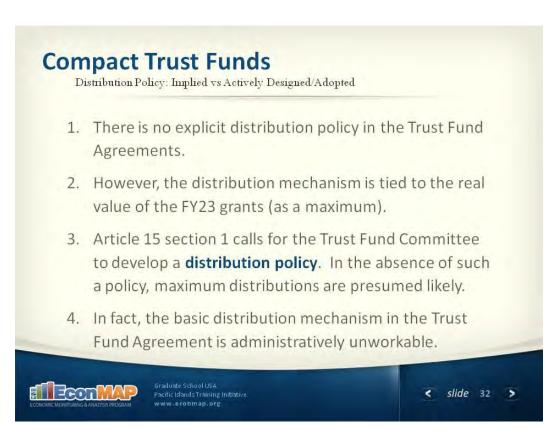
- Palau: Designed in mid-1980s as a sinking fund to be drawn upon at a fixed rate of \$5 million per year during most of the initial 15-year period and \$15 million per year from FY10 through FY44 (years 16-50).
- FSM & RMI: Designed to start after initial seventeen year period to accumulate through contributions and growth until FY23 with distributions from FY24 onward.
 - Designed to be perpetual (corpus cannot be withdrawn)
 - Maximum distribution described as real value of FY23 Compact sector grant assistance

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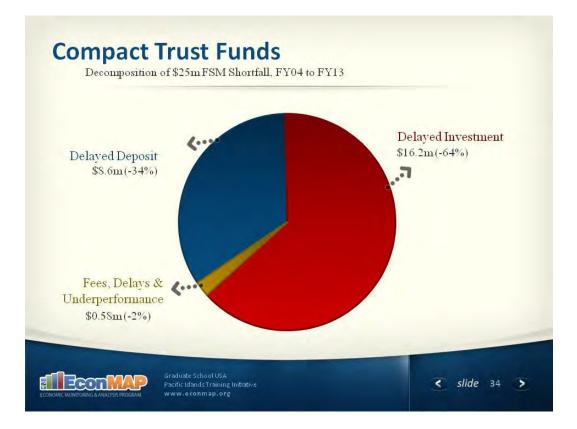
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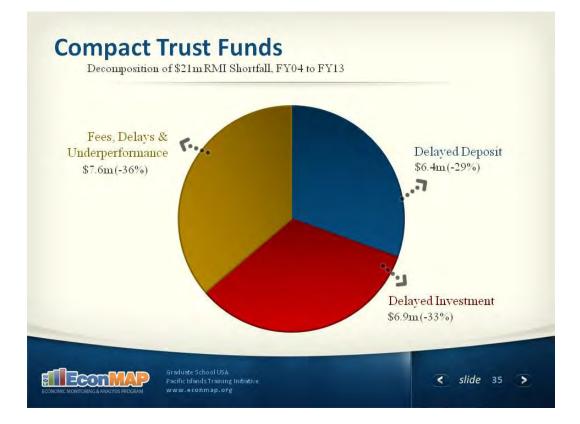
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Comparison of FAS Compact Trust Funds

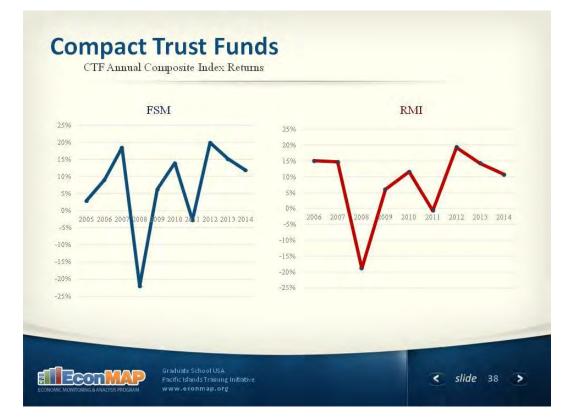
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	RMI	FSM	RoP
Actual Annualized Rate of Return	6.49%	6.74%	8.00%
Blended Benchmark Return	7.05%	7.00%	8.07%
ANNUALDIFFERENCE	-0.56%	-0.26%	-0.07%

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Compact Trust Funds

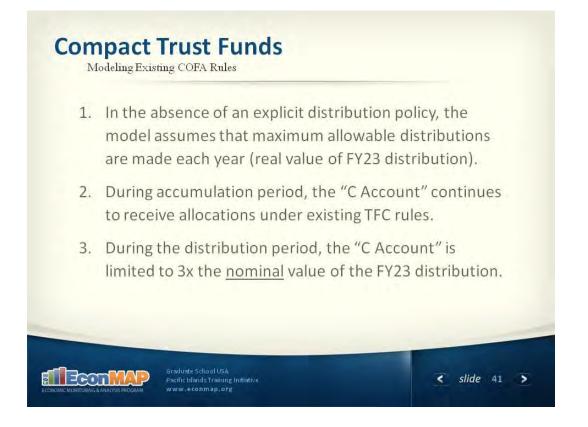
Monte Carlo Simulations

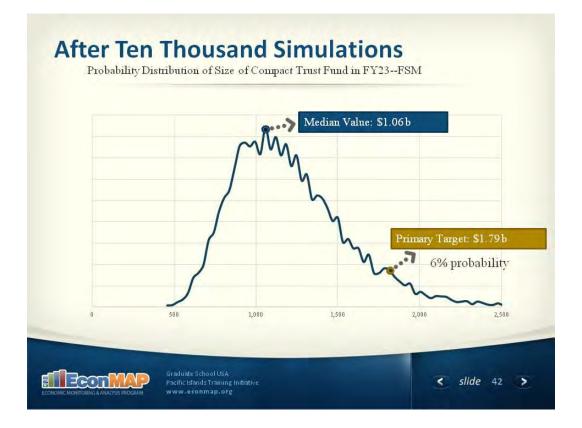
- Model incorporates historical data for rates of return, volatility, and covariance among asset classes. (1925 to 2014)
- Real portfolio rate of return is 4.6% (net of .50% fees) and standard deviation (measure of volatility) appears to be closely aligned with forecasting done by Mercer and Asian Development Bank.

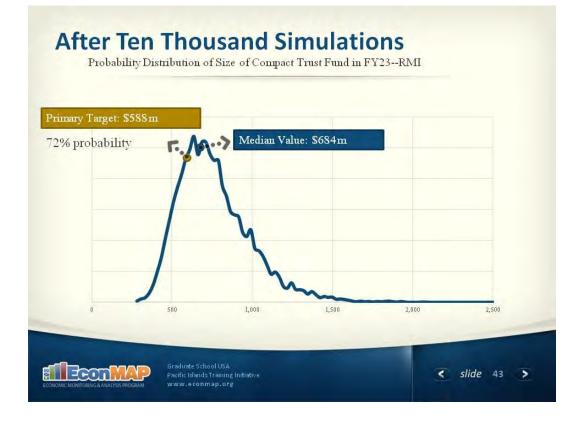
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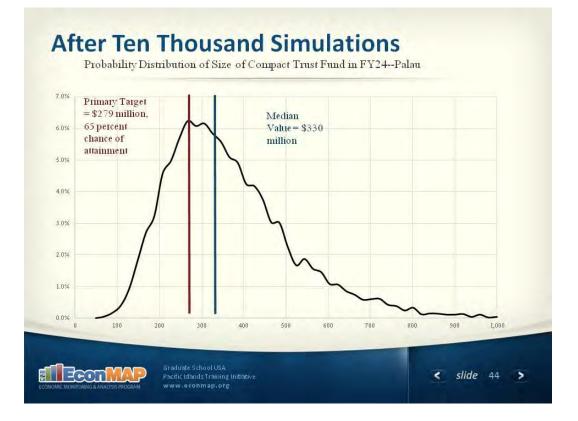
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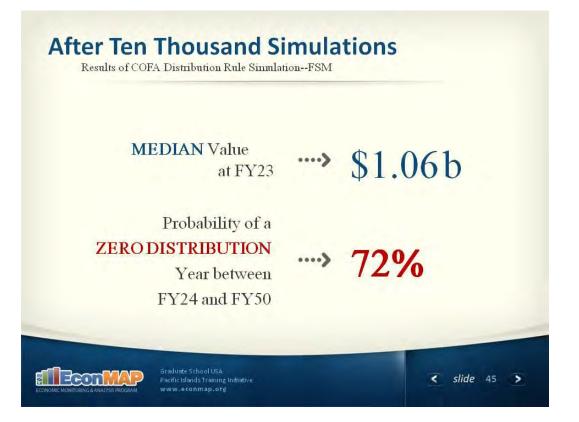
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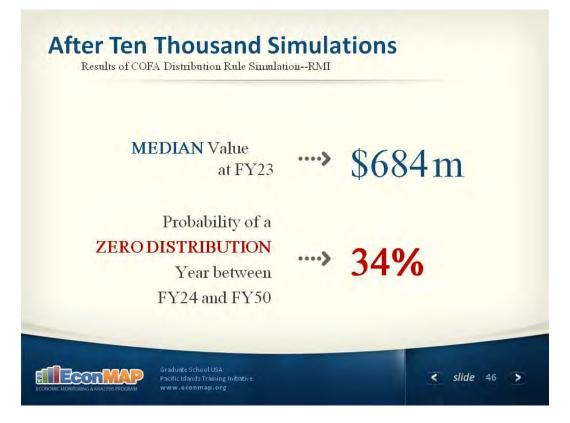


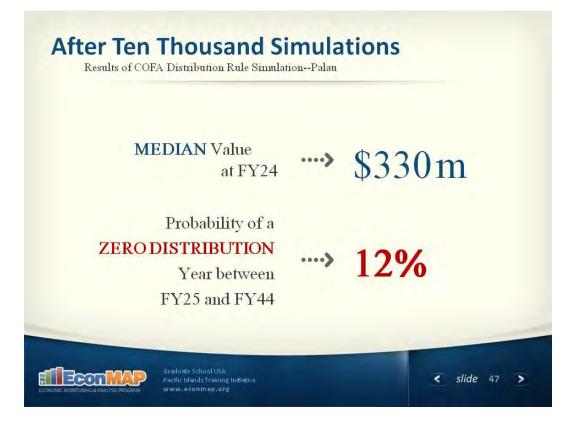


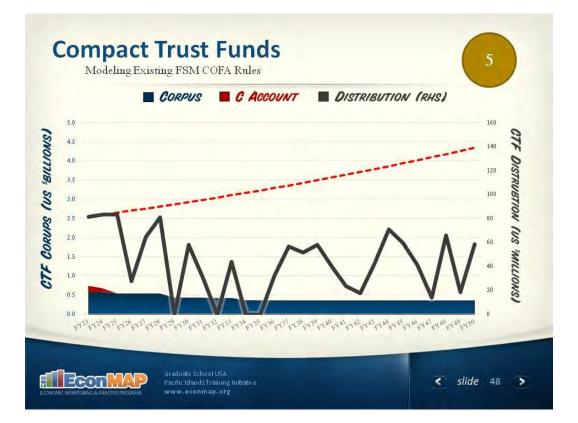


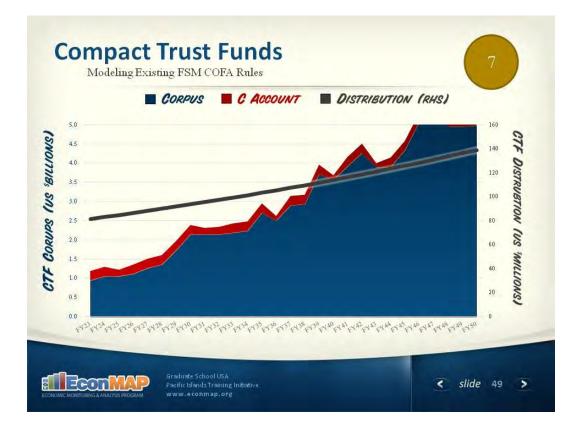


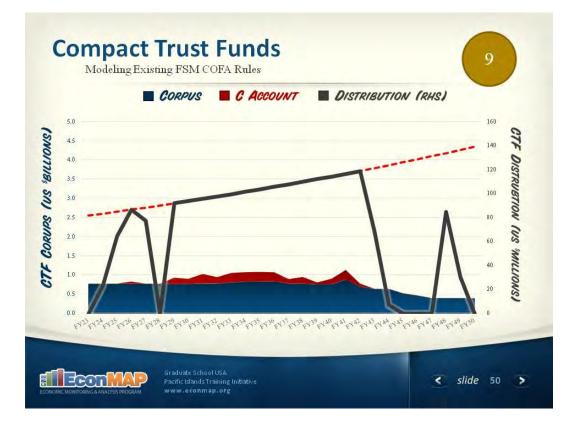


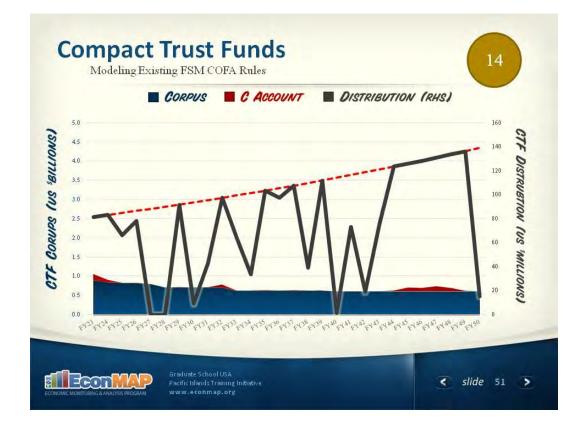


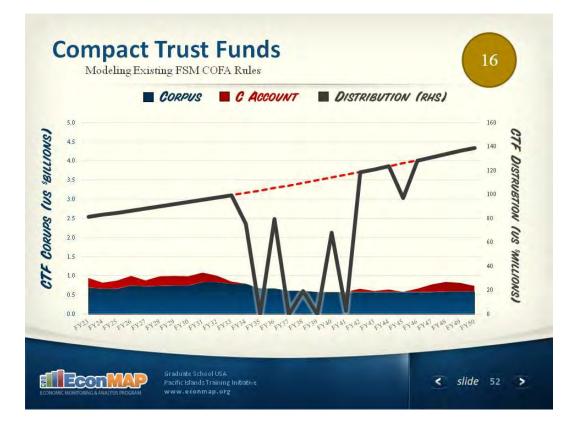


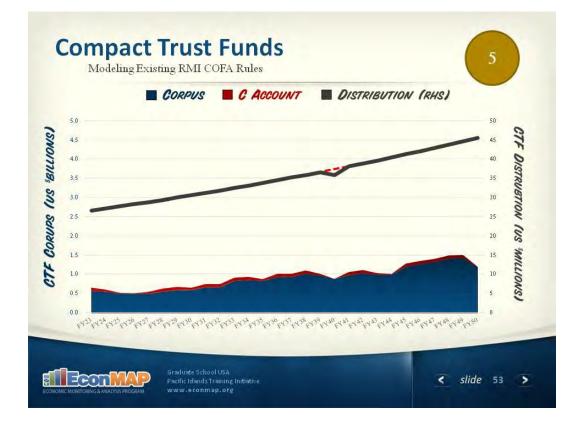


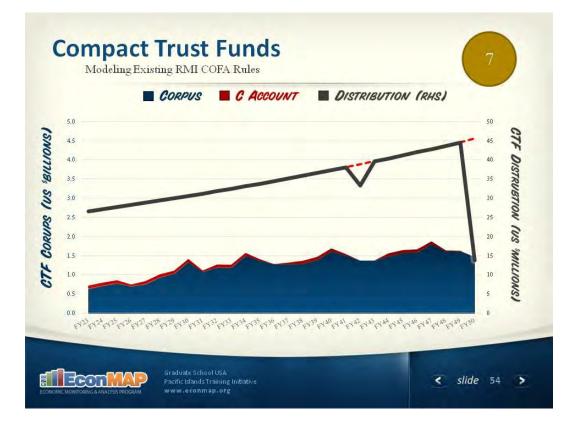


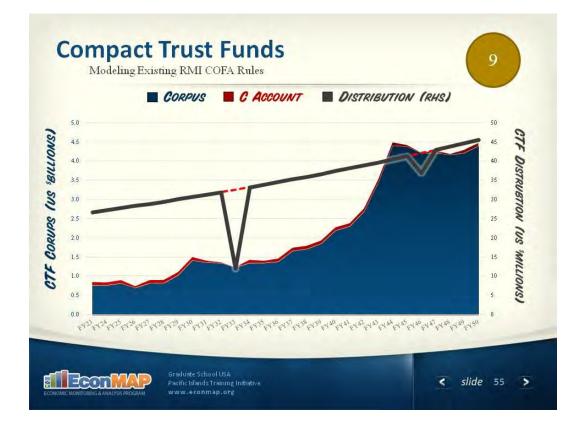




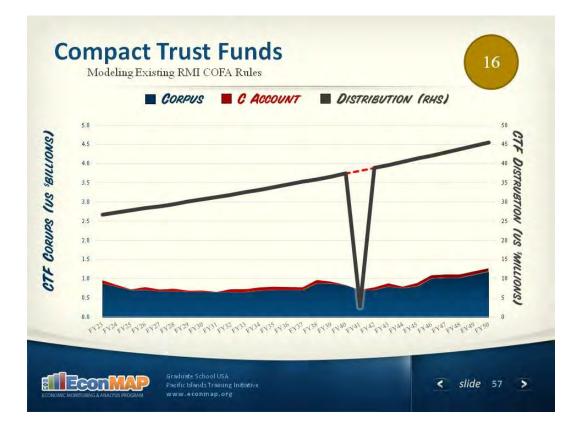












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Designing Better Rules

Sustainability Distribution Rules: FY25 Onward

- 1. Distributions in FY25 onward will be equivalent to the prior year inflation adjusted level, except:
 - If CTF level is dangerously low
 distributions will decrease by no more than 5%
 - If CTF recovers
 distributions will increase by 2% in real terms
 - If CTF performs exceedingly well distributions will increase by 5% in real term
 - distributions will increase by 5% in real terms.

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After Ten Thousand Simulations

Sustainabilit	y Distribution Rules	with FSM	Contributions
---------------	----------------------	----------	---------------

Performance Measures	COFA	SAFER	+FSM
% cases where CTF value > Primary Target in FY50	20.6%	61.9%	74.6%
% cases where real CTF in FY50 is > real CTF in FY23	26.7%	82.1%	82.8%
Average distribution FY24-FY50 % FY23 distribution	74.5%	54.7%	92.9%
% cases with distribution in FY50 >/= FY23	40.6%	30.2%	71.3%
% cases with zero distribution in FY46-FY50	45.5%	0.0%	0.0%
Av. FY50 real distribution as % of FY49 target	24.1%	1.7%	0.3%
Overall Performance Rating	48.8%	71.2%	86.9%

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After Ten Thousand Simulations

Sustainability + RMI Contributions

Performance Measures	COFA	Sust	+RMI
% cases where CTF value > Primary Target in FY50	76.1%	86.6%	89.3%
% cases where real CTF in FY50 is > real CTF in FY23	73.5%	84.2%	85.1%
Average distribution FY24-FY50 % FY23 distribution	83.2%	69.3%	83.9%
% cases with distribution in FY50 >/= FY23	94.0%	86.5%	96.3%
% cases with zero distribution in FY46-FY50	14.7%	0.0%	0.0%
Av. FY50 real distribution as % of FY49 target	10.1%	0.6%	0.3%
Overall Performance Rating	83.7%	88.1%	93.1%

ETTECOT MAP

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After Ten Thousand Simulations

COFA + SAFER with \$15m REAL + Palau Contributions

Performance Measures	COFA	SAFER*	+Palau
% cases where CTF value > Primary Target in FY50	67.6%	79.5%	92.1%
% cases where real CTF in FY50 is > real CTF in FY23	60.1%	73.2%	82.4%
Average distribution FY24-FY50 % FY23 distribution	62.6%	84.8%	99.3%
% cases with distribution in FY50 >/= FY23	80.3%	77.1%	99.3%
% cases with zero distribution in FY46-FY50	6.6%	0%	0%
Av. FY50 real distribution as % of FY49 target	1.7%	1.1%	0%
Overall Performance Rating	77.0%	85.6%	95.5%

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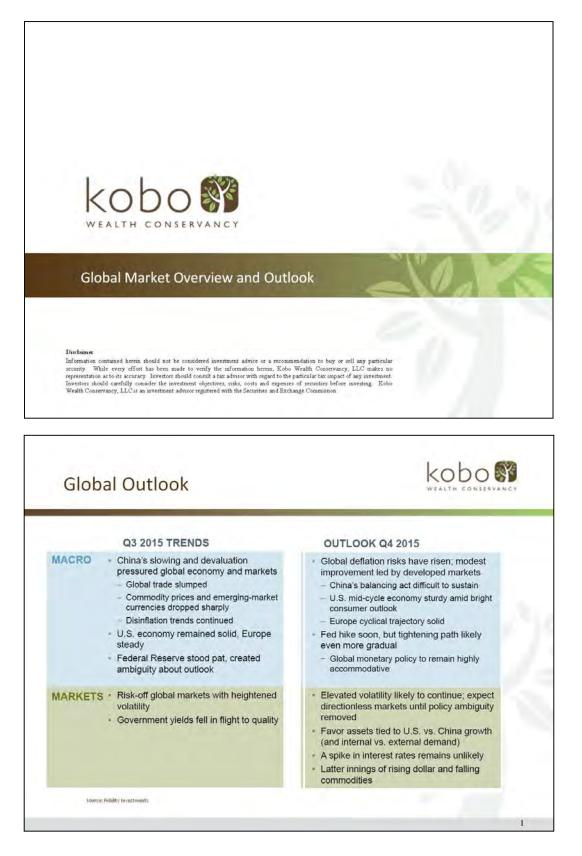
www.econmap.org

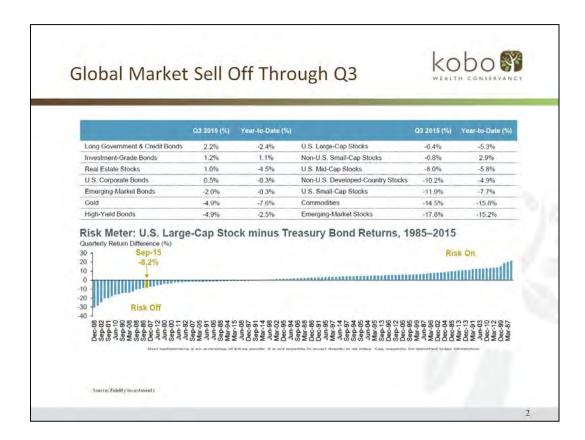
Questions or Comments?

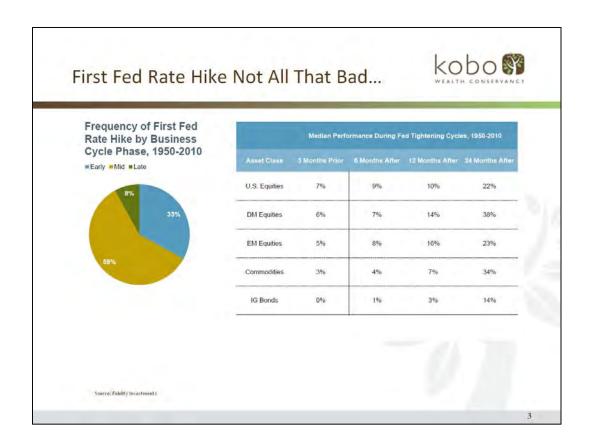
GFOA, December 2015

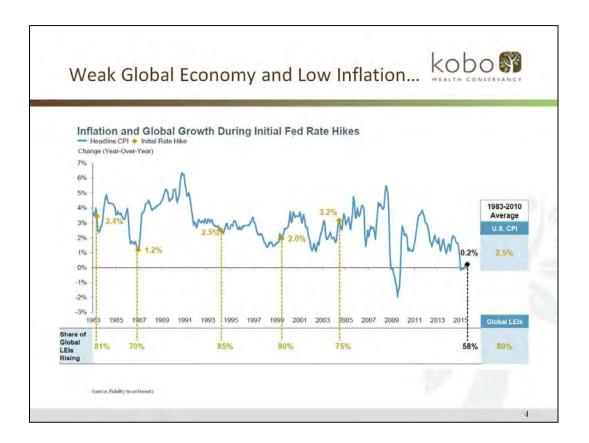
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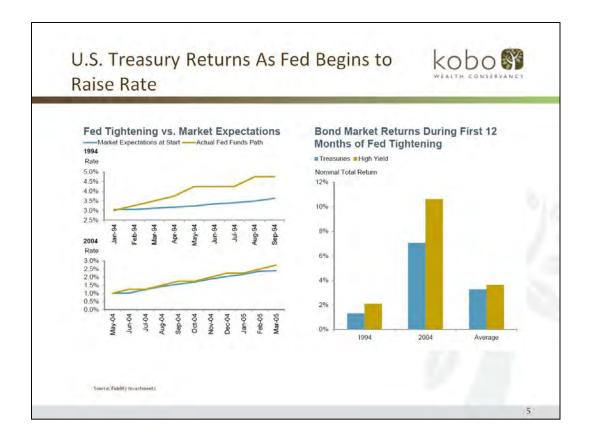
APPENDIX H—ASSESSING TODAY'S GLOBAL ECONOMIC OUTLOOK

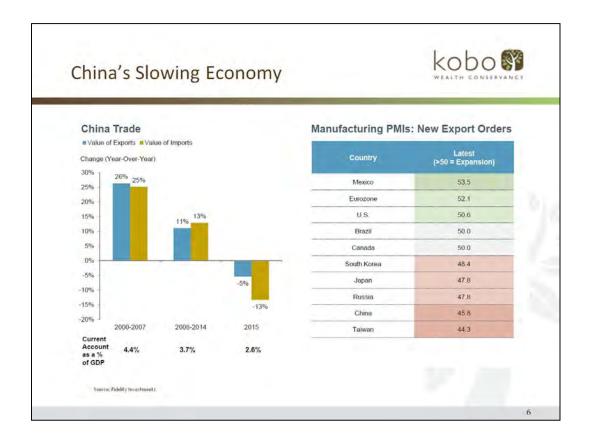




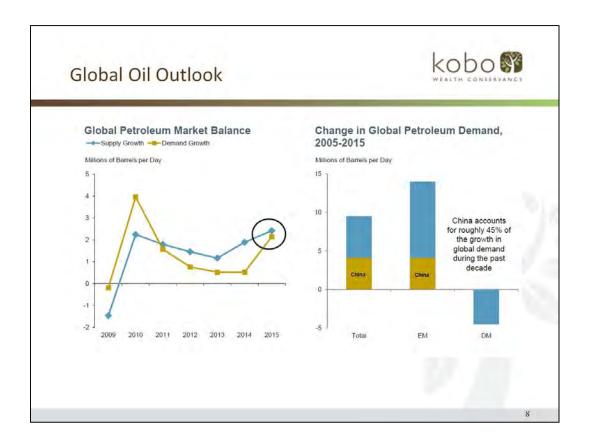


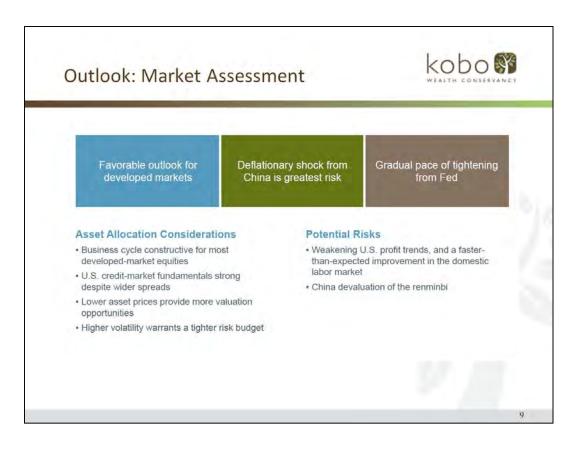


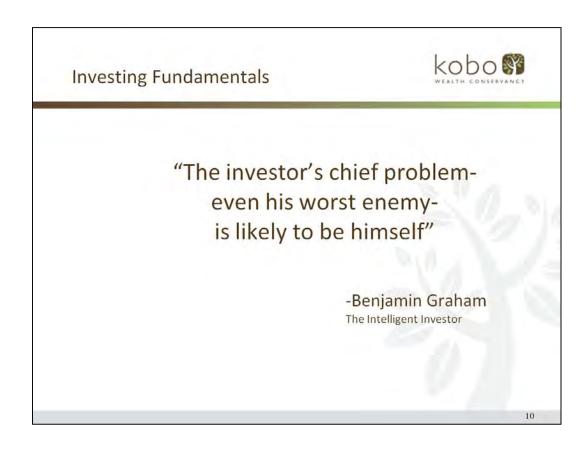






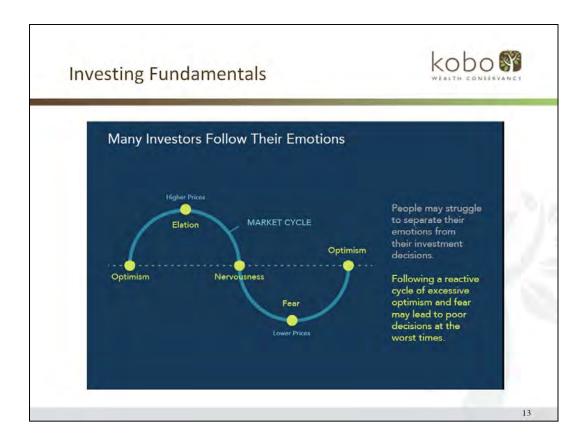


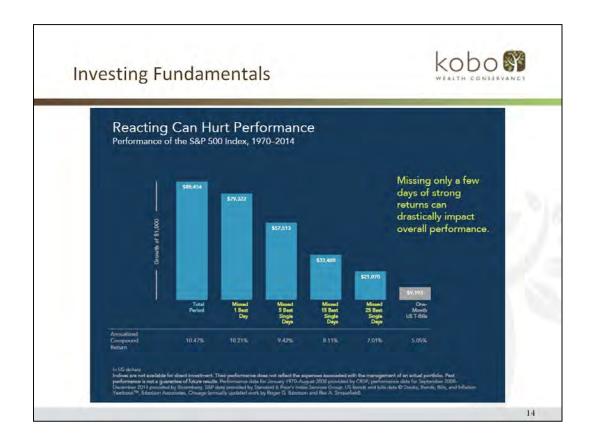




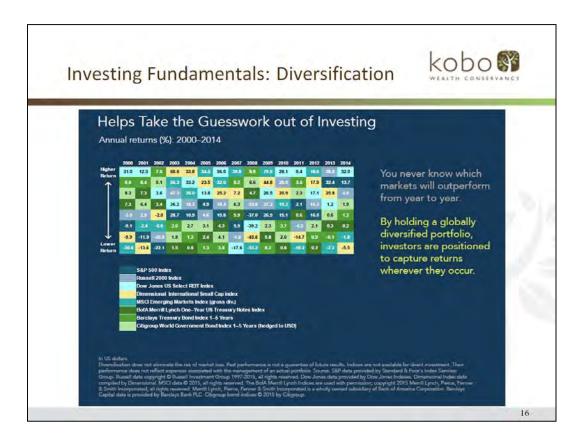


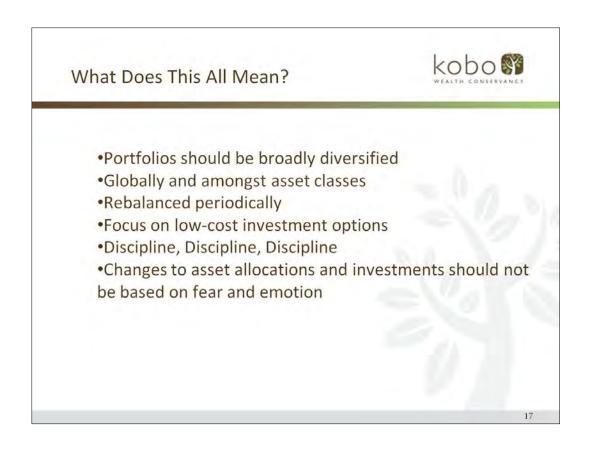












APPENDIX I—2014 PERFORMETER AND A.F.T.E.R. ANALYSIS UPDATE



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A brief review...

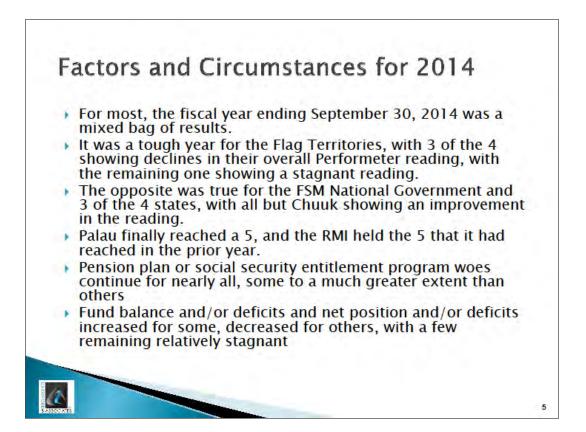
- The Performeter measures the financial health and success of a government using a scale that all users (including decision makers) can understand, 0–10, with 0 = poor, 5 = satisfactory, and 10 = excellent
- Uses financial ratios for the evaluation
- The evaluation is only as reliable as the information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

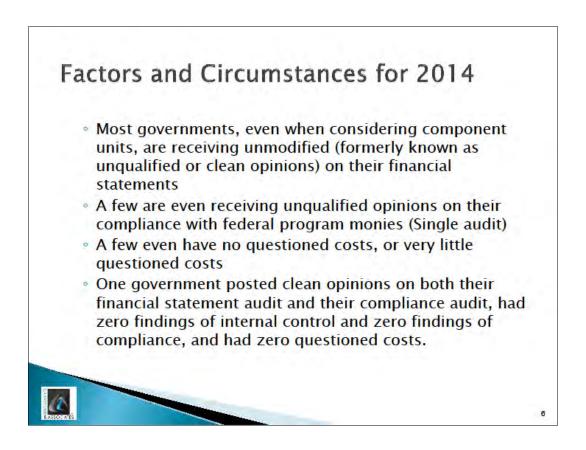
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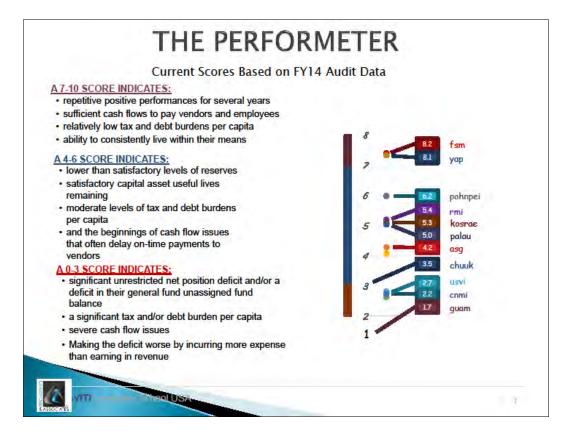
A brief review...

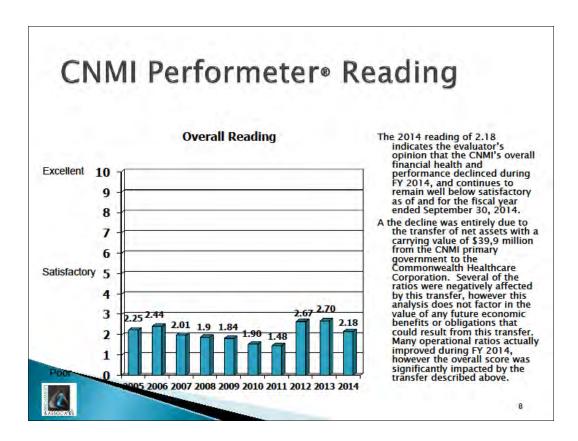
The A.F.T.E.R. Analysis is very simple analysis of the status of audit findings, the timeliness of the submission of the audit and the resolution of certain audit exceptions; this analysis can be used to track a government's progress towards eliminating its most significant findings and exceptions, along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



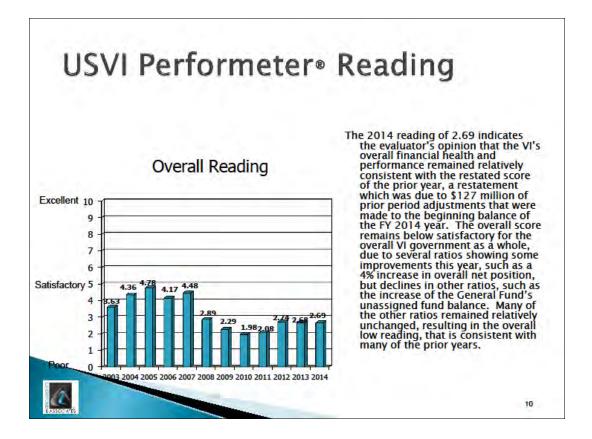




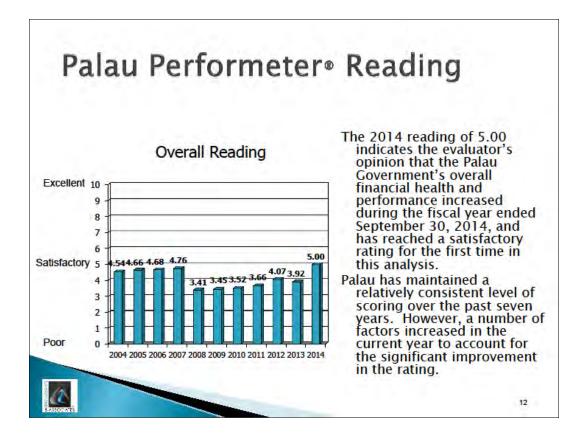




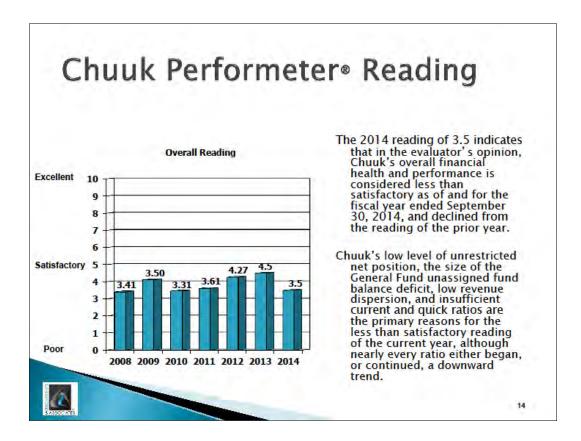
	2007	2008	2009	2010	2011	2012	2013	2014
Number of F.S. Opinion Qualifications/Exceptions	10	4	2	1	6	3	7	2
Number of Major Federal Program Qualifications/Exceptions	6	5	5	8	8	8	7	8
Number of F.S. Findings A. Internal Control and Compliance B. Internal Control Only C. Compliance Only TOTAL	10 1 11	15 1 16	18 1 19	15 1 16	19 3 22	2 18 - 20	2 11 0 13	2 13 0 15
Percentage of Findings Repeated	82%	62.5%	78.9%	100%	72.7%	72.7%	100%	60%
Number of A-133 Findings A. Internai Control and Compliance B. Internai Control Only C. Compliance Only TOTAL	42 - - 42	41 - - 41	37 - - 37	37 - - 37	22 - <u>3</u> 25	28 - - 28	0 29 1 30	2 36 <u>0</u> 38
Percentage of A-133 Findings Repeated	46%	56%	75.7%	51.4%	56%	56%	50%	39.5%
Number of months Y/E the F.S. were Released	9	9	9	20	20	17	9	9
Number of Qualifications/Exceptions Related to C.U.	8	4	2	1	6	2	7	2
\$ of Questioned Costs-Current Year	\$2,213,809	\$7,165,461	\$4,817,031	\$5,483,038	\$4,223,661	\$6,620,692	\$10,288,891	\$3,754,204
\$ of Questioned Costs- Cumulative	\$7,249,314	\$7,249,314	\$19,231,826	\$24,714,864	\$28,938,525	\$35,559,217	\$45,848,108	\$26,187,584
\$ of Questioned Costs Resolved - Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,414,727



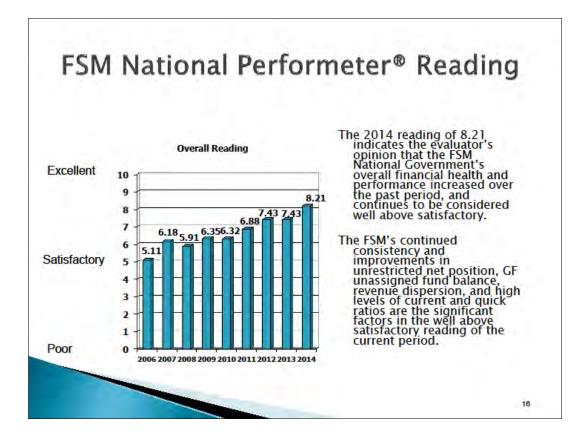
	2007	2008	2009	2010	2011	2012	2013	2014
Number of F.S. Opinion Qualifications/Exceptions	9	7	8	9	9	7	6	9
Number of Major Federal Program Qualifications/Exceptions	11	7	8	6	5	2	3	6
Number of F.S. Findings		1						inc.
A. Internal Control and Compliance	0	1	1	1	1	-	0	0
B. Internal Control Only	11	10	10	8	7	8	8	12
C. Compliance Only	1	0	0	0	0	0	0	2
TOTAL	12	11	11	9	8	8	8	14
Percentage of Findings Repeated	Unable to determine	100% (estimate)	100% (estimate)	100% (estimate)	100% (estimate)	100% (estimate)	100% (estimate)	100% (estimate
Number of A-133 Findings				10.00	interest al		Sec. 10.	1.00
A. Internal Control and Compliance	50	50	12	26	7	13	14	46
B. Internal Control Only	0	0	34	0	19	-	0	0
C. Compliance Only	0	0	0	0	0	-	0	0
TOTAL	50	50	46	26	26	13	14	46
Percentage of A-133 Findings Repeated	Unable to determine	58%	56.5%	65.4%	Unable to determine	Unable to determine	Unable to determine	100%
Number of months after Y/E the F.S. were Released	25	24	22	26	24	16	9	12
Number of Qualifications/Exceptions Related to C.U.	6	3	3	4	5	5	4	3
\$ of Questioned Costs-Current Year	\$8,484,494	\$3,487,561	\$57,293,304	\$744,885	\$2,490,612	\$3,328,464	\$0	\$1,172,4
\$ of Questioned Costs- Cumulative	Unable to determine	Unable to determine	\$60,104,177	\$59,957,932	\$3,235,497	\$5,730,775	\$0	Unable to determin
s of Olestioned Costs Resolved - Current Year	Unable to determine	\$6,276,416	\$8,944,995	\$891,130	557,721,390	\$833,186	\$5,730,775	Unable to determin



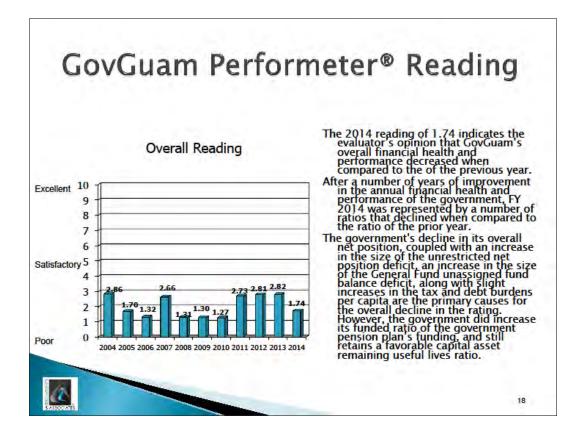
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	0	0
Number of Major Federal Program Qualifications/Exceptions	4	5	6	8	8	7	7	7	6
Number of F.S. Findings A. Internal Control and Compliance B. Internal Control Only C. Compliance Only TOTAL	5 8 0 13	0 11 <u>3</u> 14	0 3 <u>3</u> 6	0 8 <u>4</u> 12	0 7 3 10	0 5 <u>0</u> 5	0 3 <u>8</u> 11	0 3 <u>0</u> <u>3</u>	0 3 1 4
Percentage of Findings Repeated	30.8%	71%	33%	25%	80%	80%	80%	0%	50%
Number of A-133 Findings A. Internal Control and Compliance B. Internal Control Only C. Compliance Only TOTAL	15 0 <u>0</u> 15	7 5 0 12	16 1 <u>0</u> 17	33 0 <u>0</u> 33	25 2 1 28	5 1 <u>1</u> 7	18 0 <u>0</u> 18	19 0 <u>0</u> 19	9 0 1 10
Percentage of A-133 Findings Repeated	13.3%	67%	59%	48%	60.1%	57%	57%	47%	80%
Number of months after Y/E the F.S. were Released	9	9	9	14	22	17	13.5	10	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$99,755	\$63,691	\$577,977	\$967,990	\$1,668,099	\$336,302	\$763,348	\$183,006	\$72,875
\$ of Questioned Costs- Cumulative	\$993,651	\$801,692	\$801,692	\$2,352,870	\$3,214,066	\$3,550,368	\$2,754,298	\$2,690,163	\$826,527
s of Questioned Costs Resolved - Current	\$290,311	\$255,650	\$1,379,6	\$0	\$557,949	\$557,949	\$1,559,418	\$247,141	\$1,936,51



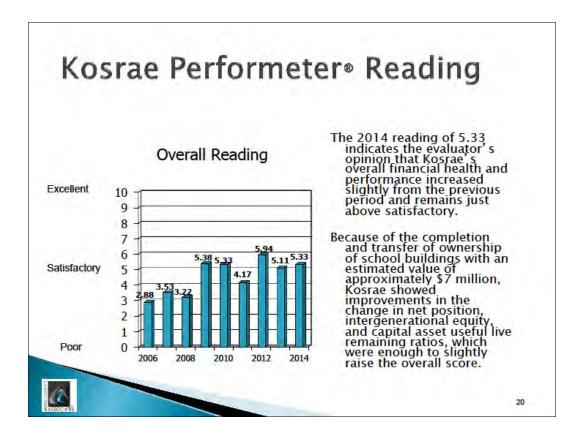
	2007	2008	2009	2010	2011	2012	2013	20
Number of F.S. Opinion Qualifications/Exceptions	11	7	3	1	1	1	2	-
Number of Major Federal Program Qualifications/Exceptions	1	0	1	1	0	0	1	1
Number of F.S. Findings A. Internal Control and Compliance B. Internal Control Only	0 11	0	0 3	0	0	0 4	0	0
C. Compliance Only TOTAL	2 13	<u>0</u> 2	<u>0</u> 3	0 1	0 5	0 4	0 5	2
Percentage of Findings Repeated	18%	50%	67%	0%	20%	50%	60%	10
Number of A-133 Findings A. Internal Control and Compliance B. Internal Control Only C. Compliance Only TOTAL	8 0 <u>0</u> 8	1 0 1 2	2 0 <u>0</u> 2	1 0 0 1	1 0 9 1	1 0 0 1	3 1 0 4	2 1 0 3
Percentage of A-133 Findings Repeated	7%	50%	50%	100%	100%	100%	25%	20
Number of months Y/E the F.S. were Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	2	2	1	1	1	Q	0	0
\$ of Questioned Costs-Current Year	\$1,578,943	\$11,519	\$0	\$0	\$0	\$0	\$194,238	\$114
\$ of Questioned Costs- Cumulative	\$9,272,323	\$2,056,336	\$1,055,719	\$0	\$0	\$0	\$194,238	\$309,
Tor Current Year	\$1,730,549	\$7,227,506	\$1,000,607	\$1,055,719	\$0	\$0	\$0	\$



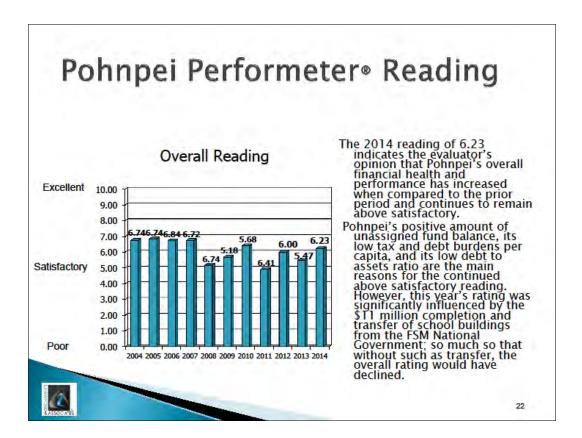
FSM A.F		L.IX.						
	1.000	T - 722 - 1	1.6.6.1	15.71.	10000	1023	201.0	
	2007	2008	2009	2010	2011	2012	2013	201
Number of F.S. Opinion Qualifications/Exceptions	8	10	0	0	0	0	0	0
Number of Major Federal Program	1.0			1	1		1.1.2.4	1.00
Qualifications/Exceptions	4	4	3		3	3	3	6
Number of F.S. Findings	10000				-			
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	12	3	4	3	2	2	1	1
C. Compliance Only	1	0	0	0	0	0	0	0
TOTAL	13	3	4	3	2	2	1	1
Percentage of Findings Repeated	36%	0%	25%	100%	50%	100%	100%	1009
Number of A-133 Findings		-						1
A. Internal Control and Compliance	14	15	20	12	12	9	7	12
B. Internal Control Only	0	0	0	0	0	0	2	0
C. Compliance Only	0	0	0	0	<u>0</u>	0	0	0
TOTAL	14	15	20	12	12	9	9	12
Percentage of A-133 Findings Repeated	0%	0%	70%	58%	41.7%	77.7%	77.7%	16.79
Number of months Y/E the F.S. were Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	2	6	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$4,139,445	\$2,372,041	\$2,964,400	\$2,049,222	\$301,014	\$709,783	\$2,665,578	\$580,8
s of Questiones- and - Cumulative	\$6,832,415	\$7,115,095	\$6,079,078	\$6,106,882	\$5,211,836	\$3,060,019	\$3,642,795	\$4,223,
a of Questioned Costs Resolved	\$1,946,085	\$2,095,841	\$3,993,937	\$2,021,418	\$1,196,066	\$2,861,600	\$2,082,802	\$0



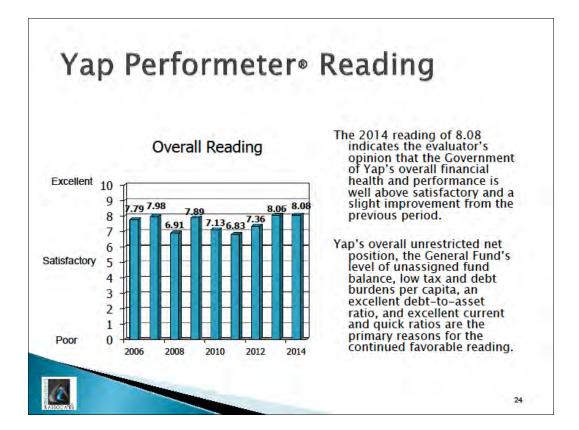
Number of F.S. Opinion Qualifications/Exceptions	2007	2008	2009	2010	2011	2012	2013	2014
Number of Major Federal Program Qualifications/Exceptions	10	10	9	6	5	5	4	7
Number of F.S. Findings		~	112		1			
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only C. Compliance Only	1	0	0	3	6	4	3	3
TOTAL	2	ō	ō	3	6	4	3	3
Percentage of Findings Repeated	50%	0%	0%	0%	0%	100%	100%	33%
Number of A-133 Findings	2.45	1000	1		1.0	1		100
A. Internal Control and Compliance	24	21	10	6	3	3	5	6
B. Internal Control Only C. Compliance Only	0	0	0	0	0	0	0	1
TOTAL	24	21	10	6	3	3	5	7
Percentage of A-133 Findings Repeated	2.9%	4.7%	10%	16.7%	33.3%	0%	0%	14%
Number of months Y/E the F.S. were Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$2,802,408	\$1,881,435	\$0	\$3,734	\$41,790	\$35,293	\$18,178	\$46,293
\$ of Questioned Costs- Cumulative	\$7,084,374	\$7,837,719	\$4,616,404	\$2,313,561	\$1,428,837	\$45,370	\$53,471	\$99,764
For Ougstioned Costs Resolved - Current Year	\$1,478,722	\$1,128,090	\$3,221,315	\$2,306,577	\$926,514	\$1,418,760	\$10,077	\$0



	2007	2008	2009	2010	2011	2012	2013	20
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	1
Number of Major Federal Program Qualifications/Exceptions	2	2	Ģ	0	0	0	Ģ	
Number of F.S. Findings A. Internal Control and Compliance B. Internal Control Only	0 3	0 2	0 2	0	0	0	0	
C. Compliance Only TOTAL	4	2	2	1	0 1	1	0	
Percentage of Findings Repeated	0%	50%	100%	0%	100%	100%	100%	
Number of A-133 Findings A. Internal Control and Compilance B. Internal Control Only C. Compilance Only	8	2 0	0 0 0	0	0 0 0	1 0 0	0 0	
TOTAL	8	2	9	Ģ	ō	1	9	1
Percentage of A-133 Findings Repeated	38%	50%	0%	0%	0%	0%	0%	0
Number of months Y/E the F.S. were Released	9	9	9	9	9	9	9	16.3
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	1.0
\$ of Questioned Costs-Current Year	\$162,753	\$0	\$0	\$0	\$0	\$0	\$0	4
\$ of Questioned Costs- Cumulative	\$1,553,913	\$463,367	\$0	\$0	\$0	\$0	\$0	\$
\$ of Quantinged Costs Resolved - Current Year	\$115,407	\$1,205,96	\$463,367	\$0	\$0	\$0	\$0	\$



			_		_	_	_	_
	2007	2008	2009	2010	2011	2012	2013	20
Number of F.S. Opinion Qualifications/Exceptions	0	0	0	0	0	0	0	
Number of Major Federal Program Qualifications/Exceptions	2	o	0	o	0	Q	í	1
Number of F.S. Findings	1.5	h	1.12111	1.5		57	1.28	1.7
A. Internal Control and Compliance	0	0	0	0	0	0	0	
B. Internal Control Only C. Compliance Only	0	0	0	0	0	0	1	1
TOTAL	ō	ő	ō	ō	ō	ō	ĩ	1
Percentage of Findings Repeated	0%	0%	0%	0%	0%	0%	0%	01
Number of A-133 Findings	1.50	13-1	12.51	12.1				
A. Internal Control and Compliance	4	2	1	1	1	1	3	4
B. Internal Control Only	0	0	0	0	0	0	1	
C. Compliance Only TOTAL	4	2	0 1	0 1	0 1	0 1	4	1
Percentage of A-133 Findings Repeated	17%	50%	100%	100%	100%	100%	25%	25
Number of months Y/E the F.S. were Released	9	9	9	9	9	9	9	9
Number of Qualifications/Exceptions Related to C.U.	0	0	0	0	0	0	0	0
\$ of Questioned Costs-Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$541
\$ of Questioned Costs- Cumulative	\$0	\$0	\$0	\$0	\$0	\$0	\$121,682	\$663
Lof Questioned Costs Resolved - Current Year	\$0	\$0	\$0	\$0	\$0	\$0	\$121,682	s



Yap A	۱.F.	Τ.	E.	R.
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	2007	2008	2009	2010	2011	2012	2013	2014
Number of F.S. Opinion Qualifications/Exceptions	2	2	0	0	1	2	2	2
Number of Major Federal Program Qualifications/Exceptions	4	5	4	5	5	5	2	2
Number of F.S. Findings	11.2.2.1	1.000	1.01.010		the second s		11.0.4.1.1	a linguna
A. Internal Control and Compliance	0	0	0	0	0	0	0	0
B. Internal Control Only	0	3	4	2	3	4	1	1
C. Compliance Only	1	0	0	0	0	0	0	0
TOTAL	1	3	4	2	3	4	1	1
Percentage of Findings Repeated	17%	33%	50%	100%	100%	0%	0%	100%
Number of A-133 Findings							-	-
A. Internal Control and Compliance	11	11	0	4	3	2	3	5
B. Internal Control Only	0	0	2	0	0	0	0	0
C. Compliance Only	0	0	5	0	0	0	0	0
TOTAL	11	11	7	4	3	2	3	5
Percentage of A-133 Findings Repeated	14%	18%	57%	100%	67%	50%	0%	.0%
Number of months after Y/E the F.S. were Released	9	9	8	8	6	9	9	9
Number of Qualifications/Exceptions Related to C.U.	1	2	Q	0	1	2	2	2
\$ of Questioned Costs-Current Year	\$1,282,2 44	\$1,862,194	\$376,295	\$150,534	\$222,065	\$3,660	\$45,776	\$129,385
\$ of Questioned Costs- Cumulative	\$2,036,4 43	\$3,376,248	\$2,494,249	\$1,729,116	\$818,483	\$822,143	\$864,259	\$993,644
\$ of Questioned Costs Resolved - Current Year	\$115,079	\$552,389	\$681,936	\$915,667	\$1,115,668	\$0	\$3,660	\$0





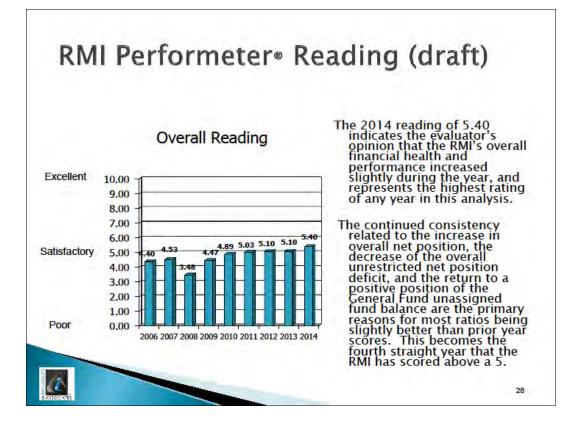
How Was Our Overall Financial Performance?

The 2014 reading of 4.16 indicates the evaluator's opinion that the American Samoa Government's overall financial health and performance decreased slightly during the year, to a level just below the satisfactory reading.

25

The current year reading is a result of some of the more heavily weighted ratios decreasing, such as the increase in the size of the General Fund unassigned fund balance deficit, a decline in the business-type self sufficiency ratio, and decreases in both the quick and current ratios. In addition, this represents the second year of two consecutive years in which the overall score has declined slightly. However, the score still remains relatively consistent with the scores of the past several periods.

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of F.S. Opinion Qualifications/Exceptions	7	7	7	6	7	2	1	1	4
Number of Major Federal Program Qualifications/Exceptions	9	8	8	18	38	15	9	11	10
Number of F.S. Findings A. Internal Control and Compliance B. Internal Control Only C. Compliance Only TOTAL	7 0 <u>0</u> 7	7 0 <u>0</u> 7	7 0 <u>0</u> 7	6 0 <u>0</u> 6	6 0 0 6	0 3 <u>3</u> 6	2 3 0 5	3 4 <u>0</u> 7	1 7 0 8
Percentage of Findings Repeated	100%	100%	100%	100%	100%	83%	80%	57%	87.5%
Number of A-133 Findings A. Internal Control and Compliance B. Internal Control Only C. Compliance Only TOTAL	11 0 0 11	15 0 0 15	13 0 <u>0</u> 13	15 0 0 15	6 0 0 6	5 0 1 6	11 7 <u>0</u> 18	5 5 0 10	5 3 <u>0</u> 8
Percentage of A-133 Findings Repeated	Unable to determine	Unable to determine	100%	Unable to determine	100%	50%	22%	90%	50%
Number of months after Y/E the F.S. were Released	12	(1)	9	9	10	-11	u.	9	9
Number of Qualifications/Exceptions Related to C.U.	3	3	1	ĩ	I.	٥	o	1	0
of Questioned Costs-Current Year	\$102,041	\$297,069	\$100	50	\$1,785	\$2,377,9 62	\$2,606,66 2	\$0	\$279,912
s of Questioned Costs- Cumulative	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine	Unable to determine

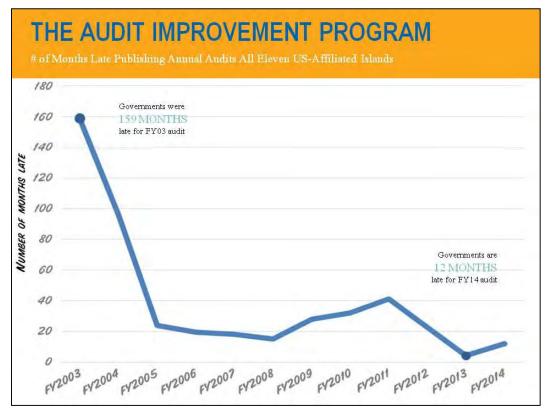


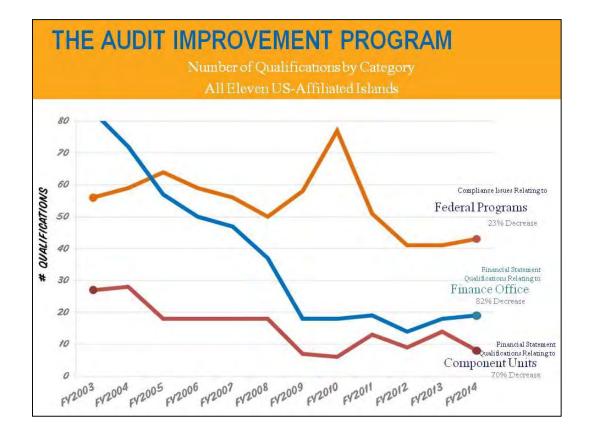
	2005	2007	2008	2009	2010	2011	2012	2013	2014	
Number of F.S. Opinion Qualifications/Exceptions	2	0	0	0	0	0	0	0	0	
Number of Major Federal Program Qualifications/Exceptions	3	3	3	3	1	3	2	2	2	
Number of F.S. Findings A. Internal Control and Compliance B. Internal Control Only C. Compliance Only TOTAL	0 0 0 0	0 3 0 3	0 1 0 1	0 1 0 1	1 4 0 5	0 2 0 2	0 4 0 4	0 7 1 8	0 7 0 7	
Percentage of Findings Repeated	0%	0%	0%	0%	20%	50%	75%	75%	71%	
Number of A-133 Findings A. Internal Control and Compliance B. Internal Control Only C. Compliance Only TOTAL	10 0 <u>0</u> 10	12 0 <u>0</u> 12	0 3 5 8	11 0 <u>0</u> 11	6 1 <u>0</u> 7	12 0 0 12	7 0 <u>0</u> 7	3 4 <u>0</u> 7	6 0 <u>0</u> 6	
Percentage of A-133 Findings Repeated	30%	8%	12.5%	9%	14%	41.7%	100%	100%	100%	
Number of months after Y/E the F.S. were Released	9	9	9	9	9	17	10	12	1	
Number of Qualifications/Exceptions Related to C.U.	2	0	0	0	0	0	0	0	0	
\$ of Questioned Costs-Current Year	\$408,451	\$710,185	\$645,618	\$1,360,234	\$2,243,301	\$3,156,810	\$35,857	\$71,294	\$318,32	
\$ of Questioned Costs- Cumulative	\$5,735,163	\$1,395,477	\$1,777,362	\$2,716,037	\$4,249,153	\$7,405,963	\$7,441,820	\$2,355,004	\$2,673,3	
\$ of Questioned Costs Resolved - Current Year	\$5,326,712	\$5,062,979	\$263,733	\$421,559	\$710,185	\$1,196,066	\$0	\$5,158,110	\$0	

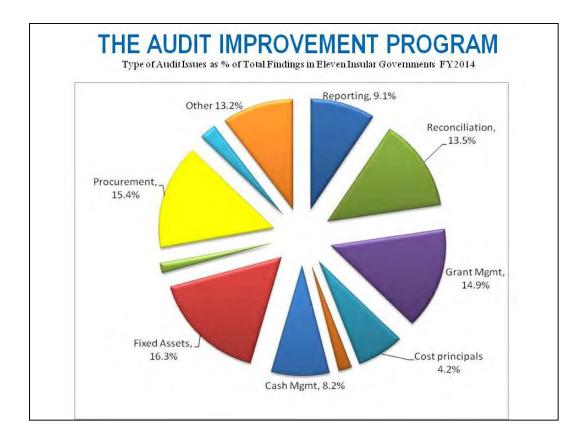


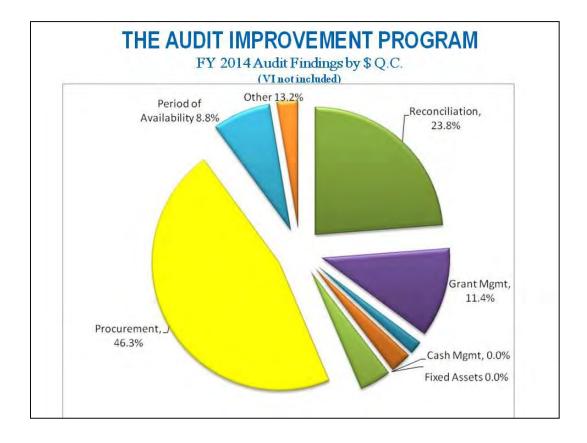
APPENDIX J—UPDATE ON SINGLE AUDITS FY2014

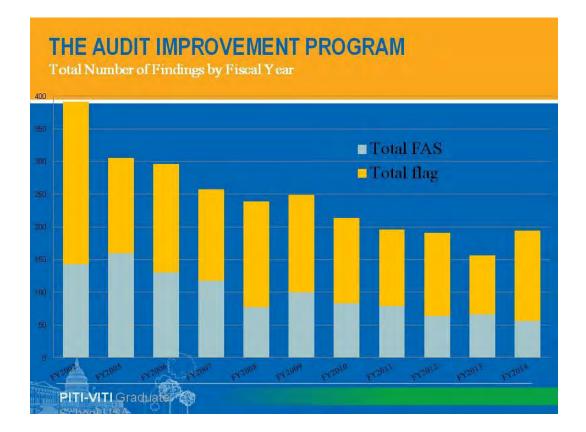


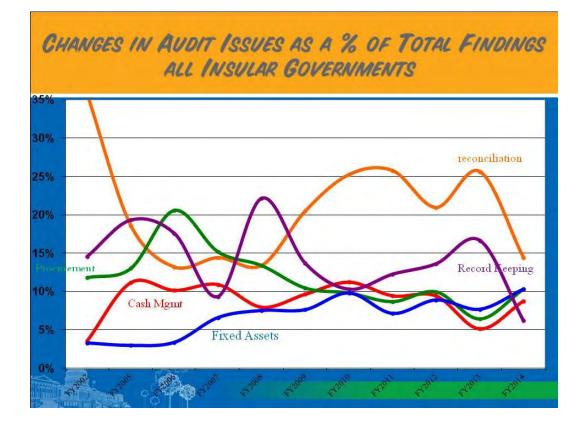




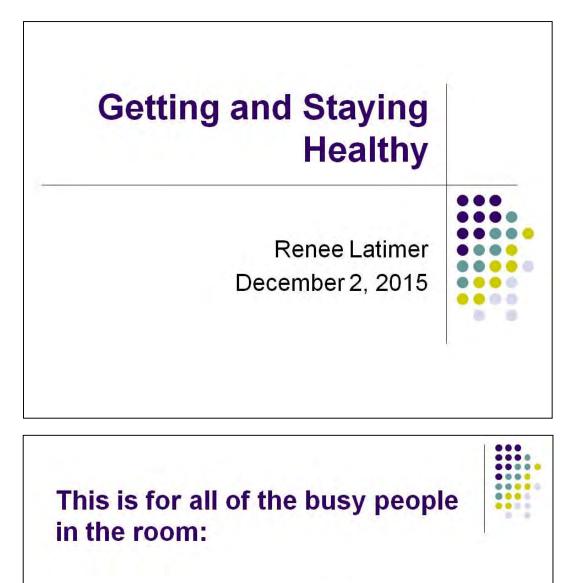






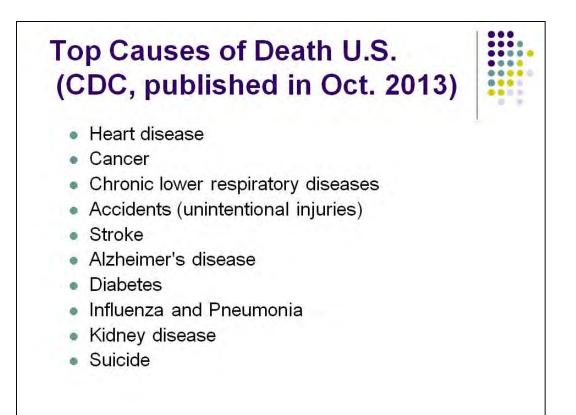


APPENDIX K—GETTING AND STAYING HEALTHY



Your thought for the day...





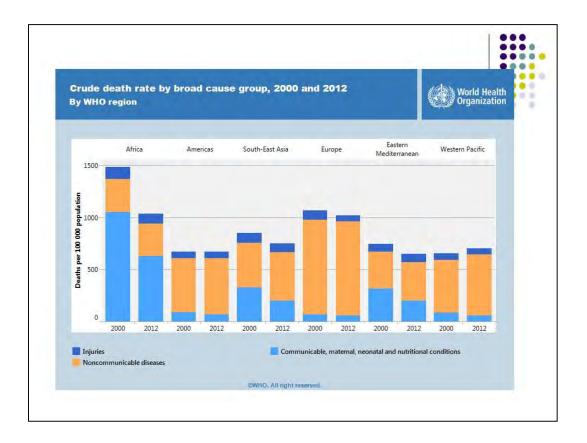
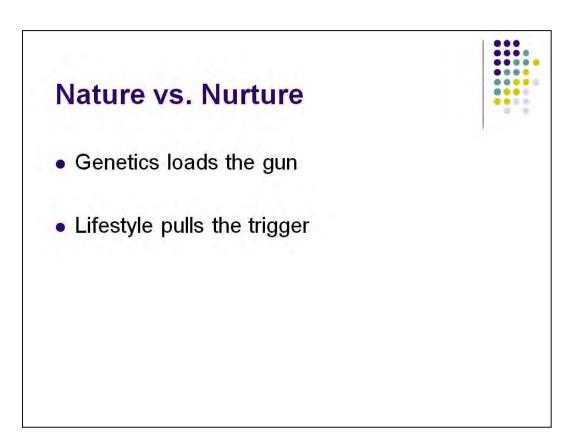


Table 1. Age-adjusted prevalence of CVD and risk factors and USVI residents: Behavioral Risk Factor Surveillance Sy	[1] T. D. D. Martin and S. Martin and M. M. Katalan.		
(n554,194) Percent USVI (n52,583) Percent CVD outcome	5		
Coronary heart disease	3.7	1.7b	
Stroke	4.0	1.6b	
Hypertension	41.1	29.3b	
Diabetes	14.9	10.4b	
Obesity	38.6	32.1b	
<high education<="" school="" td=""><td>12,5</td><td>18.4b</td><td></td></high>	12,5	18.4b	
No health insurance	19,9	25.6b	
Heavy alcohol use	3,2	3.0	
Recommended fruit and vegetable intake	23.1	30.3b	
Recommended physical activity	11.6	11.2	
Currentsmoker	20.5	4.1b a	

based on self-reported history of diagnosis from a doctor. Characteristics were weighted using weights provided by the Behavioral Risk Factor Surveillance System. bp.0.05 for the U.S. vs. USVI difference based on a logistic regression model additionally adjusted for age

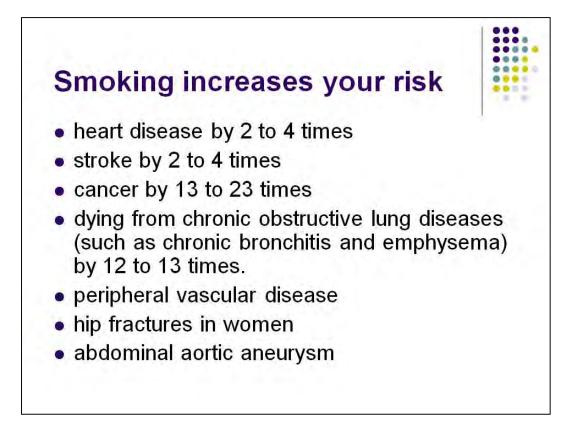
Public Health Reports 2014, vol 128

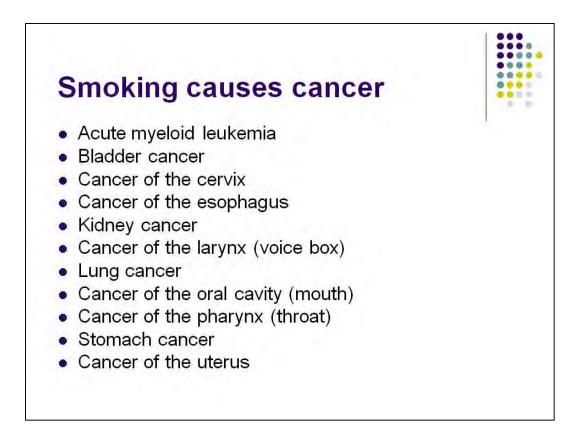








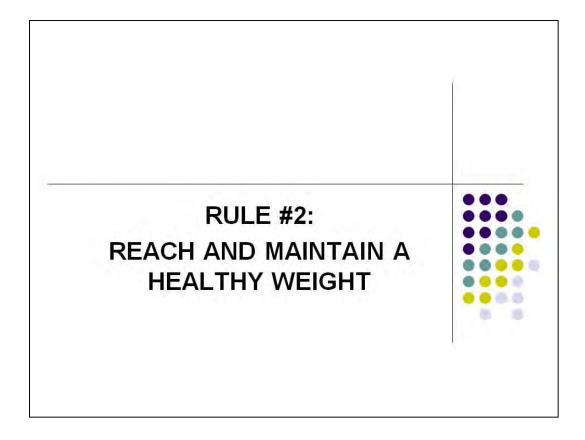






What happens when you quit smoking? within 20 minutes: bp, pulse rate back to normal within 8 hours: smoker's breath disappears within 24 hours: chance of heart attack decreases within 48 hours: taste and smell improve within 3 days: breathing is easier within 2 years: heart attack risk drops to near normal within 10 years: lung cancer death rate is similar to nonsmoker



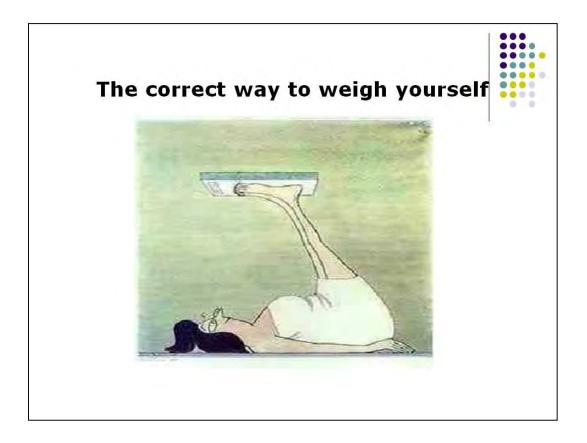


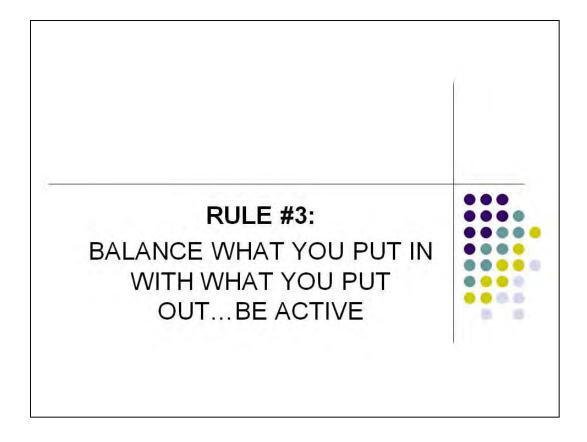


			Normal					Overweight 0					Obese									Extreme Obesity														
BMI	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54
Height)															Body	Wei	ght (p	oun	is)																
58	91	96	100	105	110	115	119	124	129	134	138	143	148	153	158	162	167	172	177	181	186	191	196	201	205	210	215	220	224	229	234	239	244	248	253	25
59	94	99	104	109	114	119	124	128	133	138	143	148	153	158	163	168	173	178	183	188	193	198	203	208	212	217	222	227	232	237	242	247	252	257	262	26
50	97	102	107	112	118	123	128	133	138	143	148	153	158	163	168	174	179	184	189	194	199	204	209	215	220	225	230	235	240	245	250	255	261	266	271	27
61	100	106	111	116	122	127	132	137	143	148	153	158	164	169	174	180	185	190	195	201	206	211	217	222	227	232	238	243	248	254	259	264	269	275	280	28
52	104	109	115	120	125	131	136	142	147	153	158	164	169	175	180	186	191	196	202	207	213	218	224	229	235	240	246	251	256	262	267	273	278	284	289	29
53	107	113	118	124	130	135	141	146	152	158	163	169	175	180	186	191	197	203	208	214	220	225	231	237	242	248	254	259	265	270	278	282	287	293	299	30
64	110	116	122	128	134	140	145	151	157	163	169	174	180	186	192	197	204	209	215	221	227	232	238	244	250	256	262	267	273	279	285	291	296	302	308	31
65	114	120	126	132	138	144	150	156	162	168	174	180	186	192	198	204	210	216	222	228	234	240	246	252	258	264	270	276	282	288	294	300	306	312	318	32
66	118	124	130	136	142	148	155	161	167	173	179	185	192	198	204	210	216	223	229	235	241	247	253	260	266	272	278	284	291	297	303	309	315	322	328	33
67	121	127	134	140	146	153	159	166	172	178	185	191	198	204	211	217	223	230	236	242	249	255	261	268	274	280	287	293	299	306	312	319	325	331	338	34
88	125	131	138	144	151	158	164	171	177	184	190	197	203	210	216	223	230	236	243	249	256	262	269	276	282	289	295	302	308	315	322	328	335	341	348	35
69	128	135	142	149	155	162	169	176	182	189	196	203	209	216	223	230	236	243	250	257	263	270	277	284	291	297	304	311	318	324	331	338	345	351	358	36
70	132	139	146	153	160	167	174	181	188	195	202	209	216	222	229	236	243	250	257	264	271	278	285	292	289	306	313	320	327	334	341	348	355	362	369	37
71	136	143	150	157	165	172	179	186	193	200	208	215	222	229	236	243	250	257	265	272	279	286	293	301	308	315	322	329	338	343	351	358	365	372	379	38
72	140	147	154	162	169	177	184	191	199	206	213	221	228	235	242	250	258	265	272	279	287	294	302	309	316	324	331	338	346	353	361	368	375	383	390	35
73	144	151	159	166	174	182	189	197	204	212	219	227	235	242	250	257	265	272	280	288	295	302	310	318	325	333	340	348	355	363	371	378	386	393	401	40
74	148	155	163	171	179	186	194	202	210	218	225	233	241	249	256	264	272	280	287	295	303	311	319	326	334	342	350	358	365	373	381	389	396	404	412	42
75	152	160	168	176	184	192	200	208	216	224	232	240	248	256	264	272	279	287	295	303	311	319	327	335	343	351	359	367	375	383	391	399	407	415	423	43
76	156	164	172	180	189	197	205	213	221	230	238	245	254	263	271	279	287	295	304	312	320	328	336	344	353	361	369	377	385	394	402	410	418	426	435	44











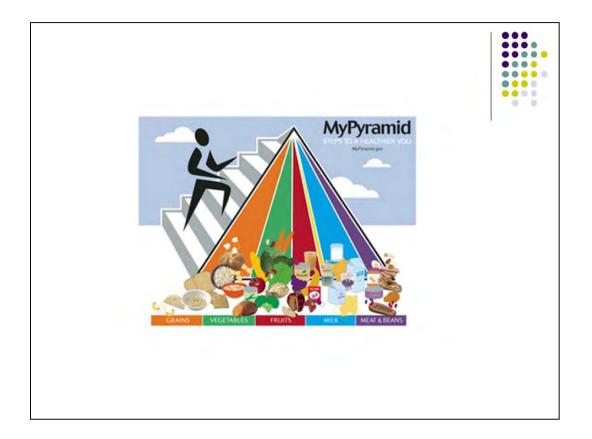


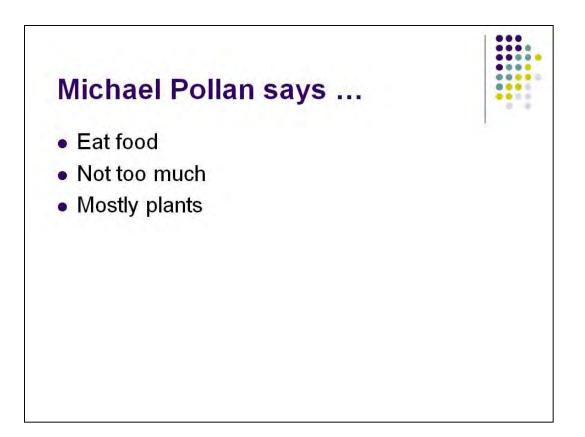




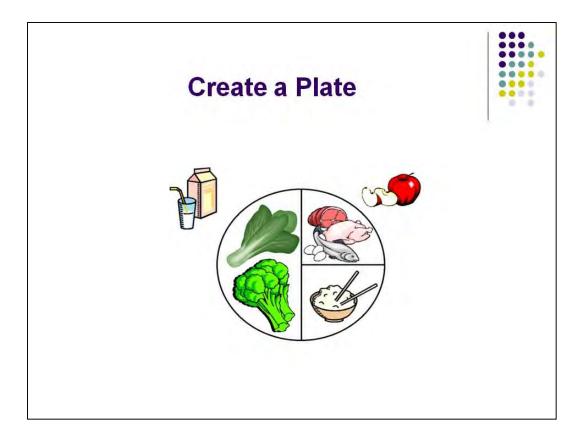


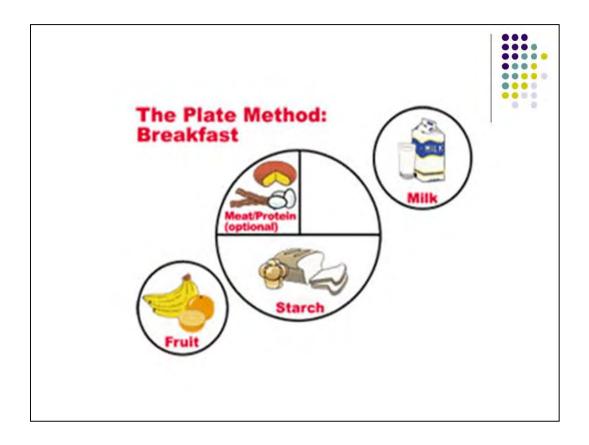


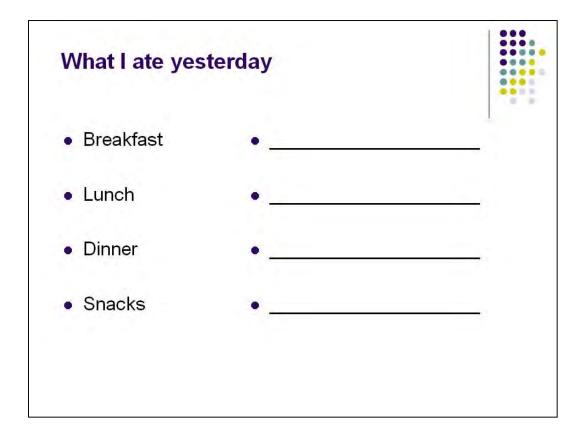


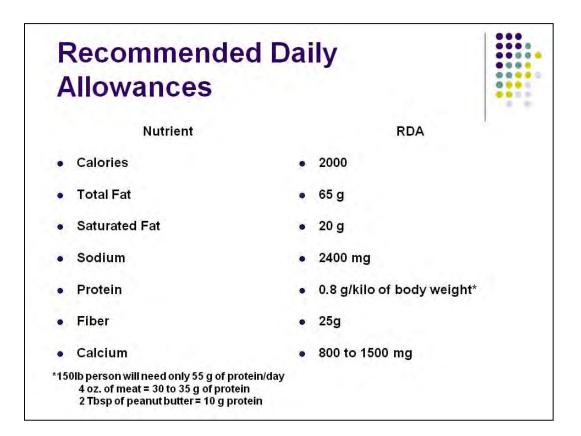






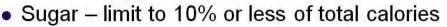








New Guidelines – NAUGHTY LIST

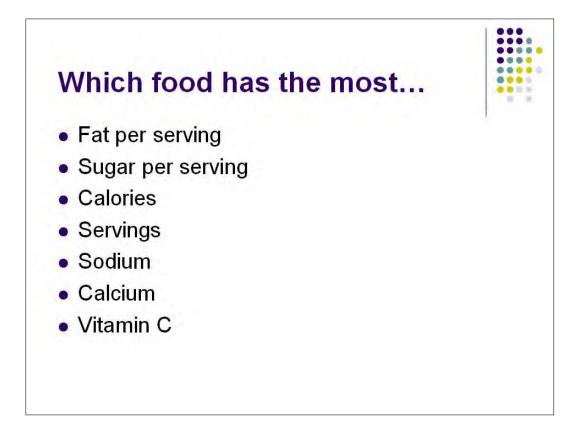


- Evidence that it contributes to obesity and tooth decay
- High fat meats red meat, processed meat

New Guidelines – MODERATION LIST Coffee Defined as 3-5 cups a day Alcohol Defined as 1 drink/day for women; 2 drinks/day for men



Blacket			-	
Serving Size	cup (228g))	CTS	
Amount Per Se	rving			1
Calories 260		lories from	Fat 120	
		S. Del	ly Value*	
Total Fat 13	in .	76 0 21	20%	
Saturated F	-		25%	
Trans Fat 2			A.0 /0	
Cholesterol	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		10%	
Sodium 660			28%	
	-		and the second second	
Total Carbo		19	10%	
Dietary Fib	er Og		0%	
Sugars 5g				
Protein 5g	_			
Vitamin A 4%		Vitom	in C 2%	
Calcium 15%		Iron 4		
* Percent Daily Va Your Daily Value your calorie need	lues are based s may be highe	on a 2,000 c	alorie diet.	
Total Fat	Less than	65g	80g	
Sat Fat	Less than	200	259	
Cholesterol	Less than	300mg	300mg	
Sodium Total Carbohydrate	Less than	2,400mg 300g	2,400mg 375g	
Dietary Fiber	0	300g 25g	3/59	
Calories per gram:				
Fat9 *	Carbohydra	194 *	Protein 4	









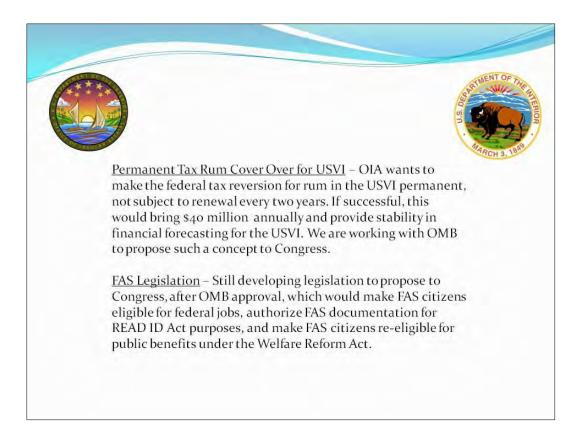
- What will you do?
- When will you start?
- How will you know you've met your goal?
- Who will help you meet your goal?
- What are the barriers to meeting your goal?
 - Motivation
 - Confidence

APPENDIX L—DOI/OIA PRIORITIES



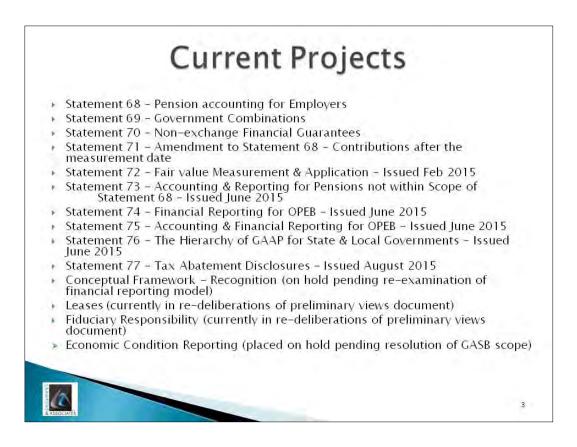
Section 902 Consultations – OIA is working with the White House on considering the CNMI Governor's request for 902 Consultations between the U.S. and the CNMI. Two issues of concern are immigration (CW expiration in 2019) and DOD proposed military activities in the CNMI (US Marine Corps training on Tinian and Pagan; and US Air Force Divert Airfield on either Saipan; Saipan/Tinian; or Tinian. DEIS comment processes are still underway.

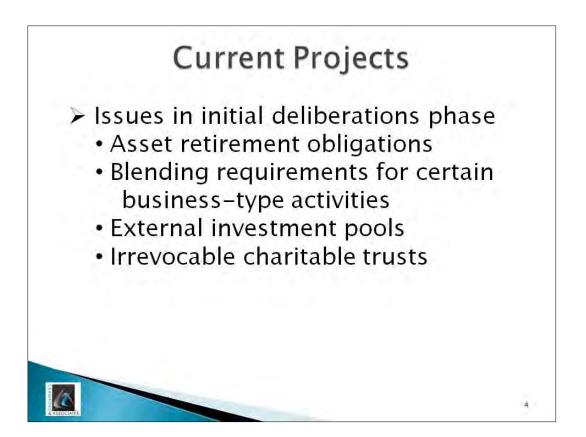
<u>Cabotage in American Samoa</u> – We are working with Congress to exempt flights between the main islands of Tutuila and Manu in American Samoa from having to be U.S. carriers. Such restrictions impede economic development and quality of life issues.

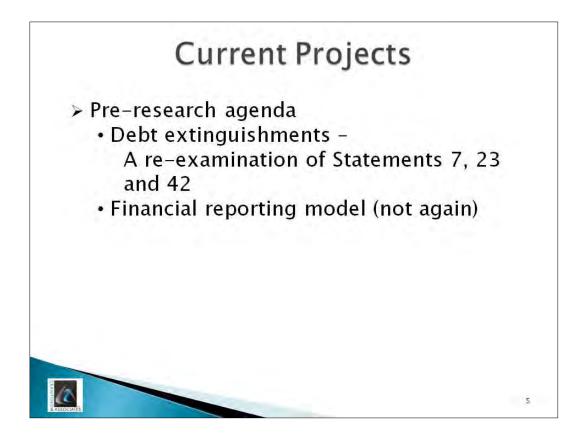


APPENDIX M—GASB UPDATES: THE LONG AND WINDING ROAD











APPENDIX N-1—GOVERNMENT ACTION PLAN: GUAM

#	TASK	RESPONSIBILITY	TARGET DATE	COMMENTS
1	UNIFORM GRANT			
	GUIDANCE			
	Assign your	Kathy sound/		
	government	Perez Graham		
	Coordinator			
	Develop a system to			
	identify new grants			
	subject to the new			
	compliance rules			
2	COMMUNICATING ON	Clarice Graham	July 2015	
	ISLAND			
3	PENSION ACCOUNTING	N/A		
4	CASH PLANS	Kathy Sound	December	
			2015	
	Completse final draft			
	Submit to approving			
	authority			
	Complete & sign			
	internal control			
	assessment and			
	checklist			
5	EMPLOYMENT	Elfriede Suda	August 2015	
	ENGAGEMENT			
	Personnel Evaluations		Annually	
6	UPDATES ON	Jonas Paul	Monthly	
	PROCUREMENT			
	STATUS			

APPENDIX N-2—GOVERNMENT ACTION PLAN: REPUBLIC OF PALAU

TASK	WHO WILL	WHEN WILL	COMMENTS	QUESTION
(WHAT NEEDS TO BE DONE?)	LEAD?	IT BE DONE?	AND NOTES	
Government Presentations				
Avoid staff turnover	RUTH,CARYN	Feb-16		
Weekly/Monthly/Quaterly Meeting with Program Managers	GIN	Feb-16		
Ensure all federally-awarded agencies get charged for IDC and look for training to increase our IDC	RUTH, GIN, JUDY	Feb-16		
Catch up with bank and FA reconciliation	RUTH, CARYN	Feb-16		
Adopt the non government employees to expense them in the travel policy	LKONG	Dec-15		
ELDP Presentations				
Have staff apply for ELDP	UMERANG, LKONG, CASMIR	Jun-16		
Measuring Finance Office Performance				
Bi annual accounting policies and procedures training and give to newly hired	CARYN	Feb-16		
Adopted employee on board procedures to include checklist	UMERANG	Feb-16		
Cross training	RUTH, CARYN	Feb-16		
Additional Staff	RUTH, CARYN, UMERANG, CASMIR	Feb-16		
Improve collection for Gen./FED/ROC AR	CASMIR, GIN, CARYN	Feb-16		
Federal Invoices to be 15 days	RUTH, CARYN	Feb-16		
Quarterly Meeting	RUTH, UMERANG, CASMIR	Feb-16		

TASK	WHO WILL	WHEN WILL	COMMENTS	QUESTION
(WHAT NEEDS TO BE DONE?)	LEAD?	IT BE DONE?	AND NOTES	
Review our performance	UMERANG,	Jan-16		
measures with our staff	LKONG,			
	CASMIR, RUTH			
Improve performance	UMERANG,	Jan-16		
measures	LKONG,			
	CARMIR, RUTH			
Adopt the proposed	UMERANG,	Dec-15		
performance measure to track	LKONG, CASMIR			
employee training hours				
Adopt the proposed	UMERANG	Dec-16		
performance measure to				
complete of personnel				
evaluation				
Training for Personnel	UMERANG	Dec-16		
Evaluation				
Do customer satisfaction	UMERANG			
survey				
Do engagement survey	UMERANG			
OMB Uniform Grant Guidance				
FA inventory to be up to date	RUTH,MILAN	Feb-16		
Meet with Program Managers	GIN, RUTH,	Feb-16		
when awarded with new grant	CASMIR,			
	UMERANG,			
	MILAN,CARYN			
Revisit Conflict of Interest	UMERANG	Feb-16		
Policy; incorporate it to RFP				
and Checklist				
Procurement Checklist include	MILAN,	Jan-16		
Debarment List	UMERANG			
Revisit and review local	UMERANG,	Jan-16		
procurement law	MILAN			
····				
Updates from Tom Bussanich (DOI/OIA)				
FMIS update or identify new	RUTH, CASMIR,	ON GOING UN	JTIL	
possible FMIS	CONRAD,	IMPLEMENT		
	MASATO			

TASK	WHO WILL	WHEN WILL	COMMENTS	QUESTION
(WHAT NEEDS TO BE DONE?)	LEAD?	IT BE DONE?	AND NOTES	
Emerging Economic Issues				
(FAS)				
Revisit Government services	UMERANG,	Sep-16		
fees	CASMIR			
Adopt Medium Term Fiscal	CASMIR	Sep-16		
Strategy Framework (MTFF)				
Establish Debt sustainability	CASMIR	Sep-16		
guidelines				
GASB 68 Pension Workshop				
(Territories)				
Communicate with CSPP for	LKONG, RUTH	Dec-15		
actualry report and book				
Identify CSPP reform	CASMIR	Sep-16		
requirments				
Update on Single Audits				
work to have less or zero	RUTH, CASMIR,	Feb-16		
findings/question cost	UMERANG, GIN,			
	CARYN			
Catting and Staning Uselahar				
Getting and Staying Healthy				
Implement exercise programs	UMERANG			
for employees				
GASB Updates				
Implement new GASB	LKONG, RUTH	Dec-15		
statement accordingly				
that affects our financials				
Statement 68,69,70, 71 for				
9/30/15				
Other Statements				
72,73,74,75,76, 77 will take				
effect on 9/30/16-9/30/18				
		1		

APPENDIX N-3—GOVERNMENT ACTION PLAN: U.S. VIRGIN ISLANDS

December 2015 - June 2016 Action Plan

Your Name and Government:

#	Task (W <u>hat</u> needs to be done?)	<u>Who</u> will lead?	<u>When</u> will it be done?	Comments and Notes	Questions
1	Government Presentations	Dep Dir OMB	FY16 Q2	Create dashboard metrics for budget office	
2	ELDP Experience				What ideas or practices can I adapt or import to my government?
3	Measuring Finance Office Performance	Asst. Comm DOF	FY16 Q2	Review, Revise, Ratify "New Performance" Metrics	What measures do I need to start using? Who should be cross-trained? How can I get feedback from my customers?
4	OMB Uniform Grant Guidance	OMB/FGMU	FY16 Q2	Need Cooperation from P&P DOF must increase threshold for Fixed Assets from \$5k to \$20k (Conversation about identifying of vs. accounting for assets)	

#	Task (W <u>hat</u> needs to be done?)	<u>Who</u> will lead?	<u>When</u> will it be done?	Comments and Notes	Questions
5	Updates from Tom		it be done:	Notes	
	Bussanich				
6	Emerging Econ Issues (FAS only)				
7	GASB 68 Pension	DOF	12/31/2015	Confirm	
	Workshop (FT			Measurement	
	only)			Date	
				10/14 or	
				10/15?	
8	Assessing Today's Econ Climate (lunch)				
9	Performeter	Comm. DOF	12/31/2015	Share with	Can the AFTER
	Update			Cabinet &	be visualized?
	-			Legislature	
10	Update on Single	OMB/FGMU	1/31/2016	Determine why	Is there a
	Audit			# of findings	difference in
				increased to 46	presentation
					between EY &
					BDO?
11	Getting and				What small
	Staying Healthy				steps will help
					me move
					toward a
					healthier
					lifestyle?
12	GASB Updates				
13	Stump the				
	Chumps				

Additional notes for final action plan			

APPENDIX N-4—GOVERNMENT ACTION PLAN: AMERICAN SAMOA

American Samoa 2015 - December to June Action Plan (FY 2016)

#	TASK	RESPONSIBILITY	TARGET DATE	COMMENTS
1	UNIFORM GRANT GUIDANCE			
	Assign your government coordinator	Uti Gebauer	In operation	Assigned to be the new grant manager. New restructure - new operational process.
	Develop a system to indentify new grant subject to the new compliance	Uti Gebauer	In operation	Initiated training sessions with Grant Analyts and Dept. Financial Officers.
2	COMMUNICATION ON ISLAND	Introduce new rules to Financial Officers Association (FOA).	In operation	Informal set up - formal meetings to be scheduled in January/2016.
3	PENSION ACCOUNTING	On-going training.	In operation	Accounting breakdown is provided by the Retirefund to the Dept. of Treasury. Treasury will execute journal entries.
4	CASH MANAGEMENT PLAN	Levi Plan	Draft complete. Pending final approval before submission bt 12/18/15.	Submission to the fiscal oversight of the US Dept. of Treasury.
5	EMPLOYMENT ENGAGEMENT	Work with HR Department	Annual reviews due January/2016.	New merit increases approved for execution.

APPENDIX N-5—GOVERNMENT ACTION PLAN: COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

#	TASK	RESPONSIBILITY	TARGET DATE	COMMENTS
1	Uniform Grant Guidance			
	Assign your Gov't coordinator	OGM	January 2016	
	Develop a system to identify new grant subject to the new compliance rule	OGM	January 2016	
	Conduct meeting with grant managers to brief on Omni- Circular Training	OGM	January 2016	
	Request for funding from OIA to improve system to include updates such as grant manager information, online payment information ID, pin numbers, and Start/Expiration dates	OGM	January 2016	
	Monitor new information	OGM	January 2016	
	Update DUNS master list and persons with access.	OGM	January 2016	
	Establish grant approval process to include OMB (financial commitment) and OGM (risk evaluation, grant terms/agreement, review)	OMB/OGM	January 2016	
	Work on IDC Negotiation Agreement for FY17	OGM	January 2016	
	Seek OIA funding for Network Copiers for Finance, OGM, OMB, Treasury, Procurement for recording and documentation	OGM	January 2016	
2	Communicating on Island		January 2016	
	Request Governor with assistance in grant manager training	OGM	January 2016	

#	TASK	RESPONSIBILITY	TARGET DATE	COMMENTS
	Schedule monthly meetings	OGM / SAC	January 2016	
	with grant managers			
	Use CIP staff to conduct	CIP / OMB /	January 2016	
	training for grant managers	OGM		
	on how to complete financial			
	reports using JDE system			
	Track Unspent Grant Funds	OGM	January 2016	
	Assist in Fixed Asset	OGM	January 2016	
		UGINI	January 2016	
	Inventory Request Governor to			
	increase personnel in A/P	OGM	January 2016	
	and A/R sections		January 2010	
	Seek ELDP Candidates	OGM	January 2016	
			·····	
3	Pension Accounting			
	Press Trust to Update	OMB / SAC	January 2016	
	Actuarial Reports			
4	Cash Plans			
	Complete Final Draft	DOF – F&A	January 2016	
	Submit to Secretary of	DOF – F&A	January 2016	
	Finance			
	Implement Cash Plan	DOF – F&A	January 2016	
5	Employment Engagement			
	Conduct internal control	Treasury	January 2016	
	assessment at F&A and OMB			
	Conduct meeting with F&A	SAC	January 2016	
	Payables Federal Section to			
	determine areas to streamline			

APPENDIX N-6—GOVERNMENT ACTION PLAN: REPUBLIC OF THE MARSHALL ISLANDS

Republic of Marshall Islands

Action Plan

2015-2016

	Responsibility	Target Date	Status of December 2015	Comments
General		•		
Meet with Management Team and distribution of the Action plan to management team and rest of MOF	Secretary	December 2015		
Follow through on funding for 1) CPA 2) Internal Auditor 3) Procurement Specialist	Secretary and Grant writing office	Now		
Complete and implement restructuring of MOF	Secretary with MOF Management , PSC and Chief Secretary	June 2016	Chief Secretary & PSC Review stage	
Establishment of Human Resource Post		June 2016		Job descriptions
Completion of MOF Website	IT Department	July 2016		Could be earlier
Staff Performance Evaluation		OVERDUE Nov deadline- January 2016		

Update of newly endorsed MOF SOP to include detailed steps on some processes including Fixed assets guidance.	MOF	August 2016	-Cash Managemen t -1986 Fixed asset policy reviewed -3 existing fixed assets being reconciled and with GL.	
Accounting				
Distribution of Office Performance measures	Secretary	December 2015		
Completion of FY14 Audit	Secretary & Accounting	December 2015	_	
Fixing Bank Reconciliations FY15	Accounting, Accounting, Junior accountants	March 2016	October	
Posting of FY15 A/Ps, Expenditures & Revenues to GLs		December 2015 and ongoing		
Clearing out of unidentified accounts	Asst. Sec, Chief accountant and CPAs			
Clearing out of Encumbrances dating back to 2004	Asst. Sec, Chief accountant and CPAs	March 2016		Liquidation of FY15 must happen at December 31, 2015.
Follow up with Donors on new financial system and complete plan for new system. Timely processing of payment	Asst. Secretary of Accountant, A/P office	Ongoing works with donors. October (?)		Need assistance with this

Request for Uniform Grant Guidelines	Grant writing and			
	Management Office			
Resolve 3 questioned costs	Accounting	March 2016		
Procurement				
Hiring of Ass. Sec of		December		PSC Selection
Budget & Procurement		2015		Committee
Hiring of Chief of	Secretary with			
Procurement	PSC			
Retraining of Staff-	Asst. Secretary	February		
Procurement	of Budget	2016		
Improve	Asst. Sec of	IMMMEDIAT		-Performance
documentation	Budget & Chief	ELY		evaluation
handling/filing/	of Procurement			
management				
Timely payment	Accounting/			
Processing	Procurement			
Federal Grants				
Merge the Federal	MOF		Ongoing	
Grant Writing office to	Management			
include Management	Team			
office also. Gradual				
transfer of OIDA. As of				
now-FG, WB, EU and				
ADB				
Open post and hire a				
Federal Grants Officer				
Training on Uniform	Management	February		
Grant Guidelines	Team	2016		
Cash Management	Asst. Secretary	???		Need
Plan	of Accounting			assistance
				with this
Indirect Cost	MOF	March 2015		Work started
				in FY13- not
				yet complete.

APPENDIX N-7—GOVERNMENT ACTION PLAN: YAP, FSM

#	Task	Person Responsible	Target Date	Comments
1.	Questioned Cost Resolution	Julius	Jan. 2016	Initiate communication w/ national govt and/or OIA on how to go about resolving the QC's.
2.	Advances	Julius	Jan. 2016	Initiate regular monitoring of all advances and have quarterly performance reports issued to respective dept/office and to all branches for accountability.
3.	OMB Uniform Grant Guidelines	Julius/Maria	ASAP	Coordinate w/ FSM Natl Govt on arrangement for formal training for Finance Offices. May have to seek that assistance at state level if effort with national proves unsuccessful.

APPENDIX N-8—GOVERNMENT ACTION PLAN: KOSRAE, FSM

Kosrae State Government Action Plan

GOAL	TASK	WHO	TARGET DATE	STATUS
Cash Plan	To present all elements surrounding cash management plan— guiding legislation, policies and procedures, the list of bank accounts, the internal control checklists.	Ursula & Palokoa	May 2015	Finalized May 2015 and implemented.
Employee Engagement	To have regular meeting with employees, recognizing accomplishment, frequent follow ups, communication and updates	Director/ Administrators	 Quarterly meeting with Supervisors Weekly meeting for Supervisors and staff on need basis 	Already implemented
Uniform Grant Guidelines	 To have a uniform grant strategy. Changes in procurement New rules on types of assets to be capitalized 	Director/ Ursula	Dec. 14 -18 during FSM Finance Conference	Awaiting completion of FSM Finance Conference
100% Personnel Evaluation	To implement annual evaluation for Dept. of Administration and Finance	Personnel Administrator	June 2016	to be implemented

GOAL	TASK	WHO	TARGET DATE	STATUS
# of trainings/	Review and implement training	Personnel/ Director/	March 2016	To be implemented
finance staff	plans. Provide cross	Finance		implemented
	trainings for staff on-	Advisor		
	island,			
# of	100% collected	Finance	Jan. 2016	To be
Employees	within 3 months	(Travel		implemented
clearing	after filing TA	Section)		
advances in				
timely				
manner				

APPENDIX N-9—GOVERNMENT ACTION PLAN: FSM NATIONAL GOVERNMENT

Federated States of Micronesia - National Government

	Action Plan	Who Will Lead	When will it be Done	Comments Notes
1	Discuss with Management the possibility of reforming the "Questions Cost Resolution Committee"	Eugene Amor	30-Dec-15	
2	Incorporate FY2014 Audit Recommendations into the FSM PFM Reform Roadmap	Staff Economist	15-Jan-15	
3	Issue Press Release on FSMNG FY2014 Audit Performance	Eugene Amor	20-Dec-15	
4	Issue guidance memo on Uniform Grant Guidance, and request assistance for training	TBD	TBD	
5	Hold cross-training session among key staff involved in Federal Grants Management and Processing at National Level	Budget and Personnel Officer	15-Feb-15	
6	Conduct Annual Staff satisfactory survey and formal mentoring activities	Personnel Administrator	30-Sep-16	
7	Develop a Bank Reconciliation Program to expedite the reconciliation process	Treasury Officer	Ongoing - TBD	
8	Conduct in-house training to meet the FY2016 goal of processing invoices within 2 days	Secretary of Finance	30-Jan-15	

APPENDIX O-CONFERENCE EVALUATION SUMMARY

PACIFIC ISLANDS TRAINING INITIATIVE VIRGIN ISLANDS TRAINING INITIATIVE

Island Government Finance Officers' Association (IGFOA) Conference

December 1 - 3, 2015

EVALUATION SUMMARY (25 Evaluations Completed)

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

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

1) The IGFOA conference sessions were relevant and timely.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
(68%)	(32%)	(0%)	(0%)	(0%)

Score: 4.7

2) The conference's goals were substantially met.

Strongly				Strongly
Agree	Agree	Neutral	Disagree	Disagree
(68%)	(32%)	(0%)	(0%)	(0%)

Score: 4.7

3) Logistics for bringing participants to and from Maui were handled satisfactorily.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
(80%)	(20%)	(0%)	(0%)	(0%)

Score: 4.8

4) The conference site (hotel) was comfortable and conducive to the meeting.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
(80%)	(20%)	(0%)	(0%)	(0%)

- Score: 4.8
- 5) Support services by the Graduate School USA staff during the conference were handled well and in a timely manner.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
(92%)	(8%)	(0%)	(0%)	(0%)

Score: 4.9

6) Overall, this conference of the Island Government Finance Officers' Association (IGFOA) was:

Excellent	Very Good	Average	Fair	Disappointing
(72%)	(28%)	(3%)	(0%)	(0%)

Score: 4.7

- 7) What sessions of the IGFOA Conference were the most relevant and meaningful to you?
 - Performeter Updates (X10)
 - Getting and Staying Healthy (X7)
 - Government Update Presentations (X4)
 - OMB Uniform Grant Guidance (X4)

- Measuring Finance Office Performance (X3)
- GASB Update: The Long and Winding Road by Frank Crawford (X3)
- DOI/OIA Update (X2)
- Emerging Economic Issues (2)
- GASB 68 Pension Workshop (X2)
- Procurement Piece (X2)
- FAS Economics
- Performeter comparison
- The Stick O'Bricks (simulation) was useful. It gave ideas for how to improve performance in the workplace.
- Sessions of GASB update what will affect our work.
- Give more group works.
- Single audit
- OMB Procurement
- Reviewing performance monitoring
- GASB updates and updates on Single Audit
- Emerging Issues
- Assembling vessel (Production Line)
- Pension
- Simulation related to performance measures and how it can be applied to the workplace.
- Updates on the new accounting standards.
- Trust fund economic outlook.
- The presentation on economic issues in the FAS as the economic outlook tells us the fiscal future.
- Generation exercise
- All of the things learned are really relevant to everybody's government.
- All were very important. However, most were repetitive from last IGFOA meeting. Maybe the next can be demanded into more advanced and intermediate levels.
- Pension session with Frank. Uniform Codes with Debbie.
- Government presentations allowed us to look into what all the other governments are doing and improvements we could make to improve our system.

- Every session.
- All

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

- Ideas to deal with "non-performing" staff. This would be done by having an action plan for each and having a checklist for accomplished tasks.
- Learning from the other islands other best practices.
- Performance Measures implement action plans.
- Improving communications with consistent management/staff meetings.
 Importance of clear objectives plan of action follow-up
- Improving communications with consistent management/staff meetings.
 Importance of clear objectives plan of action follow-up
- Importance of procurement checklist for the conflict of interest and others.
- Accounting standards to set familiar with/inform staff of upcoming changes.
- Implementation tools for uniform guidance. Include implementation tools into the grants management policy.
- OMB Uniform Grant Guidelines Needs to move fast to address this issue as we are late.
- Getting Healthy try to maintain and get to a healthy lifestyle/weight
- To stay healthy and get and motivate whole bureau or office to find ways to stay healthy so we can perform better.
- GASB 67, 68, 74
- Follow up on RMI Finance problems. Keeping up with the people in Finance.
- Timely bank reconciliations and timely filing of federal reports.
- Time management
- Communication bridging the gap between baby boomers and millenials.
- I really enjoyed Frank Crawford's presentations. Information was helpful.
- I learned that we have a lot of work to do to get our financials above par.
- Other governments are quite advanced in their closing processes.
- There are some governments with very high Performeter scores; all things to work on for us.
- Performeter Presentation
- Performance Measures

- Issues facing the Freely Associated States.
- The Performeter
- Work to be healthy.
- Get more contacts with other island nations.
- Performance Measurement utilize it to improve effective work performance.
- GASB 68 Demystifying a complex statement into simple components.
- I gained a very good understanding of treasury work and processing.
- Performance Measures Additional to be added to existing measures.
- Getting and staying healthy try to stay healthy by doing more exercise.
- Use of a task template.
- Health and Wellness start eating healthy and exercise
- New proposed performance measures to implement what we adopt.
- Procurement measures that needs to be revisited.
- Generational Gaps Navigating Human Capital Differences
- Return home and work closely with staff in addressing the audit issues.
- I also learned how to work with different groups of people (age groups).
- Monitoring revenue estimates and restricting spending. Discuss with OMB on how we can start monitoring.
- Emerging economic issues inform the Governor and persuade him to have presentation on island for government officials.
- 9) What sessions or aspects during the week were the least relevant and meaningful to you?
 - Assessing Economic Outlook
 - Session on Trust Fund
 - DOI Updates
 - Assessing Today's Global Economic Outlook
 - None, pension plan issues due to absence of such a plan for Yap State Gov, it was good to be aware of issue with other governments are dealing with.
 - Emerging Economic Issues
 - Measuring Office Performance
 - GASB 68 Workshop
 - GASB Updates
 - Some of Frank's. Some of Deb's. I suppose it is hard to make this subject matter sexy.

- None (X6)
- No sessions. It was just the sitting for 9 straight hours that tired me out.
- All are very useful.
- I can't think of one.
- All of them were relevant.
- All valuable.
- 10) Please list any measurable achievement your government has made as a result of being represented at IGFOA conferences.
 - Cash Management Plan draft only needs minor revision and will be finalized.
 - Completing a workplan that I can use to track performance and improve work performance.
 - Cross training; completion of fixed assets.
 - Tracking performance measures and improving audit results.
 - Audit Achievement/Grant Management/Finance Office Performance/Best Practice
 - The push for Single Audit Committee to assist our island's audit process.
 - Tremendous efforts to fix our books thus decreasing our findings.
 - Achieve unqualified (financial statements) opinion. Reduction of findings and questioned costs.
 - IGFOA meetings provide a good forum to have a better understanding.
 - Accountability for performance measurement yet to be achieved.
 - Training increases and employment engagement.
 - With more information and connections made attending the conference, our government is better able to conduct assessments and make changes as necessary.
 - Better performance measures now being utilized.
 - Improved performance
 - Clean audit- Unmodified Opinion. CAFR.
 - Goals are met.
 - Financial management performance overall.
 - Staying informed about GASB statements.
 - Audit being on time and reduction of questioned costs.
 - Timely audits.

- Actionable Performance Metrics
- Reduction in questioned costs.
- Less findings/questioned costs/cash management plan/Employee engagement survey
- This is my first.
- 11) Please provide any other comments concerning the IGFOA Conference that will make future conferences and meetings more meaningful and enjoyable.
 - I would add a little more on procurement. Enjoyed the way Debbie and Patricia "moved" things along constantly. Thank you. Really nice that the meals were in close proximity to the meeting room. I really enjoyed Mrs. Latimer's presentation on heart and health.
 - Continue having the sessions and admin/management
 - Continue same agenda as this one. Really enjoyed all of it!!
 - Thanks again for a well organized, fun and productive session.
 - Include games such as the boat building. That was fun and conducive to learning.
 - It would have been nice to have been on-time for the opening session on Monday, but we arrived after it was held.
 - Invite other "high level" leaders.
 - More people to participate.
 - Overall it was a great experience and we hope to come back in the future.
 - None. Not that I can think of right now.
 - Ideas for more way to help governments improve financial performance.
 - Perhaps more highlights on success stories from each government on specific issues such as cash management, etc.
 - Need to continue to do what's been happening at IGFOA meetings.
 - Would like more information about budgeting as well as economic issues affecting all areas.
 - Would like to see more interaction with instructors during breaks and lunches. FOOD AND LOCATION AWESOME.

APPENDIX P—CONFERENCE PARTICIPANTS

ISLAND GOVERNMENT FINANCE OFFICERS' ASSOCIATION (IGFOA) Winter Conference Wailea Marriott Beach Hotel Wailea, Maui, Hawaii December 1-3, 2015

PARTICIPANT LIST

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