

ISLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION

PROFESSIONAL DEVELOPMENT MEETING

**June 29 - 30, 2005
San Antonio, Texas**



Republic of Palau



Federated States of
Micronesia



Commonwealth of
the Northern



Guam



American Samoa



Republic of the
Marshall Islands



United States Virgin
Islands



**U.S. Department of the Interior/Office of Insular Affairs
and the
Graduate School, USDA**

Pacific Islands Training Initiative/Virgin Islands Training Initiative

**INSULAR GOVERNMENT FINANCE OFFICERS' ASSOCIATION
BIENNIAL CONFERENCE & SESSION SUMMARY**

JUNE 29 & 30, 2005

SAN ANTONIO, TEXAS

**American Samoa
Commonwealth of the Northern Mariana Islands
Federated States of Micronesia
Guam
Republic of the Marshall Islands
Republic of Palau
The United States Virgin Islands**

**U.S. DEPARTMENT OF INTERIOR/OFFICE OF INSULAR AFFAIRS
&
The GRADUATE SCHOOL, USDA**

Pacific Islands Training Initiative/Virgin Islands Training Initiative

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Guam

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1.0 Executive Summary

The U.S. Department of the Interior's Office of Insular Affairs (DOI/OIA) assists the U.S.-affiliated islands to "develop more efficient and effective government by providing financial and technical assistance, and help manage federal islands relations by promoting appropriate federal policies". As part of DOI/OIA's Technical Assistance program, the International Institute of the Graduate School, USDA (GS/USDA) has been contracted to provide training and related services through the Pacific Islands and Virgin Islands Training Initiatives (PITI/VITI) to assist the insular governments to improve the financial management and program performance of the Pacific and Virgin Islands insular governments.

Through this program, finance officials from across the Pacific and the Virgin Islands were invited to attend the Government Finance Officers Association (GFOA) annual conference and the biannual Insular Government Finance Officers Association (IGFOA) in San Antonio, Texas in June 2005. This marks the sixth consecutive year that senior insular government representatives have come together for these conferences. Participation at these functions provide insular leaders important opportunities for professional development, as well as opportunities for discussing insular financial management issues, sharing knowledge and resources, identifying regional/insular initiatives, and influencing future directions of financial management policies and practices – all with the intent to improve financial management performance in their insular governments.

The 2005 GFOA Annual Conference afforded insular government representatives, including the chief financial officer from each government, with an opportunity to attend many of the nearly 100 professional development seminars covering such areas as accounting, auditing, and financial reporting; budgeting and financial planning; cash management and investing; debt management; management and policy; pensions and benefits; and information technology and digital government. Additionally, the participants were able to interact with their counterparts from municipal, county, and state governments from around the country. Immediately following the GFOA Conference, the IGFOA hosted its biannual conference. The objectives of the meeting were to:

- Share Insular Governments Audit Analysis and Plan Progress reports/updates
- Discuss and develop effective techniques to perform meaningful government self-assessments
- Provide Audit Resolution Project updates
- Research methods to ensure the development of effective corrective action plans
- Learn techniques and methods to identify internal controls that have the most significant impact on audit findings.
- Investigate the positive effects of utilizing Digital Imaging and File Management
- Develop a government specific action plan to address audit findings and questioned costs
- Review and update action plans on IGFOA strategic priorities.

During the course of the IGFOA meeting, each of the objectives were met and a number of significant outcomes were achieved

The group endorsed the idea of meeting in Canada for the GFOA's 100th Annual Conference which is to be held in Montréal, Quebec from May 7 – 10, 2006. At the meeting's closure, each government expressed its appreciation to the Department of Interior/Office of Insular Affairs for its continued support of the IGFOA and the technical assistance provided to the insular governments.

1.1 Background

Through an Interagency Agreement established in the year 1991 in partnership with the U.S. Department of Interior's Office of Insular Affairs, the Graduate School, USDA – International Institute created the Pacific Islands Training Initiative (PITI) and the Virgin Islands Training Initiative (VITI) programs to support efforts to improve insular financial management and program performance, while providing state-of-the-art Organizational Development interventions and services to American Samoa, Commonwealth of the Northern Mariana Islands, Guam, Marshall Islands, Republic of the Federated States of Micronesia, the Republic of Palau, and the U.S. Virgin Islands. These programs are designed and delivered in a manner that complement and support insular effort to implement and maintain sound financial management and program performance practices. The U.S. Department of Interior's Office of Insular Affairs (DOI/OIA) assists the U.S. affiliated islands to develop more efficient and effective government by providing financial and technical assistance, and helps manage Federal-Island relations by promoting appropriate Federal policies.

Building on a series of discussions that were initiated in Maui, Hawaii in November 1999, DOI/OIA and insular government financial management officials determined that the formation of an Island Government Finance Officers Association (IGFOA) would be desirable in the context of promoting improved financial management on the part of the governments. It was determined that the purpose of the association would be to support insular leadership in instituting permanent improvements in the financial management performance of the insular governments. These improvements would be built, in part, upon the development and application of financial management standards within the insular governments, based on generally accepted principles and proven best practices. The IGFOA was formally incorporated in the Commonwealth of the Northern Mariana Islands and the by-laws were adopted in 2001 (see appendix 12).

Since the turn of the century, the IGFOA members have convened yearly to participate in the Government Finance Officers Association Annual Conferences beginning in Chicago, Illinois (2000), Philadelphia, Pennsylvania (2001), Denver, Colorado (2002), New York, New York (2003), Milwaukee, Wisconsin (2004), and this year in 2005 in San Antonio, Texas. Attendance at the GFOA conferences has provided insular government senior finance officers an opportunity to take advantage of professional development and networking opportunities. These gatherings also provide participants a forum to discuss

common issues and strategies in their own island environments, and to advance the organization of their professional association.

In so doing, the island finance officers have collectively created a leadership forum that enables the members to deal more effectively with the challenges of building and operating high performing financial management organizations. The association affords opportunities to benefit in other ways including: sharing of knowledge and resources; providing a local forum for discussing financial management issues; sharing best practices that lead to more effective governance; providing a focal point for regional/insular initiatives; and rendering leadership to influence future directions and implementation of desirable financial management policies and practices.

1.2 MEETING PURPOSE

Beginning with the IGFOA meeting in Philadelphia in June 2001, the membership expressed its intent to establish standards and performance measures in insular finance operations. Such measures were thought to be useful in establishing internal improvement goals, measure progress and alert management to problem areas. The standards provide a framework for developing improving business processes and resource allocations, designing effective technical assistance and training strategies, and facilitating the identification of best practices employed by insular governments.

In December 2001 at the IGFOA meeting in Honolulu, insular finance officers began the process of developing performance measures relevant to government finance operations and committed the insular governments to implementing pilot performance measurement projects in their finance operations. This meeting provided the participants an opportunity to report to their peers on the progress of action plans developed at the previous meeting, as well as other initiatives and priorities underway in their governments.

1.3 MEETING GOALS

The goals of the meeting were to:

- Advance the agenda of the Insular Governments Finance Officers' Association.
- Share Insular Governments Audit Analysis and Plan Progress reports/updates
- Discuss and develop effective techniques to perform meaningful government self-assessments
- Provide Audit Resolution Project updates
- Research methods to ensure the development of effective corrective action plans
- Learn techniques and methods to identify internal controls that have the most significant impact on audit findings.
- Investigate the positive effects of utilizing Digital Imaging and File Management

- Develop a government specific action plan to address audit findings and questioned costs
- Review and update action plans on IGFOA strategic priorities.
- Elect a new IGFOA Executive Board (postponed until the December 2005 IGFOA biannual meeting).

2.1 Learning at the IGFOA Conference

The San Antonio 2005 IGFOA conference began with opening remarks by the IGFOA President, Ms. Lourdes Perez, Director, Department of Administration (GUAM). Ms. Perez welcomed members by stating the purpose of the gathering while promising them that this conference, as have those which have preceded it, will be a forum to discuss common issues and strategies and a vehicle to further advance the organization of their professional association. She recognized the many accomplishments of the IGFOA and their dedicated commitment to having collectively created a leadership forum that enables the members to deal more effectively with the challenges of building and operating high performing financial management organizations. The association affords opportunities to benefit in other ways including: sharing of knowledge and resources; providing a local forum for discussing financial management issues; sharing best practices that lead to more effective governance; providing a focal point for regional/insular initiatives; and rendering leadership to influence future directions and implementation of desirable financial management policies and practices.

She assured participants that she, as well as they, would walk a way more enriched as a result of the knowledge imparted through the presentations and discussions. She thanked the presenters, Mr. Frank Crawford, Mr. Savas Karas, Ms. Deborah Milks, and Ms. Valerie Richardson. She also thanked each of the Federal Agents, Mr. Edgar Johnson, Mr. Gerald Shea, & Ms. Marina Tinitali, of the Department of Interior/Office of Insular Affairs, and Mr. Fred Williams, Department of Treasury, for their invaluable contributions. In closing, the president once again gave special recognition to Mr. Edgar Johnson, acting Director of Technical Assistance and Technical Assistance Desk Officer, of the Department of Interior, Office of Insular Affairs as well as to the Graduate School, USDA-International Institute Program Managers, Mr. Jason Aubuchon, Mr. Ellard-James Hurley, Mr. Stephen Latimer, and Director, John T. Maykoski for their continued support.

Acting Director, Mr. Edgar Johnson of the Office of Insular Affairs also addressed the participants. In so doing, he welcomed the delegates from the islands and looked forward to meeting with everyone throughout the course of the conference. He commended the IGFOA members for the significant strides they have made during their six year tenure and encouraged them to continue their progress as they work towards becoming a self-sustaining entity.

Marina Tinitali, Office of Insular Affairs spoke in regards to the audit resolution findings and the need for continuous improvement. Ms. Tinitali acknowledged the significant

improvements that have been achieved, but cautioned the group that their work is far from complete and that there are still a significant number of challenges to conquer. She went on to state that if their collective goal is to sustain this drive, it is crucial that they exchange old, less effective practices for more effective best practices. Enclosing she reiterated the fact that they have worked well, but the road ahead is a challenging one. If they focus their efforts as they become more proactive and less reactive when handling audit findings success is theirs for the taking.

Frank Crawford

Graduate School Consultant, Frank Crawford made himself available to the Insular Government Financial Officers in attendance for an optional discussion & consultation session on GASB-34 prior to the beginning of the 99th GFOA Annual Conference.

2.2 Learning at the GFOA: Presentations on Sessions

With approximately 100 scheduled sessions during the four-day Government Finance Officers Association (GFOA) Conference. This year's event, featured sessions in the areas of Accounting, Auditing and Financial Reporting; Budgeting and Financial Planning; Cash Management and Investing; Debt Management; Management and Policy, Pension and Benefits; and Information Technology and Digital Government.

To create the opportunity for discussion, as well as to reinforce the responsibility for sharing information across governments, The Graduate School, USDA-International Institute PITI/VITI Program Managers facilitated a meeting on Sunday, June 26th prior to the start of the GFOA Conference to assist conference participants in coordinating their attendance at the GFOA sessions, as well as fine tune the IGFOA agenda. Participants identified sessions of highest interest and planned their attendance so these key GFOA sessions were attended by at least one participant.

Information on all the 2005 GFOA Conference sessions including handouts from each session can be found on GFOA's website at: www.gfoa.org

2.3 Performance Measurement Project Update and Professional Development Presentation Synopses

Deborah Milks

Graduate School, USDA consultant, Ms. Deborah Milks provided a brief summary of the history and progress of the Audit Findings Resolution Project as she introduced the session entitled "Internal Control and Responding to Audit Findings." She reminded the group that OIA decided to approach the project primarily using the governments' internal

resources. The Graduate School facilitated the IGFOA meetings which allowed the finance representatives to exchange best practices, hear ideas from other practitioners and develop tracking tools and plans for improvement. She pointed out the dramatic changes with audit completion times shortened and the number of audit findings dropping in most of the governments.

Ms. Milks then went on to say that as significant as the improvements are, the more difficult part of the job lies ahead. The easiest changes have been made and in order to sustain the momentum, the finance offices will have to modify long standing bad habits and tackle persistent underlying problems. She suggested that rather than being overwhelmed by the amount of work needed, that each office choose one or two new problem areas to resolve while ensuring the office does not backslide on areas which were addressed in earlier sessions. She also stressed that the finance officers have to test improvements and not assume that change has occurred or wait until the auditors present an audit finding.

Insular Government Presentations

During the conference each insular government, American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Guam, Republic of the Marshall Islands, Republic of Palau, and, The United States Virgin Islands, made informative presentations on their audit analyses and planned progress. Each presentation lasted for approximately fifteen minutes and provided useful information that showcased their internal improvement goals and measured progress while sharing best practices. This forum was fertile ground for providing a framework for developing improving business processes and resource allocations, designing effective technical assistance and training strategies, and facilitating the identification of best practices employed by insular governments (see appendix II). The presentations were followed by an open forum which allowed participants the opportunity to delve deeper into the insular government audit presentations as they engaged in depth discussion and knowledge sharing.

Valerie Richardson

As the second part of the presentation on Decreasing and Eliminating Audit Findings, Ms. Richardson's portion of the presentation (Strengthening Internal Controls) challenged the participants to examine why such a high number of action plans (while correctly developed) were not being implemented and audit findings remaining unresolved for a number of years.

Workshop objectives:

Equip participants with the ability to strengthen internal control and financial management systems by:

- Identifying the impact of correction actions on financial statements and internal controls; and
- Creating internal control and financial management systems that meet established Single Audit standards.

Participants were given strategies for increasing their changes of action plan implementation by engaging in an exercise that required participants to examine their specific obstacles for building solid and credible internal control systems and for the successful execution of action plans by assessing organizational/governmental: 1) control environments, 2) risk assessment analysis, 3) control activities, 4) Information and communication streams, and 5) execution monitoring; as it applied to specific “real life audit findings provided in the exercise. Participants were to develop a Cause & Effect (C&E) Fishbone Diagram, analyzing the causes of action plans that do not (did not) resolve, decrease, or eliminate audit findings. As a result of the individual group analysis overall findings were presented to the entire group.

As a session take-away, participants were provided a 215- page resource workbook on internal controls to be used as a proactive checklist for developing realistic action plans that resolve or eliminate audit findings in a specified period of time.

Savas Karas

Responding to Audit Findings presented a comprehensive methodology to respond to audit findings for insular governments. This methodology focused on working with local auditors to correct findings through implementing improved processes and systems. In addition, this 120-minute presentation reviewed common findings and worked with insular governments to develop corrective actions plans. These project plans, based on guidelines established by the Project Management Institute, promote reducing audit findings through consistent progress, management, and cooperation between governmental departments. This presentation focused on hands-on learning by using three exercises. The first exercise focused on developing an action plan based on an actual finding from a 2002 audit. The second exercise built on the first exercise and asked participants to create a management plan based on the action plan. The last exercise asked participants to determine the appropriateness of an action plan based on an actual scenario from a 2002 audit finding. These exercises comprised over 70 minutes of the presentation.

An Overview of Document Management presented an overview of key document management terms, compared the different types of document management, and provided best practices in selecting, using, and optimizing a document management system. This 60-minute presentation used two hands-on exercises to reinforce the concepts discussed. The first exercise asked participants to evaluate which of four scenarios would best benefit from a document management solution. The second exercise built on the first exercise and asked participants to develop a possible work flow, asked participants to

identify the benefits and the challenges, and identify where errors could occur in the document management system .

3.1 IGFOA Executive Board Election Results

The meeting was called to order in San Antonio Texas on June 30, 2005 at 12:00 p.m.
The following persons were attendance:

Lourdes Perez, President - Guam

Ira Mills, Vice President – Virgin Islands

Francis Leasiolagi – American Samoa

Jefferson Barton – Marshall Islands

Bernice Turnbull, United States Virgin Islands

Ruth Wong – Republic of Palau

Cathryn Villagomez – CNMI

Jason Aubuchon – Graduate School – Pacific Islands Training Initiative

Payments of Dues:

It was reported that annual dues of \$1,000.00 was paid by all governments except American Samoa.

Website Administrator:

It was agreed that Jason Aubuchon, PITI Program Manager, would assist with maintaining the IGFOA Website.

Election of Officers:

The members voted to hold elections of officers at the December, 2005, in Hawaii.

By-Laws:

All members in attendance agreed to review the By-Laws and forward all recommended changes to Cathy in CNMI. This motion was agreed to after reviewing the contents and recognizing the need to amend certain sections.

3.2 IGFOA Issues & Updates

- By-Law Review
- Dues collection
- Elections

3.3 Moving IGFOA Forward: Next Steps

On June 30, 2005, the IGFOA Executive Committee convened for a lunchtime meeting. All members were present. During the meeting, committee members decided to maintain membership dues at \$1,000, with plans to develop a formal IGFOA budget for the December 2005 meeting. The officers commended each other on the progress made with each of their audits, and discussed the need to continue to build on the success of the audit resolution work. The officers agreed to review the IGFOA by-laws for discussion at the December meeting, and it was further clarified that each island government is represented by one vote. The Virgin Islands reported the establishment of a GFOA Virgin Islands chapter, which has passed by-laws and a code of ethics. Finally, Jason Aubuchon agreed to assist IGFOA in developing a design for an official website, which would then be handed over to IGFOA for ongoing development and maintenance.

Website Administrator:

Jason Aubuchon, PITI Program Manager, will assist with the IGFOA Website maintenance.

4.1 Closing Comments

Closing Remarks

Mr. Edgar Johnson closed the meeting by reemphasizing the need to transfer the IGFOA from DOI to the local governments. Since 1991, DOI has supported the islands with training initiatives, and now the time has arrived for the insular governments to take the lead. The organization must stand the test of time and survive changes in administrations and staffing. He closed by congratulating the group for their noteworthy accomplishments and stating that he looks forward to meeting with them in December of this year.

4.2 ISLAND GOVERNMENT FINANCE OFFICERS' ASSOCIATION (IGFOA)
Annual Meeting
San Antonio, Texas
June 26 – 30, 2005

Sunday, June 26

10:00 – 12:00 am **Overview of GFOA/IGFOA Conference**

Introductions
Review of GFOA Conference
Review of IGFOA Schedule

Wednesday, June 29

10:00 – 12:00 **Optional Session for IGFOA Participants**

1) GASB-34 Discussion and Consultations with Frank Crawford

12:00 pm GFOA Conference Closure

12:00 - 1:00 pm Lunch on Own

1:00 – 2:00 pm **Opening of IGFOA Meeting**

Lourdes Perez, Guam Director of Administration, IGFOA
President
Edgar Johnson, Acting Director of Technical Assistance, Office of
Insular Affairs, US Department of the Interior

General Discussion of GFOA Sessions

2:00 pm **Audit Analysis and Plan Progress Presentations**

Insular Governments (15 minutes per government)
(Moderated by Deborah Milks)

American Samoa
CNMI
Federated States of Micronesia
Guam

3:00 pm **Break**

3:15 pm Republic of the Marshall Islands
Republic of Palau
U.S. Virgin Islands

4:00 pm	General Discussion of Insular Government Audit Analysis Presentations
4:30 – 5:15 pm	Government Self-Assessment: Using the Past to Set the Future Frank Crawford
5:15 pm	Day 1 Wrap-Up
6:30 pm	Group Dinner

Thursday, June 30

7:30 - 8:30 am	Breakfast
8:30 am	Check-in/Review Agenda
8:45 am	Audit Resolution Project Introduction – Deborah Milks Overview of USDOJ Initiative – Marina Tinitali, Accountability and Insular Policy Specialist
9:15 am	Developing Effective Corrective Action Plans Savas Karas <ul style="list-style-type: none"> • Identify and verify audit findings • Develop implementable corrective action plans • Develop timetables associated with the implementation of a corrective action • Identify the impact of corrective actions on the financial statements and internal controls • Develop realistic strategies to eliminate recurring findings Presentation & Workgroups
10:30 am	Break
10:45 am	Breakout Work Groups Report out from Work Groups
12:00 - 1:30 pm	Lunch

1:30 pm	<p>Strengthen Internal Control Systems – Learn How to Identify Internal Controls That Have the Greatest Impact on Audit Findings.</p> <p>Valerie Richardson</p> <p>Presentation Workgroups</p>
2:45 pm	Break
3:00 pm	Report Back from Workgroups
3:30 pm	<p>Digital Imaging and File Management</p> <p>Savas Karas and Deborah Milks</p>
4:00 pm	<p>Insular Government Planning Session</p> <p>Each government will individually discuss the ideas and best practices from each of the three topics and develop a government specific action plan to address audit findings and questioned costs.</p> <p>Brief Report-outs</p>
5:30 pm	Conference Wrap-up

**4.3 Island Government Finance Officers' Association (IGFOA) Meeting
June 29 – 30, 2005
Holiday Inn Hotel
San Antonio, Texas**

Participant List & Contact Information

American Samoa

Francis Leasiolagi
Treasurer, Treasury Department
Pago Pago, American Samoa 96799
Phone: (684) 633-4155
Fax: (684) 633-4100
Email: f_leasiolagi@hotmail.com

Pat Tervola
Chief Procurement Officer
Pago, Pago American Samoa 96799
Phone: (684) 699-1170
Fax: (684)-699-2387
Email: ptervola@yahoo.com

Magallei Logovi'i
Budget Director
Planning & Budget Office
Pago, Pago American Samoa 96799
Phone: (684) 633-4201
Fax: (684) 633-1148

Kara Lutali
Budget Analyst
Planning and Budget Office
Pago Pago, American Samoa 96799
Phone: (684) 633-4201
Fax: (684) 633-1148

Rose Tuiasosopo
Budget Analyst
Planning & Budget Office
Pago, Pago American Samoa 96799
Phone: (684) 633-4201
Fax: (684) 633-1148

Caroline Wendt
Staff Accountant
Treasury Department
Pago, Pago American Samoa 96799
Phone: (684) 633-4155
Fax: (684) 633-4100
Email: cwendt@asg.as

Jilla Piroozmandi
Systems Manager, Department of Treasury
Pago, Pago American Samoa 96799
Phone: (684) 633-4155
Fax: (684) 633-4100
Email: jpiroozmandi@asg.as

CNMI

Cathryn Villagomez
Executive Assistant to the Secretary of Finance
Department of Finance
PO Box 5793
Saipan, MP 9650
Phone: (670) 664-1100
Fax: (670) 664-1115
Email: cathyvillagomez@hotmail.com

Robert Schrack
Special Assistant to the Secretary of Finance
Department of Finance
Box 5234 CHRB
Saipan, MP 96950
Phone: (670) 664-1186
Fax: (670) 664-1115
Email: bobshrack@yahoo.com

Larissa Larson
Office of the Public Auditor
1236 Yap Drive, Capital Hill
P.O. Box 501399
Saipan, MP 96950
Phone: (670) 322-6481
Fax: (670) 322-7812

Velma Hofschneider
Office of the Public Auditor
1236 Yap Drive, Capital Hill
P.O. Box 501399
Saipan, MP 96950
Phone: (670) 322-6481
Fax: (670) 322-7812

Guam

Lourdes Perez
Director, Department of Administration
P.O. Box 884
Hagatma, Guam 96932
Phone: (671) 475-1136
Fax: (671) 477-6788
Email: doadir@mail.gov.gu

Kathy Kakigi
Acting Controller
Department of Administration
P.O. Box 884
Hagatma, Guam 96932
Phone: (671) 475-8483
Fax: (671) 477-6788
Email: kkakigi@mail.gov.gu

Ken Borja
FMIP Project Manager
Department of Administration
P.O. Box 884
Hagatma, Guam 96932
Phone: (671) 475-8483
Fax: (671) 477-6788
Email: kborja@mail.gov.gu

Federated States of Micronesia

Nick Andon
Secretary of Finance and Administration
P.O. Box PS-158
Palikir, Pohnpei, FM 96941
Phone: (691) 320-2640
Fax: (691) 320-2380
Email: nandon@mail.fm

Bill Sinclair
FMS Project Manager
Department of Finance & Administration
P.O. Box PS-158
Palikir, Pohnpei, FM 96941
Phone: (691) 320-2640
Fax: (691) 320-2380
Email: sinclairla@hotmail.com

Chuck State

Winiplat Bisalen
Director of Finance
Department of Administrative Services
Chuck State Government
P.O. Box 849
Weno, Chuck, FSM 96942
Phone: (691) 330-2480
Fax: (691) 330-2233
Email: chuukfinance@mail.fm

Kosrae State

Tiser Reynold
Administrator
Department of Administration
Box 550 Tofol
Korsae, FM 96944
Phone: (691) 370-3170
Fax: (691) 370-2004
Email: budkos@mail.fm

Pohnpei State

Andrew Joseph
Pohnpei State Finance Officer
Division of Finance
Box 627
Kolonias, Pohnpei, FM 96941
Phone: (691) 320-2631
Email: kalpnifin@mail.fm

Semensin James
Budget Director
P.O. Box 1765
Kolonias, Pohnpei, FM 96941
Phone: (691) 320-2238
Fax: (691) 320-2703
Email: psgbudget@mail.fm

Yap State

Maria Laaw
Director
Administrative Services
P.O. Box 610
Yap, FM 96943
Phone: (691) 350-2107
Fax: (691) 350-2107
Email: oasyap@mail.fm

Republic of the Marshall Islands

Jefferson Barton
Secretary of Finance
Ministry of Finance
P.O. Box D.
Majuro, Marshall Islands 96960
Phone: (692) 625-8835
Fax: (692) 625-5413/3605
Email: secfin@ntamar.com

Bruce Bilimon
Director
Budget/ Office of International Development Assistance
Ministry of Finance
P.O. Box D.
Majuro, Marshall Islands 96960
Phone: (692) 625-8835
Fax: (692) 625-5413/3605
Email: oidafn@ntamar.net or bbilimon@hotmail.com

Saeko Shoniber
Consultant, Ministry of Finance
P.O. Box D.
Majuro, Marshall Islands 96960
Phone: (692) 625-7420/4645
Fax: (692) 625-5413

Esmie Delacruz David
Consultant, Ministry of Finance
P.O. Box D.
Majuro, Marshall Islands 96960
Phone: (692) 625-7420
Fax: (692) 625-5413

Republic of Palau

Ruth Wong
Comptroller, Ministry of Finance
Bureau of National Treasury
P.O. Box 6011
Koror, republic of Palau 96940
Phone: (680) 488-2501
Fax: (680) 488-1016
Email: rsw@palaugov.net

Hermana Idip
Systems Analyst
Information Systems Support Services
Ministry of Finance
P.O. Box 9085
Koror, republic of Palau 96940
Phone: (680) 488-2501
Fax: (680) 488-1016
Email: idip@palaugov.net

Naomi B. Ueki
Chief Accountant
Civil Service Pension Plan
P.O. Box 1767
Koror, Palau PW 96940
Phone: (680) 488-2523/3502
Fax: (680) 488-5555
Email: ptfinv@palaugov.net

U.S. Virgin Islands

Bernice Turnbull
Commissioner
Department of Finance
No. 76 Kronoprindsens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-1553
Fax: (340) 776-4028
Email: bturnbull@usvi.net
Email: bturnbull@dof.gov

Claudette Brown
Chief of General Ledger
Department of Finance
No. 76 Kronoprindsens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-1553
Fax: (340) 776-4028
Email: cabrown@dof.gov.vi

Gary Joseph
Assistant Chief of Reconciliation
Department of Finance
No. 76 Kronoprindsens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-1553
Fax: (340) 776-4028
Email: gjoseph@dof.gov.vi

Alvin Williams
Director of MIS
Department of Finance
No. 76 Kronoprindsens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-1553
Fax: (340) 776-4028
Email: awilliams@dof.gov

Jasmine Greaux
CMIA Coordinator
Department of Finance
No. 76 Kronoprindsens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-1553
Fax: (340) 776-4028
Email: jagreaux@dof.gov

Ira Mills
Director
Office of Management and Budget
IGFOA Vice President
Office of Management & Budget
No. 41 Norre Gade
Emancipation Garden Station – 2nd Floor
St. Thomas, U.S. Virgin Islands 00802
Phone (340) 774-0750
Fax: (340) 776-0069
Email: irmills@omb.gov.vi

Fancenella Henry
Budget Analyst II
Office of Management and Budget
No. 41 Norre Gade
Emancipation Garden Station – 2nd Floor
St. Thomas, U.S. Virgin Islands 00802
Phone (340) 774-0750
Fax: (340) 776-0069
Email: fhenry@omb.gov.vi

Steven Van Beverhoudt
Inspector General
Office of the Inspector General
V.I. Bureau of Audit and Control
75 Kronprindsens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-3388/772-3936
Fax: (340) 774-6431/772-3956
Email: steven@islands.vi

Nicolas Peru
Special Investigator
Office of the Inspector General
V.I. Bureau of Audit and Control
75 Kronprindsens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-3388/772-3936
Fax: (340) 774-6431/772-3956
Email: nperu@islands.vi

Tonia Pickering
Auditor III
Office of the Inspector General
V.I. Bureau of Audit and Control
75 Kronprindsens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-3388/772-3936
Fax: (340) 774-6431/772-3956
Email: tpickering@islands.vi

Beverly Jennings
Director of STT/STJ Business Affairs
Department of Education
No. 44-46 Kongens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-0100
Fax: (340) 779-7153
Email: bjennings@edu.gov.vi

Dwight Simmonds
Director of Federal Grants & Audits
Department of Education
No. 44-46 Kongens Gade
St. Thomas, U.S. Virgin Islands 00802
Phone: (340) 774-0100
Fax: (340) 779-7153
Email: dsimmonds@edu.gov.vi

Cynthia Benjamin
Department of Human Services
Knud Hansen Complex – Building A
1303 Hospital ground
St. Thomas, U.S.V.I. 00802
Phone: (340) 774-0930
Fax: (340) 774-3466
Email: cbenjamin@doh.gov.vi

Florecita Brunn
Accounting Supervisor
Department of Human Services
Knud Hansen Complex – Building A
1303 Hospital ground
St. Thomas, U.S.V.I. 00802
Phone: (340) 774-0930
Fax: (340) 774-3466
Email: dbrunn@doh.gov.vi

Marc A. Biggs
Commissioner
Department of Property & Procurement
Building No. 1 3rd Floor
Sub Base
St. Thomas, USVI 00802
Phone: (340) 774-0828
Fax: (340) 777-9587
Email: ppcomish@yahoo.com

Gerda D. Sebastien
Administrator
Fiscal & Personnel Serv.
Depart. of Property & Procurement
Building No. 1 3rd Floor
Sub Base
St. Thomas, USVI 00802
Phone: (340) 774-0828
Fax: (340) 777-9587
Email: sweetgerda@yahoo.com

Verna Rawlins
Assistant Director of Administrative Services
Department of Labor
2203 Church Street
St. Croix, U.S. V.I. 00820-4612
Phone: (340) 773-1994
Fax: (340) 773-0094
Email: vrawlins@lab.gov.vi

Cecilia Bisphan
Accountant III
Department of Labor
2203 Church Street
St. Croix, U.S. V.I. 00820-4612
Phone: (340) 773-1994
Fax: (340) 773-0094
Email: cbisphan@deptlab.gov.vi

Donna Gregory
Director of Operations
Department of Justice
48B-50C Kronprindsens Gade
St. Thomas, U.S.V.I 00802
Phone: (340) 774-5666
Fax: (340)776-9710
Email: dgregory@deptjus.gov.vi

Sillvelena Jeffers
Fiscal Officer
Department of Justice
48B-50C Kronprindsens Gade
St. Thomas, U.S.V.I 00802
Phone: (340) 774-5666
Fax: (340)776-9710
Email: dgregory@deptjus.gov.vi

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

Edgar Johnson
Director (acting)
Technical Assistance Division
Department of Interior
Office of Insular Affairs – Office of the Secretary
1849 C. St. N.W.
Washington, D.C. 20240
Phone: (202) 208-7071
Fax: (202) 208-1345
Email: edgar_johnson@ios.doi.gov

Gerald Shea
Fiscal Specialist
Department of Interior
Office of Insular Affairs – Office of the Secretary
Honolulu Field Office
Honolulu, Hawaii 96813
Phone: (808) 525-5088
Fax: (808) 525-5307
Email: geraldshea@uscompact.org

Marina Tinitali
Accountability & Insular Policy Specialist
Technical Assistance Division
Department of Interior
Office of Insular Affairs – Office of the Secretary
1849 C. St. N.W.
Washington, D.C. 20240
Phone: (202) 208-5920
Fax: (202) 208-1345
Email: marina_tinitali@ios.doi.gov

Graduate School, USDA

John Maykoski
Director
International Institute
Graduate School, USDA – Suite 320
600 Maryland Avenue S.W.
Washington, D.C. 20024
Phone: (202) 314-3510
Fax: (202) 479-6803
Email: john_maykoski@grad.usda.gov

Jason Aubuchon
Program Manager
Pacific Islands Training Initiative
Graduate School, USDA – Suite 1540
Pioneer Plaza, 900 Fort St. Mall
Honolulu, Hawaii 96813
Phone: (808) 523-1650
Fax: (808) 523-7634
Email: jason_aubuchon@grad.usda.gov

Ellard-James Hurley
Program Manager
Virgin Islands Training Initiative
International Institute
Graduate School, USDA – Suite 320
600 Maryland Avenue S.W.
Washington, D.C. 20024
Phone: (202) 314-3512
Fax: (202) 479-6803
Email: ellard-james_hurley@grad.usda.gov

Stephen Latimer
Program Manager, Pacific Islands Training Initiative
Graduate School, USDA – Suite 1540
Pioneer Plaza, 900 Fort St. Mall
Honolulu, Hawaii 96813
Phone: (808) 523-1650
Fax: (808) 523-7634
Email: stephen_latimer@grad.usda.gov

Deborah Milks
PITI Consultant
Phone: (785) 841-8505
Fax: (785) 832-9465
Email: dmilks@aol.com

Frank Crawford
PITI Consultant
Phone: (405) 691-5550
Fax: (405) 691-5646
Email: frank@crawfordcpas.com

Valerie Richardson
VITI Consultant
Phone: (301) 515-8854
Fax: (301) 515-7619
Email: trewynvr@mindspring.com

Savas Karas, Instructor
VITI Consultant
Phone: (410) 628-4800
Fax: (410) 628-1950
Email: savas.karas@contactesg.com

APPENDIX I

PROGRAM EVALUATIONS

**PACIFIC ISLANDS TRAINING INITIATIVE
VIRGIN ISLANDS TRAINING INITIATIVE**

**Government Finance Officers Association (GFOA) Conference
Island Government Finance Officers' Association (IGFOA) Meeting**

San Antonio, Texas

JUNE 28-30, 2005

EVALUATION SUMMARY

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

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

GFOA Conference

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

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
47%	47%	3%	0%	3%

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

- ☐ Continuation of audit resolution initiative
- ☐ Input from DoI and other Federal agencies on how they evaluate findings and what they look for in corrective actions
- ☐ Writing a lot of transmittals and MD&A (Management Division & Analysis)
- ☐ The impact of GASB 34 on the standards following it. SAS 99
- ☐ Achieving structural balance – using Preformatted Analysis to achieve structural balance
- ☐ New upcoming GASB Requirements – Heads up to Island Governments
- ☐ How to develop an effective fiscal monitoring system
- ☐ Performance Balanced Scorecard

- ☐ Performance Measurements
- ☐ Managing Stress is a stress filled work
- ☐ Putting the improvement in Process Improvement
- ☐ Polishing your presentation skills
- ☐ Motivational strategies for Public Managers
- ☐ Procuring Enterprise Systems
- ☐ Business Process Improvement
- ☐ Business Process Redesign
- ☐ Procuring ERP Systems
- ☐ ERPS
- ☐ Developing Corrective Action Plans and internal control systems
- ☐ Performance Measurement: Your Responsibility
- ☐ Making Performance Management Measure up
- ☐ Balancing Scorecards
- ☐ Internal Control Systems
- ☐ Audit Findings Corrective Action Plan for staff who's actually working with tasks
- ☐ More on the Sarbanes – Oxley
- ☐ Recommended Practices on accounting, auditing, and financial reporting “Blue Book”
- ☐ How to write a better letter of transmittal and MD & A.
- ☐ How to establish and maintain control over capital assets
- ☐ Motivation for public managers
- ☐ Cash Management topics
- ☐ Balanced Scorecards – Budgeting
- ☐ Performance Scorecard and all performance related fields
- ☐ Audit Findings/Corrective Action Plan for staff who's actually working with tasks
- ☐ Good job!!!
- ☐ More on the Sarbanes-Oxley
- ☐ Recommended practices on accounting, auditing, and financial reporting in Blue Book
- ☐ How to write a better letter of transmittal and MD & A
- ☐ How to establish and maintain control over capital assets
- ☐ Motivation for Public Managers
- ☐ Cash Management topics
- ☐ Balanced Scorecard Budgeting
- ☐ Scorecard and all performance related fields

IGFOA Meeting

3) The IGFOA meeting sessions were relevant and timely.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
44%	50%	3%	0%	3%

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

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
34%	63%	0%	0%	3%

- 5) Logistics for bringing participants to and from San Antonio were handled satisfactorily.

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
29%	54%	4%	8%	5%

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

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
23%	39%	18%	10%	10%

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

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
48%	45%	4%	0%	3%

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

- ☐ All
- ☐ The sessions on internal controls & also creating a corrective action plan for our single audits
- ☐ The most relevant was the addressing audit findings
- ☐ Corrective Action Planning/Management Action Plans
- ☐ Formulating your action plan and resolving a finding
- ☐ Country Reports
- ☐ Session: Developing Effective Corrective Action Plans

- ☐ The session on “Strengthening Internal Controls.” Specifically the part on problem identification
- ☐ All of them
- ☐ Internal Controls
- ☐ Resolving Audit Findings
- ☐ All of Thursday was good
- ☐ Some sessions were labored to the point of overstating the message.
- ☐ Strengthening Internal Controls
- ☐ All topics are very relevant
- ☐ The document management is something new that we are looking forward to
- ☐ Corrective Action Plans
- ☐ Strengthen Internal Control Systems
- ☐ Digital imaging
- ☐ ERP
- ☐ The session regarding audit finding and how to handle the audit process
- ☐ Group sessions
- ☐ Developing Effective Corrective Action Plans
- ☐ Strengthen internal control systems
- ☐ All aspects of the training were relevant
- ☐ All of them
- ☐ All sessions
- ☐ Internal Controls
- ☐ Audit Findings Resolution
- ☐ Single Audit Findings Resolution & Corrective Action Plan Guidance
- ☐ Developing ?Effective Corrective Action Plans
- ☐ Group sessions
- ☐ How to establish and maintain control over capital assets
- ☐ Performance Measurements
- ☐ Developing Corrective Action Plans and strengthening Internal Controls
- ☐ All
- ☐ Audit Resolution
- ☐ Internal Controls Presentation

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

- ☐ Planning & Implementation in areas as needed in day to day ops
- ☐ Creating a corrective action plan for audit resolutions
- ☐ The two most important items were the topics discussed in the general session. The future trends would be applied by looking at current technology and new technology
- ☐ IGFOA – development of management action plans
- ☐ GFOA – pros and cons of Pension Obligation Bonds which have been proposed by our

Retirement Board

- ❑ Steps in formulating an action plan in re-opening a finding. This will assist me in resolving recurring findings that have been on the books for some years
- ❑ Management through scanning – This will eliminate and cut down on locating them
- ❑ CAPs & Management implementation plans – must be clear specific, relating simple
- ❑ Audit Findings – specification, internal controls – clear on understanding of how to address them
- ❑ Leadership participation (ownership)
- ❑ Work is done well when you feel good so always take care of self
- ❑ Internal Controls
- ❑ Audit Findings Assessments
- ❑ Need to plan to eliminate findings
- ❑ Implement internal controls
- ❑ FSM has a huge need for commitment to getting the audits cleaned up.
- ❑ Try to instill an increased sense of commitment in FSM people
- ❑ Procurement as an enterprise system
- ❑ Strengthening internal controls
- ❑ Preparation of corrective action plans and document management
- ❑ Corrective Action Planning – Create & Review w/staff, updating progress on plans – continue to work w/plan
- ❑ ERP Procurement
- ❑ Corrective Action Planning
- ❑ The importance of audit finding corrective actions
- ❑ The importance of getting feedback from auditors regarding specific findings
- ❑ Developing Corrective Action Planning on Audit Findings & Audit Resolution/Overall IGFOA was enjoyable
- ❑ Planning
- ❑ Putting plans in place to fulfill your goals
- ❑ Developing effective Correction Action Plans
- ❑ Strengthening Internal Control Systems
- ❑ Learning the “How-to aspects etc...
- ❑ Applying everything I have learned
- ❑ Approaching my Corrective Action Plan utilizing the knowledge gained from these informative sessions
- ❑ Get self in order = teamwork
- ❑ How to come up with solutions to resolve findings
- ❑ Internal Control Documentation
- ❑ Creating matrix for the audit finding to track the resolution
- ❑ A) capital asset threshold can be raised from \$5K – B) Be guided by this application concept
- ❑ A) The island government’s are making progress in Findings & corrective action plans:
 - 1) Will employ models for responding to correct
- ❑ The need for auditors to work cooperatively w/agencies
- ❑ Need to set appropriate “threshold” for capital assets, and possibility of having multiple thresholds
- ❑ Advice by former Governor, Ann Richards, regarding taking care of yourself first

- ☐ Don't take yourself, family, or health for granted. You are responsible for all three. If something happens that you are unable to follow through with something, the world won't collapse if you drop the ball
- ☐ Plan it and follow through until it is done
- ☐ Balanced Scorecard – 2 yrs
- ☐ Cash Management
- ☐ Economic Development
- ☐ Performance
- ☐ Investments

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

- ☐ The least meaningful and irrelevant aspects were the Cash Management due to it's lack of relevance to my job
- ☐ Can't think of any
- ☐ None
- ☐ Every session I attended were relevant to my work
- ☐ None
- ☐ Marina's audit and job report – does she really know what her job is?
- ☐ None, they were all relevant and meaningful
- ☐ All are relevant
- ☐ None
- ☐ N/A
- ☐ Everything that IGFOA presents is relevant and meaningful to me
- ☐ None
- ☐ Imaging – good but not relevant to my Island government
- ☐ All sessions were relevant
- ☐ None
- ☐ Improving Management Systems

11) Please provide any other comments concerning the GFOA Conference and the IGFOA Meeting that will make future conferences and meetings more meaningful and enjoyable.

- ☐ As usual. Great conferences for the Island group. Good opportunity to share ideas & problems of our respective govts. Most importantly, coming with resolutions
- ☐ I believe more people should be exposed to this conference because it is tremendously helpful – a wonderful opportunity for learning for us all.
- ☐ Enjoyed Savas' presentations – recommend he do more sessions/presentations
- ☐ Both conferences were organized very well and general sessions and concurrent sessions on Performance Measurements were informative and helpful in enhancing my productivity
- ☐ Some sessions sounded like sales pitches – not appropriate for this forum
- ☐ The hotel should be closer in proximity to the conference

- ❑ This training was very important and informative. It is my hope that the importance of this type of training will be expressed to the Governor's Office in order that a great cross section of people will be able to attend.
- ❑ In order to make effective planning, information should be disseminated beforehand. Doing so will assure that the group stays intact
- ❑ Bringing people from the insular islands together with different ideas. Learning from them as they learn from us.
- ❑ Working together as one to solve our differences
- ❑ Some presenters were not as effective in presenting their information as in previous GFOA conferences
- ❑ What we learned from these meetings & conferences help me to improve our government's financial reporting problems
- ❑ Please put information & charts of comparing all island audit findings on the USDA/IGFOA website
- ❑ Two excellent conferences!
- ❑ All information was timely, meaningful, & useful – provided encouragement.
- ❑ Rational activities helped to complement the academics
- ❑ More handouts and copies of presentations should be made available before entering each session's site
- ❑ Regarding the IGFOA, so far, so good
- ❑ For future meetings, communicate details on conferences, i.e., location of IGFOA meeting site, time, and official invitation so advance planning can be done to take advantage of GFOA group discounts, cheaper airfares, and choice hotels are needed
- ❑ Should make efforts to provide participants list and other pertinent information prior to the conference

APPENDIX II

IGFOA BY-LAWS

APPENDIX VI

**Island Government Finance Officer Association
Annual Meeting**

IGFOA BY-LAWS

In the Matter of the Incorporation)
Of)
Island Finance Officers Association)
of the Insular Areas, Inc.)
_____)

PETITION FOR A CHARTER FOR ARTICLES OF INCORPORATION
FOR A NON-PROFIT, TAX-EXEMPT CORPORATION
TO BE KNOWN AS:

ISLAND FINANCE OFFICERS ASSOCIATION OF THE INSULAR AREAS, INC.
(Name of Corporation)

The undersigned, a majority of whom are residents of the Commonwealth of the Northern Mariana Islands, hereby petition, under the provisions of 4 CMC § 4101 *et seq.* and in particular in § 4103 (c), for a charter of incorporation, for themselves and their members as a non-profit corporation under the name of Island Finance Officers Association of the Insular Areas, Inc. and in connection herewith do hereby incorporate herein by reference thereto the accompanying proposed charter of incorporation wherein are set forth various matters required under § 4101 *et seq.* and § 4103 (c) under the laws of the Commonwealth of the Northern Mariana Islands (Commonwealth Register Vol. 12 No. 5, May 15, 1990, p. 6997; Trust Territory Register Vol. 1 No. 1, July 15, 1974, page 7 and 26-27).

DATED this 29th day of May 20 01
Lucy D.L.G. Nielsen
Bernadita C. Palacios

Estrellita S. Ada
Estrellita S. Ada

COMMONWEALTH OF THE NORTHERN)
MARIANA ISLANDS)
_____)

ss:

On this 29th day of May, 2001, Lucy D.L.G. Nielsen,
Bernadita C. Palacios, Estrellita S. Ada and

_____, being first duly sworn on oath, depose and say that they are the petitioners above-named, that they have read the foregoing petition and attached proposed charter of incorporation and know the contents thereof; and that the matters and statements therein set forth are true to the best of their knowledge and belief.

Eileen Ngedikes Kintol
NOTARY PUBLIC
Commonwealth of the Northern Mariana Islands

Eileen Ngedikes Kintol
NOTARY PUBLIC



CHARTER OF THE ISLAND FINANCE OFFICERS ASSOCIATION OF THE INSULAR AREAS

PART I General Features of the Organization

Article I

Name of the organization and Incorporator

A permanent organization is created by the founding members, the name of which is "Island Finance Officers Association of the Insular Areas, Inc." (Abbreviated name IFOA).

The incorporators shall be Lucy DLG. Nielsen, Secretary of Finance, Department of Finance, DanDan Commercial Building, P.O. Box 5234, Saipan, MP 96950; Bernadita C. Palacios, Acting Director of Finance and Accounting, Department of Finance, DanDan Commercial Building, P.O. Box 5234, Saipan, MP 96950; and Estrellita S. Ada, Financial Services Manager, Department of Finance, DanDan Commercial Building, P.O. Box 5234, Saipan, MP 96950.

Article 2

Legal domicile and Registered Agent

The organization has its legal domicile and registered agent in the Commonwealth of the Northern Mariana Islands with a mailing address of Lucy DLG. Nielsen, Secretary of Finance, c/o Department of Finance, DanDan Commercial Building, P.O. Box 5234, Saipan, MP 96950.

Article 3

Operational area

The operational area of the organization is the islands of the Commonwealth of the Northern Mariana Islands (CNMI); the Territory of Guam; the Federated States of Micronesia (FSM); the Republic of Palau; the Republic of the Marshall Islands; American Samoa; and the U.S. Virgin Islands.

Article 4

Date of establishment

The establishment of the organization has been decided in the course of the meeting of the Insular Area Chief Financial Officers during the Annual Island Finance Officers Association Conference held in Chicago, Illinois on June 11 - 16, 2000.

Article 4.1

Non-profit status

The Corporation shall have no capital stock and shall not be authorized to issue capital stock. The Corporation shall not operate for the purpose of carrying on business for profit.

Article 5

Duration and terms of dissolution of the organization

- 5.1. Duration. The organization is of unlimited duration.
- 5.2. Dissolution. The organization may be dissolved by resolution adopted at the Annual IFOA Conference or any other meeting called by a two-thirds majority of the Members. The dissolution will take effect according to the resolution adopted by the Members. In case of dissolution, all documents of the Organization will be transferred to the Office of Insular Affairs, U.S. Department of the Interior. All monetary instruments of any form will be distributed pro rata to the respective government treasuries of the full Members, who are paid in full for all debts due to the Organization. Any and all tangible and/or intangible assets shall be liquidated, and the proceeds will be distributed pro rata to the respective government treasuries of the full Members, who are paid in full for all debts due to the Organization.

Article 6

First day of operation

The first day of operation shall be upon the filing date of the Charter and acceptance by the CNMI Registrar of Corporations.

Article 7

Language of the organization

The working language of the organization is English.

Article 8

Judicial personality

In order to exercise its functions and to fulfill its purposes, the Island Finance Officers Association possesses, on the Commonwealth of the Northern Mariana Islands, judicial personality with the full capacity to contract, to acquire and dispose of immovable and movable property and to institute legal proceedings.

Article 9

Financial resources of the organization

- 9.1. Self-financing. The organization is a self-financing, non-profit institution.
- 9.2. Source of funding. Its sources of revenues are:
- a) annual Membership contributions;
 - b) fees for rendering services;
 - c) other sources, including donations from other organizations, nonmembers, foundations, and governments.
- 9.3. Fees. In the course of its operations, the organization may undertake economic activities that accord with its basic objectives and may, in circumstances determined by a majority of the Officers, charge a fee for special services of a significant nature that may be requested by Members.
- 9.4. Prohibition of Inurement. No part of the net earnings of the corporation shall inure to the benefit of any private shareholder or individual.

Article 10

Purpose of the organization

- 10.1. Mission. The mission of the Organization is to be a professional organization dedicated to the enhancement of public financial management in the insular areas by identifying, developing, and advancing financial strategies, policies, and practices for the public benefit.
- 10.2. Purpose. To perform its major objectives, the organization strives to:
- a) 1. To provide a networking support group for island finance officers to come together to discuss unique challenges of island governments.
 - 2. To provide for the professional development of public knowledge, skills, and capacity to manage financial affairs through a continuing education process,

which emphasizes the fields of accounting, auditing, budgeting, financial management and Federal grants management.

3. To allow island finance officers to maximize the use of resources, including sharing of resources, with other members of the Association with the objective of minimizing costs and duplication of efforts.
 4. To encourage the preparation of individuals to seek a governmental finance career.
- b) To develop and encourage the use of uniform standards and procedures of governmental finance management.
 - c) To identify principles of economy and efficiency in the island governments, specifically those that are unique to them.
 - d) To identify issues of governmental fiscal policy and to inform those persons interested in such issues, so that those issues may be addressed.
 - e) To develop, improve, and publish a body of knowledge in governmental finance management.
 - f) To extend cooperation and assistance to other associations and professional organizations concerned with governmental finance management.
 - g) To promote the observance of professional standards and ethics in the accomplishment of government financial management activities.
 - h) To recognize the unique skills and knowledge required of professionals who specialize in government financial management by encouraging members of the Association to enroll in a professional certification program.
 - i) To work with other government agencies in their respective insular areas to facilitate intergovernmental financial management and policy relations.

PART II Membership of the organization

Article 11

Eligibility to membership

- 11.1. Founding Members of the organization are the Commonwealth of the Northern Mariana

Islands (CNMI); Guam; the Federated States of Micronesia (FSM); the Republic of Palau; the Republic of the Marshall Islands; American Samoa; and the U.S. Virgin Islands.

- 11.2. Full members (or Members) of the organization are all persons involved in government finance and interested in and concerned with government financial management and policies are eligible for membership in the Association. The governing body of the Association shall be the Executive Board consisting of chief financial officers of the respective principal Departments responsible for the financial management from each insular area. All members' place of business or residence must be within their respective insular areas.

PART III Structure of the organization

Article 12

Organizational structure

- 12.1 Organization. The organization consists of the following bodies:

- a) A President;
- b) A Vice President;
- c) A Secretary;
- d) A Treasurer;
- e) The Governing Board which shall be composed of chief financial officers of the respective principal departments responsible for the financial management from each insular area.

Article 13

Meetings

- 13.1 Meetings. A business meeting of the Association shall be held one or more times a year, the dates and places to be determined by the Executive Board. The membership shall be notified at least four weeks in advance of the date and place of such meetings.

- 13.2 Quorum.

- a) Majority of members present shall constitute a quorum at meetings of the Executive Board.
- b) A majority of the members shall constitute a quorum to do business at an Association meeting

Article 14

The Officers

- 14.1 Officers. There shall be President; Vice President; Secretary and a Treasurer.
- 14.2 Powers. The powers and responsibilities of the Officers are outlined in the By-Laws.
- 14.3 Election and Term Limits. The election of the four officers of the Association shall take place at the Annual Business Meeting of the Association, by a majority of votes cast by qualified voting members or their representatives present. All members of the Association present and in good standing shall be eligible to vote.
- 14.4 Quorum. A majority of the members present shall constitute a quorum at meetings of the Executive Board.

Article 15

Initial Officers

The names of the initial Officers, pending first election are as follows:

President:	Ms. Lucy DLG. Nielsen, CNMI CNMI Department of Finance PO Box 5234, Saipan, MP 96950 Citizenship: US
Vice President:	Ms. Bernice Turnbull Department of Finance U.S. Virgin Islands No. 76 Kronprindsens Gade GERS Building, 2 nd Floor Charlotte Amalie, US Virgin Islands 00802 Citizenship: US
Secretary/Treasurer:	John Ehsa, FSM Department of Finance & Administration, FSM PO Box PS-158, Palikir, Pohnpei FM 96941 Citizenship: FSM

**Island Government Finance Officers Association of the Insular Areas
Bylaws**

ARTICLE I. NAME AND BOUNDARY

SECTION 1. The name of the organization shall be the Island Government Finance Officers Association, Inc., which, in these By Laws, shall be referred to as the "Association."

SECTION 2. The territories included within the boundaries of the Association shall be all the United States insular areas including the Commonwealth of the Northern Mariana Islands, the Territory of Guam, the Federated States of Micronesia (FSM), the Republic of Palau, the Republic of the Marshall Islands, American Samoa, and the U.S. Virgin Islands.

ARTICLE II. PURPOSE AND GENERAL OBJECTIVES

SECTION 1. **PURPOSE**

The purpose of the Island Government Finance Officers Association is to be a professional organization dedicated to the promotion of sound public financial management in the insular areas. The Association shall serve as the organization for island finance officers to come together to develop and sponsor appropriate educational programs, encourage professional development, and influence governmental financial management policies and practices.

SECTION 2. **OBJECTIVES**

The objectives of the Association shall be:

- (a) 1. To provide a networking support group for island finance officers to come together to discuss unique challenges of island governments.
- 2. To provide for the professional development of public knowledge, skills, and capacity to manage financial affairs through a continuing education process, which emphasizes the fields of accounting, auditing, budgeting, financial management and Federal grants management.

3. To allow island finance officers to maximize the use of resources, including sharing of resources, with other members of the Association with the objective of minimizing costs and duplication of efforts.
 4. To encourage the preparation of individuals to seek a governmental finance career.
- (b) To develop and encourage the use of uniform standards and procedures of governmental finance management.
 - (c) To identify principles of economy and efficiency in the island governments, specifically those that are unique to them.
 - (d) To identify issues of governmental fiscal policy and to inform those persons interested in such issues, so that those issues may be addressed.
 - (e) To develop, improve, and publish a body of knowledge in governmental finance management.
 - (f) To extend cooperation and assistance to other associations and professional organizations concerned with governmental finance management.
 - (g) To promote the observance of professional standards and ethics in the accomplishment of government financial management activities.
 - (h) To recognize the unique skills and knowledge required of professionals who specialize in government financial management by encouraging members of the Association to enroll in a professional certification program.
 - (i) To work with other government agencies in their respective insular areas to facilitate intergovernmental financial management and policy relations.

ARTICLE III

MEMBERSHIP

SECTION 1.

All persons involved in government finance and interested in and concerned with government financial management and policies are eligible for membership in the Association. The governing body of the Association shall be the Executive Board consisting of chief financial officers of the respective principal Departments responsible for the financial management from each insular area. All members' place of business or residence must be within their respective insular areas.

ARTICLE IV

GOVERNING BODY: COMPOSITION AND SELECTION

SECTION 1.

(a) The members of the Association shall elect four officers from the Executive Board to serve as President, Vice President, Secretary, and Treasurer.

SECTION 2.

(b) The elected officers shall be elected to serve a term of one year.

SECTION 3.

- (a) Any officer or member of the Executive Board whose type of government jurisdiction affiliation changes during their term of office may continue in such official capacity for the remainder of their term with the consent of the majority of the Executive Board.
- (b) In the event of a vacancy on the Executive Board, the nominating committee in effect at the last Annual Meeting of the Association shall submit names of a qualified nominee from the same insular area of the vacated member to the Board. Upon approval of a majority of the Board, the nominee shall hold office for the remainder of the term of the vacated member.

ARTICLE V

GOVERNING BODY: POWER AND DUTIES

SECTION 1.

(a) The property, business, and affairs of the Association shall be managed and transacted by the Executive Board. The Executive Board shall determine, control, authorize, and approve all expenditures to officers and others for services, travel or otherwise in the furtherance of the business of the Association. In accordance with an annual budget to be approved by the Executive Board, all ordinary expenditures

necessary or required in the conduct of the business of the Association shall be approved by the responsible Board members and an accounting thereof shall be made by the Secretary/Treasurer to the Executive Board at their next business meeting.

- (b) It shall be the duty of the Executive Board to arrange meetings as to time, place, and programs, to study all matters referred to it by Association members, and to perform such other duties as may be deemed to pertain to the Association's advancement, welfare, and its best interest.

SECTION 2.

The order of business at meetings of the Association shall be such as may be prescribed by the agenda. All Executive Board meetings shall be governed by "Roberts Rules of Order."

ARTICLE VI.

GOVERNING BODY: OFFICER'S RESPONSIBILITIES

SECTION 1.

The President shall have the following responsibilities:

- 1) Preside at all meetings of the Association,
- 2) Appoint all committees including the Chairperson thereof,
- 3) Administer the general affairs of the Association, subject to the provisions of the By-Laws and such resolutions authorized by the Executive Board,
- 4) Appoint and discharge such employees and enter into such agreement or contracts within the limits provided in the approved budget;
- 5) Perform other duties as may be required of him or her by the Executive Board.

SECTION 2.

The Vice President shall perform the duties of the President during the latter's absence or disability and other duties as may be required of him or her by the Executive Board.

SECTION 4.

The Secretary shall keep the minutes and records of all business meetings of the Executive Board and for the annual meetings of the Association, and shall conduct the correspondence thereof as directed. The Secretary shall file the annual corporate reports with the Registrar of Corporations.

SECTION 5.

The Treasurer shall have the following responsibilities:

- 1) Overall responsibility for any monies of the Association coming into his or her possession,
- 2) Receive, invest, and disburse the funds of the Association in accordance with the provisions of these By-Laws,
- 3) Keep the accounting records and prepare all necessary financial statements, tax returns, or other business forms required to be filed with governmental authorities,
- 4) Perform other duties of the office as may be delegated to him or her by the Executive Board.

ARTICLE VII.

MEETINGS

SECTION 1.

A business meeting of the Association shall be held one or more times a year, the dates and places to be determined by the Executive Board. The membership shall be notified at least four weeks in advance of the date and place of such meetings.

ARTICLE VIII.

QUORUM

SECTION 1.

- (a) Majority of members present shall constitute a quorum at meetings of the Executive Board.
- (b) A majority of the members shall constitute a quorum to do business at an Association meeting.

ARTICLE IX.

ASSOCIATION SERVICE FEES

SECTION 1.

Membership service fees, if any, shall be established by the Executive Board. Fees to cover the period from January 1 - December 31 each year will be due and payable January 1 of each year.

SECTION 2.

Suspension/Termination of membership.

- (a) Involuntary.
 1. The Treasurer will prepare the list of Members not having paid the membership dues, if any, by the end of the deadline established by the Executive Board.

2. In case of a specific difficulty, the Executive Board may, upon written request of the Member, extend the deadline; the Member is formally informed in writing of the decision made by the Executive Board.
3. When the payment of the membership service dues has not been received by this extended deadline, the Member will be automatically suspended. During the suspension period the Member is invited to attend the annual IFOA conference, at his own expense, as an observer with the right to speak but not to vote.
4. The Member will automatically be terminated 6 months thereafter unless full payment is received.

b) Voluntary.

1. Any Member may terminate its membership of the organization upon giving formal notice in writing of its intention to do so to the President of the IFOA.
2. The termination of that membership shall become effective upon the expiration of a period of six months from the date upon which formal notice is given to the President.
3. Any delinquent dues or fees shall be paid immediately in full prior to termination of members.

SECTION 3.

Effect of Termination. Terminated Members shall not be entitled to participate in any meeting or functions of the Association.

Reinstatement. Any terminated Member may request for membership into the Organization in accordance with these Articles and the Bylaws of the Association provided all delinquent dues and fees are brought current.

ARTICLE X.

ELECTIONS

SECTION 1.

The election of the four officers of the Association shall take place at the Annual Business Meeting of the Association, by a majority of votes cast by qualified voting members or their representatives present. All members of the Association present and in good standing shall be eligible to vote.

SECTION 2.

Newly elected officers of the Association shall assume office at the close of the Annual Business Meeting.

ARTICLE XI.

DISTRIBUTIONS

SECTION 1.

No part of the net earnings of the Association shall incur to the benefit of, or be distributed to its members, Executive Board, or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article II - Section 2 hereof.

ARTICLE XII.

DISSOLUTION

SECTION 1.

The organization may be dissolved by resolution adopted at the Annual IFOA Conference or any other meeting called by a two-thirds majority of the Members. The dissolution will take effect according to the resolution adopted by the Members. In case of dissolution, all documents of the Organization will be transferred to the Office of Insular Affairs, U.S. Department of the Interior. All monetary instruments of any form will be distributed pro rata to the respective government treasuries of the full Members, who are paid in full for all debts due to the Organization. Any and all tangible and/or intangible assets shall be liquidated, and the proceeds will be distributed pro rata to the respective government treasuries of the full Members, who are paid in full for all debts due to the Organization.

ARTICLE XIII.

LIMITATIONS OF LIABILITY

SECTION 1.

The members and the Executive Board of the Association shall not be liable for debts or other liabilities of the Association, either in a personal or individual capacity. Personal assets and private property of the members and the Executive Board of the Association, shall not be subject to, nor used to satisfy, the debts and liabilities of the Association.

ARTICLE XIV

AMENDMENTS

SECTION 1.

These By-Laws may be amended at any regular or special business meeting of the Association by a two-thirds vote of the membership

present, provided that written notice of the proposed amendment has been sent to all members at least thirty (30) days before the meeting.

MISSION STATEMENT

The purpose of the Island Government Finance Officers Association is to be a professional organization dedicated to the enhancement of public financial management in the insular areas by identifying, developing, and advancing financial strategies, policies, and practices for the public benefit.

STRATEGIC POLICIES AND GOALS

Strategy 1

MEMBERSHIP

To structure, operate, and encourage broad and active member participation in the Island Government Finance Officers Association (IGFOA) and in developing, promoting, and implementing IGFOA's policies and programs.

Goals:

- To seek active participation by membership from each governmental entity or agency in all the insular areas.
- To promote commitment by members for active participation in IGFOA activities.

Strategy 2

FINANCIAL MANAGEMENT

To be recognized as a source of expert knowledge concerning state and local government financial issues.

Goals:

- To assert leadership in developing and implementing governmental financial planning, management, research, and policymaking.
- To serve as a clearinghouse by receiving and disseminating information on governmental management issues.
- To serve as a bridge between the IGFOA and the academic community to promote the needs and interest of government service.
- To develop a campaign to obtain and publish high-quality financial management articles in publications.

Strategy 3

POLICY FORMATION AND LEGISLATION

To formulate and promote IGFOA policies at all levels of government.

Goals:

- To identify intergovernmental issues and develop appropriate action plans.
- To develop IGFOA policies and recommend appropriate legislative proposals.
- To communicate IGFOA policies and legislative proposals.

Strategy 4

EDUCATION AND SERVICES

To provide comprehensive educational and technical services to our membership, financial managers, and policymakers.

Goals:

- To identify membership educational needs and opportunities to deliver services.
- To develop a schedule of educational programs to reach all members throughout the insular areas.
- To develop marketing efforts for and awareness of available educational programs and services.

CODE OF ETHICS

The Island Government Finance Officers Association's Code of Professional Ethics

I. Personal Standards

Government finance officers shall demonstrate and be dedicated to the highest ideals of honor and integrity in all public and personal relationships to merit the respect, trust, and confidence of governing officials, other public officials, employees, and of the public.

- They shall devote their time, skills, and energies to their office both independently and in cooperation with other professionals.
- They shall abide by approved professional practices and recommended standards.

II Responsibility as Public Officials

Government finance officers shall recognize and be accountable for their responsibilities as officials in the public sector.

- They shall be sensitive and responsible to the rights of the public and its changing needs.
- They shall strive to provide the highest quality of performance and counsel.
- They shall exercise prudence and integrity in the management of funds in their custody and in all financial transactions.
- They shall uphold both the letter and the spirit of the constitution, legislation, and regulations governing their actions and report violations of the law to the appropriate authorities.

III Professional Development

Government finance officers shall be responsible for maintaining their own competence, for enhancing the competence of their colleague, and for providing encouragement to those seeking to enter the field of government finance. Finance officers shall promote excellence in the public service.

IV Professional Integrity-Information

Government finance officers shall demonstrate professional integrity in the issuance and management of information.

- They shall not knowingly sign, subscribe to, or permit the issuance of any

statement or report which contains any misstatement or which omits any material fact. They shall prepare and present statements and financial information pursuant to applicable law and generally accepted accounting practices and guidelines.

- They shall respect and protect privileged information to which they have access by virtue of their office.
- They shall be sensitive and responsive to inquiries from the public and the media, within the framework of state or local government policy.

V. Professional Integrity-Relationships

Government finance officers shall act with honor, integrity, and virtue in all professional relationships.

- They shall exhibit loyalty and trust in the affairs and interests of the government they serve, within the confines of this Code of Ethics.
- They shall not knowingly be a party to or condone any illegal or improper activity.
- They shall respect the rights, responsibilities, and integrity of their colleagues and other public officials with whom they work and associate.
- They shall manage all manners of personnel within the scope of their authority so that fairness and impartiality govern their decisions.
- They shall promote equal employment opportunities, and in doing so, oppose any discrimination, harassment, or other unfair practices.

VI Conflict of Interest

Government finance officers shall actively avoid the appearance of or the face of conflicting interests.

- They shall discharge their duties without favor and shall refrain from engaging in any outside matters of financial or personal interest incompatible with the impartial and objective performance of their duties.
- They shall not, directly, or indirectly, seek or accept personal gain which would influence, or appear to influence, the conduct of their official duties.
- They shall not use public property or resources for personal or political gain.

APPENDIX III

IGFOA PRESENTATIONS

American Samoa



Department of Treasury
Audit Findings and Questioned Costs

IGFOA Presentation
June 29, 2005

Summary

- ♦ Status of FY 2003 Audit
- ♦ FY 2003 Questioned Costs & Findings
- ♦ FY 2003 Audit Qualifications
- ♦ Comparison of Prior Yr. Findings
 - FY 2001-FY 2003
- ♦ Audit Resolution Initiatives
- ♦ ASG Treasury Initiatives

Status of FY 2003/2004 Audit

- ◆ FY 2003 Audit Completed
 - Expect a copy of financial and single audit report from auditors this week.
- ◆ FY 2004 Audit
 - Audit will begin in August
 - Completion Date: December 2005

FY 2003 Single Audit Report Questioned Costs & Findings

- ◆ Number of Findings : 24
- ◆ Repeated Type of Findings:
 - Lack of Documentation
 - Suspension/Debarment
 - Davis Bacon
- ◆ Questioned Costs : \$208,000
 - One big Questioned Cost for \$202,000

FY 2003 Audit Qualifications

Unable to satisfy in the following areas:

- ◆ Amount of due to/due from other funds
- ◆ Lack of Physical Inventory Records
- ◆ Amount of Claims and Other Liabilities
- ◆ Accuracy of beginning fund Balance
- ◆ Hospital Authority will not complete audit
 - Unaudited numbers will be included in report

Prior Year Findings/Questioned Costs

No. of Findings	Questioned Costs
FY 2001- 22	FY 2001 - \$114,125
FY 2002 - 22	FY 2002 - \$390,161
FY 2003 - 24	FY 2003 - \$208,000



Audit Resolution Initiatives



- ◆ Suspension / Debarment Procedures
- ◆ Davis Bacon Procedures



ASG Treasury Initiatives



- ◆ Continued System Upgrades
- ◆ Fixed Assets

GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA

San Antonio, Texas

June 24, 2005

Audit Problem and Resolution Plan



(Addressing and correcting the
underlying problems
that give rise to audit findings and
qualifications)

Status of FY 2003 & 2004 audits

Entity	FY 2003	FY 2004
Nat'l Govt	Under completion	Ready to start in July
Chuuk	On going	Not started
Pohnpei	Issue late July	Ongoing
Yap	Issue late July	Ready to start
Kosrae	Issue late July with fixed asset register	Not started

Audit Problem Resolution

Focus Areas

1. Lateness of the Component Units
2. Procurement
3. Bank Reconciliation
4. Fixed Asset Accounting

Lateness of Component Units The Problem

Component Units are missing due to:

- Lack of sufficient notification or pressure to produce timely audited financials
- Lack of funding for an audit
- Lack of ability to reconcile or close the books
- Incorrect classification of an NGO as a component unit

Lateness of Component Units The Solutions

- The component units for the FSM National Government have been included in the external auditors' contract for the FY04 audit.
- Representatives from the component units are included in the Audit Findings Task Force
- Kosrae State opted to ensure that all component units are included in the annual audit contract
- Yap State involves the component units in recordkeeping/accounting workshops made available to finance
- The Yap Public Auditor audited the two previously missing component units
- The new CPA hired by Chuuk State is now working with the component units to close their books.

Lateness of Component Units The Progress:

Entity	Problem Definition	Current Status
Nat'l Govt	Qualification for 1 CU (of 7) missing since FY1998	Included in FY04 audit contract
Kosrae	3 CU qualifications since FY99	2 included in FY04 audit contract. 1 dropped
Chuuk	5 CU qualifications	3 CUs working with new CPA
Yap	2 CU qualifications in FY02	Audited and included for FY03

Procurement The Problem

Numerous audit findings related to:

- Lack of sufficient documentation
- Missing documentation
- Violation of bidding procedures
- Violation of small purchase price quotation requirements

Plus, the government's wants to reduce administrative time for purchasing and disbursement and make best use of government funds

Procurement The Solutions

- New procurement procedure in the Nat'l Govt
- New routing policy in Kosrae to ensure proper reviews before issuance
- Yap State now requires that price comparison or bidding docs be attached to a purchase requisition submitted to finance
- Pohnpei State developed a standard form checklist for required bid documentation
- Chuuk has modified policy and begun a training program

Procurement The Progress

- Unknown effect on the FY03 audit as most initiatives were started in FY04
- Assume that the number of findings will be reduced significantly in FY04 audit

Bank Reconciliation The Problem

- Difficult communication with consulate and field offices for the Nat'l Govt
- Lack of automated support from the local banks
- Bad habit of completing bank recon only for year end audit requirement

Bank Reconciliation The Solutions

- Move Chuuk State field office to the Nat'l Govt
- Communicate with consulate and other field offices
- Conduct national workshop
- Hire technical assistants for hands on training
- Work with banks on automated requirements
- Reassign or terminate non-performing personnel
- Follow up with staff on timely reconciliations

Bank Reconciliation The Progress

Entity	# accounts	Current status
Nat'l Govt	18 accounts	Savings-May 05 General-Feb 05 Payroll & Tax-Sept 04 Field offices-current by month end
Kosrae	3 major accounts	As of June 16, 2005, Kosrae State's bank accounts (checking , savings and payroll) which have been normally a year behind in reconciliation for many years, are now current.
Pohnpei	7 accounts	All reconciled through March 05
Chuuk		Completed as of Sept 04 and updating to March 05
Yap		All accounts are now current within a 2 month time lag from receipt of the bank statement

Fixed Asset Accounting The Problem

- Annual audit qualifications for lack of an auditable fixed asset register
- New GASB 34 requirements for infrastructure accounting
- Assets scattered over many remote islands
- Systems' inability to handle depreciation

Fixed Asset Accounting The Solutions

- Requested technical assistance (not yet received)
- Focused effort on compiling fixed asset listing
- Focused efforts on infrastructure listings and valuation

Fixed Asset Accounting The Progress

Entity	Progress
Nat'l Govt	Completed asset register agreed to GL Added systems functionality to calculate depreciation Working on infrastructure listing
Yap	Compiled fixed asset and infrastructure listing > \$5,000. Conducting a physical inventory. Preliminary review by auditors indicates minimum GASB34 requirements are met.
Pohnpei	Completed fixed asset register
Chuuk	Completed fixed asset register
Kosrae	Completed fixed asset and infrastructure register. Submitted to external auditor.

Government of Guam Audit Findings and Question Costs Analysis Presentation

Status of the Single Audit Reports

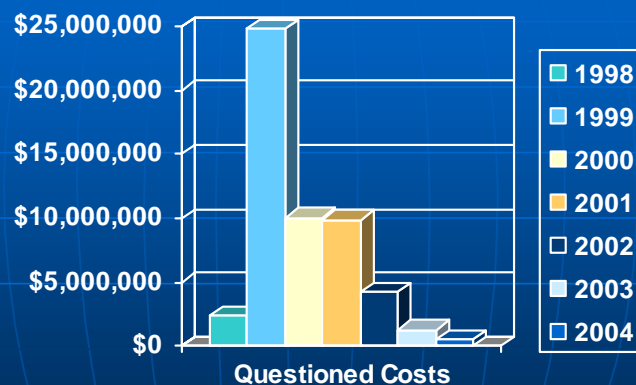
- Government of Guam's FY 2004 Single Audit report is just about ready to be issued. It should be received by the Federal Audit Clearinghouse by end of July 2005.
- Field work began the 3rd week of January, 2005. Expected completion date: June 30, 2005.

Addressing Internal Control Findings and Questioned Costs During the Audit

- Monthly meetings started in January 2005 and then bi-weekly meetings began in May and were conducted between the external auditors, the OPA and DOA to address internal findings and questioned costs as they were formulated.

Additional meetings were conducted with those agencies which had findings. This allowed for audit resolutions during the process, and accounted for elimination of many initial findings, thus reducing the number of findings to 16.

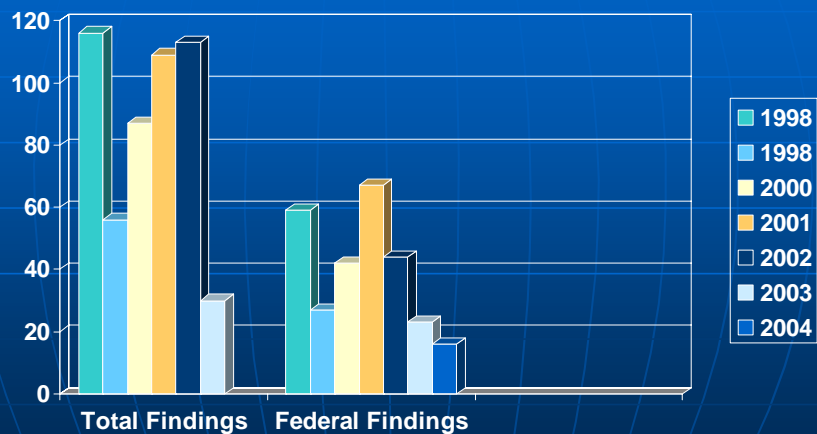
Summary of Questioned Costs



Monitoring Outstanding Audit Findings

- The Bureau of Budget and Management Research was designated liaison office responsible for following up on corrective actions on all federal audit report recommendations per Executive Order 84-24.
- Department of Administration recently created an Internal Audit Division to follow up on outstanding audit findings, especially as it relates to internal control issues.

Summary of Findings



Monitoring outstanding audit findings

- Monitoring is done on an as-needed basis for day to day activity.
- Follow-up is usually initiated to update the Schedule of Prior Years Single Audit Findings.
- Our Audit Resolution Plan includes procedures for formal monitoring.

Number and Status of Audit Qualifications From FY 2004 Single Audit Report

- Qualifications that remained from FY 2003 audit:
 - Auditors were prevented from performing certain audit procedures as it relates to Department of Revenue & Taxation
 - Lack of audited financials from certain component units (2 or 3)
- Qualifications that were removed:
 - Fixed Assets
 - Landfill closure/post closure costs

BANK RECONCILIATION ISSUES & RESOLUTIONS

ISSUES:

- Understaffed Section
- Untimely Preparation of Bank Reconciliation
- Untimely Recording of Reconciling Items
- Unavailable Bank Statements
- Unavailable Debit & Credit Memos
- Untimely Recording of Federal Drawdowns
- Check Registers not updated
- Bank Data not Updated Daily

BANK RECONCILIATION ISSUES & RESOLUTIONS

RESOLUTIONS:

- Hire one Accounting Technician
- Assign an Accountant to Assist
- Authorization to request Bank Stmts.
- Record Drawdowns as received
- Update Check Registers when Run
- Update Bank Data Daily

BANK RECONCILIATION ISSUES & RESOLUTIONS

IMPLEMENTED SOLUTIONS:

- Hired Accounting Technician
- Reassigned One Accountant
- Federal Drawdowns posted as received

RESOLUTIONS IN PROGRESS:

- Letter from Treasurer authorizing access
- Memo submitted to Child Support & DRT
- Interfaced Monitored Daily

FEDERAL GRANTS A/R ISSUES AND SOLUTIONS

ISSUES:

- A/R Classified by Local not Federal Agency
- Unidentified Collections
- Expenditures Interfaced once per month
- Untimely Posting of Drawdowns
- Drawdown Methods Inconsistent

FEDERAL GRANTS A/R ISSUES AND SOLUTIONS

RECOMMENDED SOLUTIONS:

- Receivables classified by Federal A/R.
- Obtain Grantor's Confirmation
- Expenditures posted at least weekly
- Automate Federal Drawdowns
- Implement One Procedure

FEDERAL GRANTS A/R ISSUES AND SOLUTIONS

IMPLEMENTED SOLUTIONS:

- Federal A/R reclassified
- Confirmations were sent to Grantors
- Expenditures posted weekly
- Program created to automatically post
- One procedure established

FIXED ASSETS ISSUES AND RESOLUTIONS

ISSUES:

- Incomplete Oracle Data – 2 yrs.
- Incomplete Serial Nos.
- Incomplete Infrastructure Assets
- No SOP's for Agencies
- F/A Recognized when Paid

FIXED ASSETS ISSUES AND RESOLUTIONS

RECOMMENDED SOLUTIONS:

- Need to Upload Oracle Data
- Need to Enter Serial Nos.
- Complete Inventory needs to be analyzed
- Circular needs to be issued to Agencies
- Program modification required

FIXED ASSETS ISSUES AND RESOLUTIONS

IMPLEMENTED SOLUTIONS:

Oracle Data Extracted, needs uploading
Staff Located 90% of Serial Nos.
DPW accessed Roads, Bridges and others
Circular was issued Feb. 12, 2003
Accounts Payable modified to include F/A data
information.



Republic of the Marshall Islands

Ministry of Finance

IGFOA JUNE 2005, SAN ANTONIO

Presentation Agenda

- 2004 Highlights
- Progress on Government Plan
 - Capital Assets
 - Federal Grants Receivable
 - Component Units
- New Initiatives
- Conclusion/Closing

FISCAL YEAR 2004 AUDIT HIGHLIGHTS

- **COMPLETED**
- **LESS QUALIFICATION (2 from 3 last year)**
- **LESS AUDIT FINDINGS & QUESTIONED COSTS (14 from 33 last year)**

PROGRESS ON GOV'T PLAN

1) INCOMPLETE PRESENTATION OF CAPITAL ASSETS

PLAN:

Remove Capital Asset Qualification by 2005.

PROGRESS/STATUS:

1. Consultant and MoF have completed the Capital Asset Registry.
2. Reconciled Capital Assets (old and recent inventory Lists)
3. Estimated 85% completion.
4. MoF and Consultant to continue working on the CA.

PROGRESS ON GOV'T PLAN

CONTINUED...

2) NON-RECONCILIATION OF FEDERAL GRANTS RECEIVABLE

PLAN:

COMPLETE RECONCILIATION BY JANUARY 2005

PROGRESS/STATUS:

COMPLETED 100% (OUT FROM QUALIFICATION)

PROGRESS ON GOV'T PLAN

CONTINUED....

3) OMMISSION OF 8 COMPONENT UNITS DUE TO LACK OF AUDIT

PLAN:

TIMELY AUDITS OF ALL COMPONENT UNITS

PROGRESS/STATUS:

ALL COMPONENT UNITS' F/S (AUDITED OR UNAUDITED) ARE NOW INCLUDED IN REPMAR'S FY2004 F/S

1 COMPLETED FY2004 AUDITS

3 COMPLETED FY2003 AUDITS

1 AUDIT COMMENCED FOR FY 2003 & 2004

1 AUDIT COMMENCED FOR FY2002 AND 2003

2 NOT REPORTED AS QUALIFICATION – DISSOLVED

NEW INITIATIVES

- **MINISTRY HEADS/SECRETARIES** were involved in preparation of responses and corrective action plan.
- **REINSTITUTE AUDIT RESOLUTION COMMITTEE**

CONCLUSION

- **CHALLENGING BUT GOOD FY2004**
 - **First year of FMIS implementation**
 - **First year of Compact, As Amended**
- **KOMMOL TATA IGFOA, PITI, USDA GRADUATE SCHOOL & DOI**



REPUBLIC OF PALAU

FY 2003 Final Audit Findings and Questioned Costs Presentation



Problem Areas and Steps to Resolve Findings

1

Problem Area:

Procurement

1. Splitting RQs to avoid bidding
2. Not enough price quotations
3. Record not on file

Steps to Resolve Findings:

1. Inform all involved with RQ processing not to split orders
2. Appropriate quotations should be present before processing RQs.
3. All supporting documents are filed at Finance Office.

Progress Report:

1. Procurement Office are returning RQs that would cause split orders



Problem Areas (cont)

Procurement

Progress Report (cont.)

2. Forms for telephone quotations are used by departments
3. All supporting documents are present before AP Vouchers are approved.

2. Problem Area:

Reconciliation

General Accounts Receivable detail not reconciled to General Ledger

Steps to Resolve Finding:

A reconciliation form is to be used by A/R staff to reconcile

Progress Report:

It has not been easy to teach a staff who is about to retire. A temporary staff person is helping to reconcile A/R until a permanent solution is found.



Problem Areas (cont)

3. Problem area:

Fixed Assets

1. Federal assets not adequately safeguarded against loss.
2. No entity-wide maintenance plan
3. Disposals not effectively updated to GFAAG

Steps to Resolve Finding:

1. A Finance staff will monitor Federal assets by doing a surprise visit from time to time.
2. Finance management will pursue an appropriate maintenance plan
3. Disposal report is given to Finance to update asset listing



Problem Areas (cont)

Fixed Assets (cont)

Progress Report:

1. A Bi-annual physical inventory is in progress making it difficult to reconcile at this time.
2. At this time private companies are equipped to maintain our equipment. Public Works staff are not qualified to maintain modern equipment. MOF continues to find a better maintenance plan.
3. Asset disposals are being updated to the GL at this time.

4. **Problem Area:**

Cost Principles

Salaries of employees working on more than one grants not allocated



Problem Areas (cont)

Cost Principles (cont)

Steps to Resolve Finding:

Find an approved method for federal programs to use for cost allocation.

Progress Report:

With the help of PITI, Charles Hester came earlier this year to help us find ways to allocate salaries of employees who work partly under Federal Programs.



FY 2003 Final Audit Findings

<u>Auditee</u>	<u>PY</u>	<u>Resolved</u>	<u>Repeated</u>	<u>New</u>	<u>Total</u>
ROP	11	4	7	5	12
PNDB	5	3	2	2	4
PCC	2	2	0	0	0
PDHA	9	9	0	0	0
PPUC	0	0	0	0	0
PSSRF	4	4	0	1	1
PCSPTF	0	0	0	2	2
PVA	4	4	0	0	0
PICRC	3	1	2	0	2
PNCC	5	0	5	5	10
	--	--	--	---	---
TOTAL	42	27	16	15	31



ROP FY2003 Audit Analysis

■ Financial Reporting

Finding	Reportable	Material	Questioned		
<u>No</u>	<u>Department</u>	<u>Condition</u>	<u>Weakness</u>	<u>Category</u>	<u>Costs</u>
1	Treasury	Y		Cash Mgmt	0
2	Finance	Y		Recon	0
12	Finance	Y	Y	Fixed Assets	0



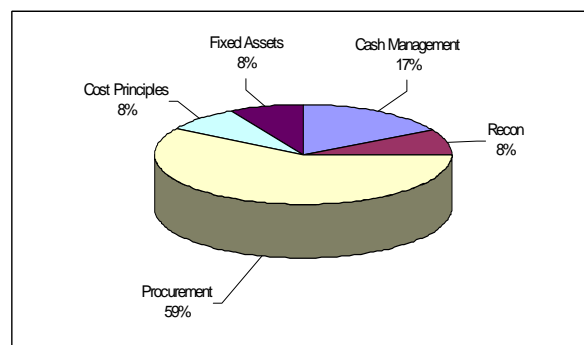
ROP FY2003 Audit Analysis – cont

■ Compliance

Finding No	Department	Compliance Rqmts	Reportable Condition	Material Weakness	Category	Questioned Costs
3	CIP Office	Y			Procure	
4	Supply Office	Y			Procure	
5	Travel Section	Y			Procure	
6	State	Y			Procure	
7	Educ/Health				Procure	31,899
8	Health				Procure	139,371
9	Health				Cost Principle	113,004
10	Treasury				Cash Mgmt	
11	Personnel Office				Procure	
12	Finance	Y			Fixed Assets	
Total Questioned Costs						\$284,274



ROP FY 2003 Findings – cont





FY2003 Questioned Costs

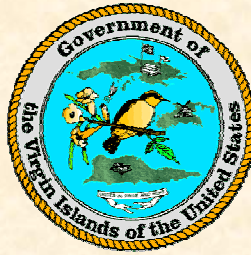
<u>Auditee</u>	<u>C-Year</u>	<u>P-Year</u>	<u>Total</u>
ROP	\$284,274	\$222,990	\$507,264
Component Units:			
PCC	_____	<u>52,564</u>	<u>52,564</u>
Total	\$284,274	\$275,554	\$559,828



FY2004 Single Audit Status

Draft reports of two ROP Component Units are about to be out

The auditors were still waiting for the COFA Road confirmation from the Corps of Engineers before putting out the ROP FY2004 draft reports. FY 2004 should be finalized by the end of July.

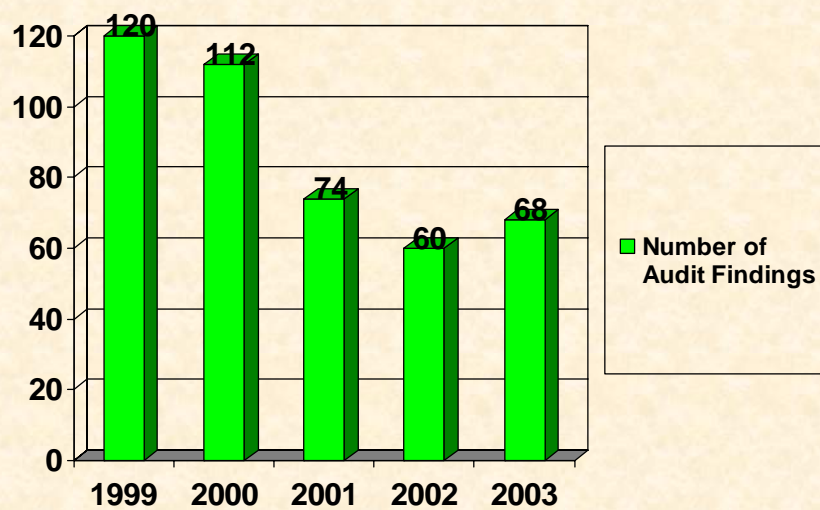


*Government of the U.S. Virgin Islands
Audit Scope Overview and Process For
Fiscal Year 2004 Financial Audit*

*Mrs. Bernice A. Turnbull
Commissioner of Finance*

*Mr. Ira R. Mills
Director of Management and Budget*

Five-Year Trend Analysis of Audit Findings



Audit Findings

- Findings are no longer general.
 - Audit findings are becoming more focused on grants, processes, and internal controls
- Adequate, credible financial data now exists to allow for an opinion for all departments within the central Government and the Government as a whole
- Questioned costs have continually decreased since FY 1999
 - For FY 2002, questioned costs were about \$6.2 million.
 - FY 2003 question costs were an estimated \$2.7 million.
- Findings allow the Government to focus resources on corrective action
 - Focus should be placed on resolving the most severe issues.
 - Internal control and process issues tend to be most straightforward to correct and should be corrected/managed by the Agency cited.
 - Validity issues vary in difficulty due to these issues often being comprised of a combination of other categories of audit findings
 - System issues will also vary in difficulty to resolve as solutions will depend on the capabilities of the Financial Management System and other supporting systems.

2

Audit Findings By Category

FINDING CATEGORY	2001	2002	2003
Reconciliation	9	8	8
Cash Management	14	9	11
Allowable Costs	1	1	6
Special Tests	27	25	18
Reporting	7	6	13
Procurement & Property Management	8	5	6
Eligibility & Availability	1	2	3
Other	19	4	3
TOTALS	86	60	68

3

FY 2003 Audit Findings

- Similar to FY 2002, a finding was issued across the entire Government for the annual audit not being performed on a timely basis.
 - The 2003 fiscal audit was issued 583 days after the end of the fiscal year (September 30, 2003), and 13 days later than the 2002 report.
- The timeliness of the Government in issuing Single Audit Reports depends on the timeliness of the Government's component units completing their audits.
 - On average, component units completed audit testing within seven months, 210 days, after the fiscal year-end.

4

FY 2003 Audit Findings (continued)

- The magnitude of qualifications in auditor's report over basic financial statements remains substantially the same.
- All federal programs had qualifications or adverse opinions.
 - In 2003, the Government had 14 major programs compared to 15 major programs in 2002, and 2 adverse opinions compared to 4 adverse opinions in 2002.

Opinions Issued on Major Federal Programs				
Year	# of Major Programs	Unqualified	Qualified	Disclaimer/Adverse
2003	14		12	2
2002	15	1	10	4
2001	13		11	3
2000	13	1	8	4
1999	13		12	1

5

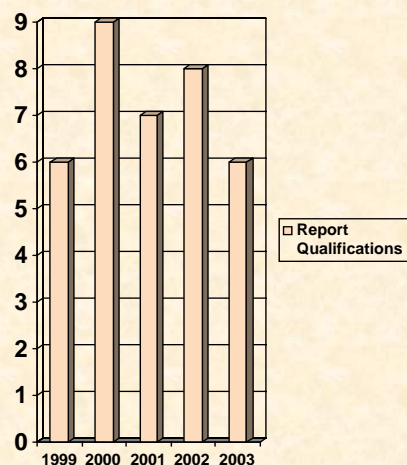
FY 2003 Audit Findings (continued)

- The Virgin Islands Government is focusing on its strengths and identifying areas for improvement so that the GVI can be current with its financial audits by the end of FY 2006.
- Due to better processes and more easily audited financial information, the audit process is taking less time
- But, audit findings by Department are still varying from year-to-year which signifies a need for reinforced training and staff retention

6

Five-Year Trend Analysis - Single Audit Report Qualifications

- In 2003, the Government had six continuing qualifications and no new qualifications.
- Of the six continuing qualifications, three relate to deficiencies in component unit audits and three related to information deficiencies with three departments of the Government.



7

Responding To Audit Findings

- The Government of the Virgin Islands develops a Corrective Action Plan for each fiscal year based on audit findings
- Each action plan is developed by the Department cited with the finding and submitted to the auditors for review
- Office of Management and Budget then reviews the action plans and complies the overall Corrective Action Plan
- Each corrective action plan is then managed by each department and monitored by the auditors
- If completion dates are not met or need to be changed, the Corrective Action Plan will reflect the most current completion dates

8

Keys to Success

- Develop detailed and credible Action Plans to resolve audit issues
- Hold Departments accountable for progress
- The Department of Finance is coordinating weekly meetings to resolve audit issues
 - These meetings are attended by the audit staff, Department of Finance staff, Office of Management and Budget Staff, and members of departments who have specific audit concerns
- A monthly meeting is held for all program managers, Department of Finance staff, and Office of Management and Budget Staff to coordinate, resolve, and manage department-specific audit issues
 - These meetings have been very well attended and progress is being made
- Maintain current forward momentum in resolving audit issues through dedicated meetings, auditor reviews, and accountable action plans

9

FY 2004 Single Financial Audit Action Plan
Lateness of Component Units

- All component entities were forwarded letters signed by the Governor expressing concerns about financial audits being submitted timely.
- A kickoff meeting was held on June 3, 2005.
 - Over 150 participants, including federal fiscal officers from all departments (OMB, DOF, etc.) and other entities (KPMG, B&H), were present.
 - Presentations on audit processes and other audit-related information were given.
 - Distributed copies of U.S. Office of Management and Budget memorandum concerning *Revisions to OMB Circular A-123, Management's Responsibility for Internal Control*
- The Department of Finance will conduct weekly/bi-weekly meetings with audit team (OMB, B&H, and KPMG) and monthly meetings with Federal program fiscal officers and managers.
- GVI expects to redesign the audit approach
 - Shorten the timing of the federal program audit component
 - Accelerate the discussion of prior-year findings
 - Simplify the format of the status of prior year findings

10

FY 2004 Single Financial Audit Action Plan
Document Management & Retrieval

- Modified method of giving vendors needed invoice information
- Changed the procedure for filing accounts payable documents
- Only a few documents were found missing during the most current audit

11

FY 2004 Single Financial Audit Action Plan
Reconciliation between Program Records & FMS

- Distributed direct entry of cash receipts to major departments
- Virtually eliminates the problem of unidentified federal deposits
- Piloted a reconciliation form and procedure with Dept of Education
 - Need to go ahead with other departments

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FY 2004 Single Financial Audit Action Plan
Fixed Asset Record Management

- Finance has taken the lead on maintaining the fixed asset ledger
- Developed reports to pull asset related expenditures from the accounts payable files for the fiscal year
- Assigned finance employee to work with the departments to complete the asset information needed for the fixed asset ledger
- Fixed Assets are complete for FY2004 and agreed to the general ledger

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Island Government Finance Officers Association

Commonwealth of the Northern
Mariana Islands
June 26 – June 30, 2005

Overview

- Update on 2003 Single Audit
- Audit Resolution Plan (6 components)
- Other Initiatives
 - CIP payment review and CMIA
- Status of 2004 audit

Update on 2003 Single Audit Findings

- General Summary
 - 27 findings
 - Questioned Costs \$1,309
 - Area of qualifications
 - Response from AGO on potential litigation
 - Validation of taxes receivables, federal receivables, advances, payables and accruals.
 - Validation of CUC inventory, receivables, and capital leases

Audit Resolution Plan

- **Focused on Six Findings**
 - Receivables from federal grants
 - Travel advances
 - Advances to vendors
 - Reserve for continuing appropriations
 - CHC Inventory Balance
 - Tax receivables

Receivables from Federal Grants

- Review validity of receivable – start with the latest grants and by order of amount outstanding.
- Reconciliation will proceed with the same priority. Grants that are closed or have inaccurate balances will have to be written off.
- Prepare the necessary financial reports to the grantor agency.
- Will dedicate 1 staff to work on this project.

Travel Advances

- Working with the AGO on establishing the write-off criteria and liquidation policy.
- Mass notices are being sent out this month.
- We continue to make payroll deductions for existing employees with outstanding advances.
- Scan TA and vouchers to avoid loss of documents.
- Other legal issues – due process for travelers and our ability to make payroll deductions.

Advances to Vendors

- Exploring changes on the system that will allow details on advances to vendors.
- Need to clear out old advances and monitor new advances. Staffing became an issue for us a month ago.
- We developed an advance to vendors policy.

Reserve for Continuing Appropriations

- Reconcile fund balance for locally funded capital improvement projects.
- Majority of the projects are old and balances have undergone two system changes.
- Currently reconciling each project by island.
- About 15% into the project.
- Goal is to eliminate this finding in FY 2005

CHC Inventory Balance

- The inventory adjustments were made and should clear out in FY 2004.
- The only step in the process is for CHC to forward the reconciliations to be posted on the FMS.

Tax Receivables

- We are able to run a receivables report from the tax system.
- This qualification may or may not be a finding in 2004. More likely to be out in 2005.

Other Initiatives

- Capital Improvement Project Process Review
- Appreciation goes out the committee members
- Results
 - Streamlining the payment process internally.
 - Delaying DOI drawdown to match local share.
 - Better communication among agencies.
 - Payment to vendors averages 30 days.
 - At this time, it requires constant monitoring

CMIA

- Fred Williams visited the CNMI in April. It was very positive and ties in with Single Audit.
- Based on that visit, we will focus on:
 - Clearance pattern for NAP program.
 - Clearance patterns for other programs.
 - Updating our CMIA

Status of 2004 Single Audit

- Draft findings on the major programs have been presented.
- We will have to ask for an extension on the June 30th deadline.
- Our aim is to complete the '04 audit before the end of FY '05 (August).

Any Questions?

APPENDIX IV

CONTENT MANAGEMENT & BUSINESS PROCESS MANAGEMENT

Content Management and Business Process Management Requirements

The following is a list of initial questions that may be used to begin the ECM/BPM requirements definition process. As each of these questions is answered, additional information will be gathered in order to define the functional requirements at the appropriate level of detail. The ultimate goal is to define your business and technical needs in order to recommend the right ECM/BPM solution and implementation approach.

Key Questions:

1. What are your business drivers for Content Management / Business Process Management? What benefits do you want to achieve?
2. What business areas/departments have a need for Content Management / Business Process Management?
3. What types of content/documents do you need to manage and share? What formats are your documents in?
4. What are the approximate volumes of documents/pages for each of your document types? Please indicate the number of documents and pages that must be captured/scanned on a daily or weekly basis.
5. What business processes/tasks do you need to automate? Please describe the current processes.
6. Have you performed an analysis of how to improve existing business processes?
7. How many users are anticipated for the Content Management / Business Process Management system?
8. What are your Records Management, Document Archival and Compliance needs?
9. What are your Web Content Management needs?
10. What are your Collaboration needs?
11. Do you plan on using Electronic Forms to replace today's paper forms and improve efficiency?
12. List existing systems that must be integrated with the Content Management / Business Process Management system?
13. Please describe your organization's technology and network environment and standards.

Client Pains that can be solved with Content Management and Business Process Management solutions:

- ◇ We are looking for ways to improve...

Content Management and Business Process Management Requirements

- ◇ Workflow
- ◇ Records retention
- ◇ Document tracking
- ◇ Content management
- ◇ Document assembly
- ◇ Document approval
- ◇ Workflow system integration
- ◇ Provide a portal
- ◇ Provide subscription services
- ◇ Electronic signature
- ◇ Electronic approval
- ◇ Web content management
- ◇ Knowledge management
- ◇ E-learning
- ◇ Training
- ◇ Web casts
- ◇ Records management
- ◇ Document management
- ◇ Document retrieval and archival

- ◇ We are looking for ways to provide...
 - ◇ Imaging
 - ◇ Consistent repositories
 - ◇ Scanning
 - ◇ Document locating the right person
 - ◇ Collaboration
 - ◇ Dynamic content assembly
 - ◇ Expense report processing
 - ◇ Tracking shipments
 - ◇ Contract management
 - ◇ Warranty management
 - ◇ Proof of delivery
- ◇ We are having difficulty with...
 - ◇ Too much paper
 - ◇ Duplicate paper
 - ◇ Locating the current version
 - ◇ Cycle time of the approval process
 - ◇ Coordinating document updates
 - ◇ Webmaster bottle neck
 - ◇ Sharing
 - ◇ Version control of our own information
 - ◇ Project collaboration
 - ◇ Catalog on the web
 - ◇ Keeping paper and electronic information in sync

Content Management and Business Process Management Requirements

- ◇ Combining different media types
- ◇ Off site storage
- ◇ Responding to customer requests for copies of information
- ◇ Complying with regulatory archive requirements
- ◇ Telecommuters having the correct information when they need it

APPENDIX V

CONTENT MANAGEMENT QUICK REFERENCE GUIDE

**Content Management
Quick Reference Guide
June 2005**

Active X A programming language primarily designed for internet use.

Ad Hoc Workflow This least formalized workflow structure is summarized as anything to anyone, at anytime, with no pre-defined outcome. In this environment, work is generally conducted in a narrowly defined group. There are few if any standard documents and requests for task support usually come with specific direction. The use of a workflow application in this environment is usually limited to keeping track of task assignments and due dates

ADF Automatic Document Feeder. Scanner accessory that automatically feeds a stack of paper into the scanner.

agents People who implement change. Plan and execute implementation architecture.

AIIM Association for Information and Image Management. The industry trade association for imaging and micrographics technology. 301-587-8202.

annotation The ability to attach notes to graphics or text. Useful for clarifying documents or editing images.

API A broad and generic term for any software program that carries out a useful task. Word processors and graphics programs are applications.

ASCII American Standard Code for Information Interchange. A method for coding letters and numbers for use by the computer.

As-Is A term used to describe the current condition or process as in a road or a business process.

audit trail A record of activity that has occurred in a certain file or on a certain computer or by a particular person.

backbone A main network that connects multiple smaller networks. It usually carries the most network traffic and allows multiple networks to communicate. Some backbones extend to multiple cities.

backfile conversion The act of scanning existing paper and microfilm information in order to create images that can be used in an imaging system. Scan on demand refers to performing the backfile conversion as each document as needed. Complete conversion refers to converting large amounts of the information prior to using the imaging system.

barcode Refers to the patch code found on the claims and TAR forms. This is not the same as a traditional barcode.

beneficiary A person who receives dental benefits. See subscriber.

bitonal Refers to an image that only has black or white pixels (as opposed to gray pixels).

BLOB Binary Large Objects - the ability to embed large binary objects (images) as part of a character database record.

BPR Business Process Re-engineering - The radical restructuring of the business processes, organizational boundaries and management systems of an organization. Business process redesign and business process automation are components of BPR. Also known as re-engineering.

bridge a network device that connects two networks together.

byte Made up of a number of bits and is generally thought of as the storage required for a single character.

cache A small portion of high-speed memory used for temporary storage of frequently used data. Reduces the time it would take to access the data, since it no longer has to be retrieved from the disk.

CAR Computer Assisted Retrieval. Refers to microfilm systems that are run by computer. An index is maintained on the computer. When the user finds the desired record, the system automatically scrolls the microfilm to the correct frame. Greatly speeds microfilm retrieval.

CCD Charge-Coupled Device. An optical chip used in a digital camera. Arranged in an array of sensing pixels, the CCD is the camera used for capture images.

CCITT Commute Consultatif Internationale de Telegraphique et Telephonique. Also called the Consultative Committee for International Telephone and Telegraph. A standards organization that developed the most popular image compression formats used for images.

CD Compact Disk. A standard size plastic disk used to store information. All information is stored in a digital format, unlike older tapes and vinyl records that used analog signals to record information. Also referred to as CD-ROM, primarily when used in computer applications.

Centronics Usually refers to the standard 36-pin connector used for parallel printers. It can mean other connectors, but this is the most common.

champions Individuals who want the change and attempt to obtain commitment and resources for it, but lack sponsorship.

change management The discipline that seeks to reduce the length of the adjustment period experienced by those undergoing a change. Its purpose is to maintain the performance levels of the individuals in the organization during the transition.

character recognition The act of the computer converting printed information into computer-readable text. Used with Optical Character Recognition (OCR) and Intelligent Character Recognition (ICR).

COLD Computer Output Laser Disk. Sometimes referred to as COM-replacement. COLD systems capture print information and store the electronic information on optical disk (or other storage). The data can be retrieved and printed as needed.

collaborative workflow In this type of workflow the work process has somewhat defined tasks and uses a defined set of information to arrive at an outcome achieved by consensus. The completion of an effort is determined when all parties, with approval authority, agree no further work is needed. This environment is found in larger organizations with a number of participants each providing important, non-standard, task value.

COM Computer Output Microfilm/fiche. Both a process and a device to take computer generated information and "print" the information to microfilm/fiche. Allows large amounts of data to be stored inexpensively.

compound document Documents which contain multiple data types. Often, they are types of data which have been created by different applications and embedded into the document.

compression The act of “shrinking” images in order to use less storage space. “Lossy” compression discards a few pixels to reduce the data. “Lossless” compression does not discard any pixels, but is not as effective as the “lossy” compression.

content management A broad term that incorporates imaging, document management, and web content management.

DASD Direct Access Storage Device. A hard disk.

DAT Digital Audio Tape. A digital cassette. Usually holds 2 GB of data.

database Software used to structure and track information into specific storage formats. Most also support Structured Query Language (SQL) interfaces for retrieving data. Also referred to as DBMS.

DDE Dynamic Data Exchange -Allows one free standing program to give commands, take requests and give and receive data from another free standing program in a Microsoft Windows environment.

decompression The act of restoring a compressed image to its size and look.

deliverable A document, presentation or discussion that delivers a product of the program to the client or consulting organization.

DELTANET A wholly owned, for profit subsidiary of Delta Dental Plan. DELTANET provides technical services for Delta and other insurance companies.

de-skew To straighten a slanted item. Commonly used to straighten images that were not properly aligned as the paper passed through the scanner.

de-speckle To remove extraneous dots or marks generally introduced during the scanning process.

disk mirroring Writing data to two disks at the same time. This is used to ensure that the data is written accurately and not lost if one device fails.

dithering The process of simulating gray tones by altering the arrangement of pixels within the image.

document management Usually refers to a system that manages both images and electronic documents such as spreadsheets and word processing files. Often used interchangeably with the word “imaging” which often leads to confusion. Document Management systems tend to have ‘librarian’-type functions such as check in/out and version control.

DPI Dots Per Inch. Refers to the resolution of pixels. Higher DPI results in clearer images and print outs.

DMS Document Management System.

drop out Usually used to describe a color that does not show up when scanned. If the background color on a document matches the same wavelength of the light used for scanning, the color is not present in the scanned image. Some systems use electronic drop out technology to remove form information and improve compression and character recognition.

duplex In micrographics, a method of recording on film, in a single exposure, the images of the front and back of a document. The micro-images appear side by side across the width of the microfilm. The term applied to any scanner capable of performing duplex work as described above.

EDI A type of paper transaction that refers to the paper associated with claims that are submitted to Delta by providers using Electronic Data Interchange (EDI) transactions.

eVisory The nation’s premier unbiased consulting firm for content and portal technologies.

Ethernet A type of LAN that uses a collision avoidance protocol for network information.

fiche Abbreviation for microfiche.

FIFO First In, First Out. A method for managing queues so that the first information placed in the queue is also the first data out of the queue.

file server A network server used to store files. This allows the files to be shared by multiple users in the network.

full text search A method for retrieving information based on finding any word or phrase within the entire text of the document.

GB Gigabyte abbreviation meaning billion.

Gigabyte 1,073,741,824 bytes. This represents 1024 megabytes. Derived from the term meaning billion.

gray scale The range or shades of black. A higher gray scale provides more continuous appearance within an image. Normally just used for photographs because of the extra data produced. Each level or bit of gray is the same amount of data as a bi-tonal image. Thus a 4-bit image is the equivalent to three 2-bit bitonal images.

GUI Graphical User Interface. The most popular GUI is Microsoft Windows.

hard disk A magnetic disk that is an integral part of the computer (except for removable hard disks). Multiple high density platters and encased in a sealed box and used to store and retrieve information quickly.

host Usually refers to a large computer. May be either a server or a mainframe.

HTML Hypertext Mark-up Language. Specifications that allow HTML browsers such as Netscape, Internet Explorer, and Mosaic to display text and graphics across the internet.

hub a device that allows a group of devices to connect to a larger segment of the network,

ICR Intelligent Character Recognition. Mostly a marketing term, it has come to mean character recognition of hand printed data.

image A computerized picture, usually of a piece of paper.

imaging system A collection of components to capture, process, store, and retrieve images.

index A descriptive set of data associated with a document for locating the document's storage location. In a more complex and demanding role, indices can be used to consolidate documents that may not be, at first glance, related or that may be stored in different locations or on different media. Index stored documents is the great intellectual challenge in document retrieval. Anyone can scan a piece of paper to microfilm. The hard part is devising an index scheme that describes every possible parameter of each document for later searches, comparisons and processing.

internet A globally linked network based on the TCP/IP protocol. Includes e-mail, WWW access, and on-line services.

intranet An internal network usually develop for a specific organization that uses internet technology but does not provide universal access for users outside the organization.

JAVA A programming language designed for internet use.

JPEG Joint Photographic Expert Group is a standard format for color photographs compression

jukebox Also called optical jukebox. Holds 10-5000 CDs or optical disks. When each disk is needed, the jukebox loads the disk into a drive in order for the information to be retrieved. Commonly used to store vast amounts of information.

KB kilobyte. 1024 bytes.

LAN Local Area Network. A group of computer connected through a wire. Allows computer to transfer and share information.

LIFO Last In, First Out.

magneto-optical A special type of optical disk that uses optical particles fused to magnetic particles. When heated by a laser and subjected to a magnetic field, the particle may be rotated on or off repeatedly. Permits an optical disk to be erased and used again.

metric A derived, calculated or composite unit of measurement. It is created by combining two or more measures. A metric normalizes data so that comparison is possible.

microfiche A special 4" x 6" sheet of film that contains reduced pictures, usually paper or COM information.

microfilm A film medium similar to microfiche, it is stored in rolls. Cine and comic orientations refer to the orientation of the image on the film. Only special microfilm can be used in a CAR system.

MTBF Mean Time Between Failures. Usually expressed in hours. The higher the number the more reliable the device.

MTTR Mean Time to Repair. Usually expressed in hours. A lower number indicates the device can be repaired quickly.

native file Electronic file created in a specific native application file format such as MicroStation, Word and Excel.

OCR Optical Character Recognition. The ability of a scanner to capture, recognize and translate printed alphanumeric characters into machine readable text. Most OCRs work by using either Pattern Matching or Feature Extraction. With pattern matching, the software is given a "template" of possible characters. When the scanner sees a letter, it compares it to its library of pattern templates. If there is enough of a match, it safely assumes it has "recognized" the letter and sends the ASCII equivalent of the letter to the output device. Feature extraction is more sophisticated. Its "library" consists of groups of information regarding a character's features; i. e., the letter 'W' has two diagonal lines; the lines intersect at the top; it has a horizontal line that crosses from one of the lines to the other, etc. As the OCR scans, it compares features of the character to its feature library. Feature extraction is used to recognize handwriting in certain cases. OCR software further supports its "guesses" by knowing a little something about the language. A digit "1" is not likely to fall in between a group of letters; the letter "h" frequently follows the letter "t," etc.

ODMA Open Document Management Alliance. A collection of vendors devoted to interoperability between imaging systems.

optical disk A plastic disk. Data may be written to the disk by using a low powered laser to burn a small pit or bubble onto the disk. When a laser beam hits the pit or bubble while reading the optical disk, the light refracts differently and the optical disk reader determines if the bit is a one or zero. Permits high density, cost effective storage of data.

PDM Product Data Management. Both a concept and a term that refers to managing engineering drawings and technical specifications, usually in a specialized imaging system.

Pentium Intel brand name for the next generation microprocessor following the 80486.

pan The process of reducing an image in order to see more of the image at one time on the screen. The opposite of zoom.

pixel The smallest individual unit that can be processed. An individual cell on an image, screen or print out.

print server A special server to handle the printing of images. Often used so that compressed images can be sent across a network in order to avoid creating unnecessary network traffic.

process A group of logically related tasks that use the resources of the organization to provide defined results in support of the organization's objectives.

process management A philosophy of management that organizes an enterprise by the series of activities that combine to produce related types of goods and services for internal or external customers.

process redesign The transformation of a business process to achieve significant levels of improvement in one or more performance measures relating to fitness for purpose, quality, cycle time, and cost; usually requiring the application of technology enablers.

production workflow This type of workflow exists when there is a high volume of consistent work objects that must go through a standard set of tasks and rules to arrive at one of a small set of outcomes. It is usually found in larger

organizations which have spent a lot of time breaking work down to a series of simple steps. As in a manufacturer's production line, the productivity of each value added work point is vital to ensure the process runs as planned. In addition, process metrics are used to constantly revise the organization and to always be aware of the production bottlenecks that exist in the system.

provider Someone who provides dental services, usually a dentist. See beneficiary.

queue A stream of tasks waiting in line to be executed.

RAID Redundant Arrays of Inexpensive Disks.

resolution (1) Measure of imager output capability, usually expressed in dots per inch (dpi). (2) Measure of halftone quality, usually expressed in dpi. The higher the resolution, the greater amount of detail may be shown. If a resolution is agreed upon as a standard, it is called a graphics standard.

RFI Request for Information.

RFP Request for Proposal.

RFQ Request for Quotation.

re-writable disk A disk that may be written to and erased multiple times.

router A LAN or WAN device that forwards network traffic to another network.

routing Movement of information from point to point.

scan The process of capturing an image of some object, usually a paper document.

scanner A device that captures images of paper, microfilm, or other non-electronic media.

SCSI Small Computer System Interface. Pronounced "scuzzy". This is an industry standard method for connecting peripherals within a PC.

server A larger computer on the network that generally provides programs and data to multiple workstations in a local area network.

sponsors Authorize, legitimize and demonstrate ownership for the change.

TCP/IP Transmission Control Protocol/Internet Protocol. A method for transferring data across networks. Allows virtually any computer to communicate to virtually any other computer connected in the network.

text file A data file consisting of alphanumeric characters, defined by a text format such as ASCII or EBDIC. Entries in a text file are available for text searching.

thumbnail A small version of a document displayed to allow the user to see what it is.

TIFF Tagged Image File Format. A file format commonly used to store images.

token-ring A type of LAN that uses a ring structure with a “token” revolving in the ring. When a workstation needs to send data, it captures the token and attaches information to the token. A more deterministic approach than Ethernet.

UNIX An operating system similar to MS-DOS. It is designed to support multiple users in a multi-tasking environment.

VGA Video Graphics Array. An industry standard for monitor resolution. Can be used for the occasional display of images.

web content management A solution for managing the publishing of information via the web. These solutions often incorporate document management functions and the ability to manage multiple web servers.

WfMC Workflow Management Coalition is a body to provide standards as a means of communication between various workflow engines and their client applications.

white mail Mail that does not fit the normal processing environment. For example, a telephone payment accidentally sent to an insurance company.

workflow A program that queues, tracks and otherwise manages documents, work items and collections of documents and work items as they progress from entry into the system and through the various individuals or offices in the organization until a business process is completed.

workstation A PC attached to a local area network.

WORM Write Once Read Many. A common type of optical disk that only allows data to be written one time.

X.25 A CCITT standard for communicating between computers and specialized peripherals.

zoom The process is enlarging a portion of an image for display or print purposes. The opposite of pan.

APPENDIX VI

WORK GROUP SOLUTIONS TO AUDIT FINDINGS

Work Group Solutions to Audit findings

Problem #1: Advanced \$93,000 in Health and Medical Program funds to off-island providers for medical referrals. The advances were immediately expensed without reference to the specific medical expenses actually incurred.

Spur's Solution:

Root Causes:

- Management Politics
- People
- Processes
- Lack of accountability
- Systems
- Lack of Plans

Solutions:

- New Legislation
- Training staff
- New procedures & policies
- Modify system

Risks:

- Lack of funding
- Not enough time to resolve in current year
- Turn over of personnel

Problem #2: Incurred over \$274,000 in expenditures of Capital funds that lacked proper supporting vendor's invoices.

Long Horn's Solution:

Root Causes:

- Policy weaknesses
- Possible fraud
- Communications
- Disaster
- Data Error

Solutions:

- Records management
- Policy statement for payments
- Audit liaison
- Report to IG/AG

Risks:

- Lack of funding
- Inadequate leadership
- Poor relations between finance and public auditor
- Lack of skills

Problem #3: Transferred about \$169,000 in capital funds to entities that have not been audited or reviewed for compliance with requirements.

Ranger's Solution:

Root Causes:

- No procedures
- Lack of training
- Untimely audits
- No monitoring
- No audit system
- No comprehensive plan

Solutions:

- Establish procedures for criteria for giving \$
- Budget to reflect subgrantees
- Policy of subgrantee agreement to include
 - Annual audit
 - Expenditures in accordance with grant
- Organization must be transparent

Risks:

- Records not kept by sub recipient
- Disallowed costs
- Change in mgmt of sub recipient
- Refusal of audit
- Lack of communication w/sub recipient

Problem #4: Drawdown was requested and received before the check was disbursed and released to the vendor.

Astro's Solution:

Root Causes:

- Communications
- Systems
- Processes
- Lack of Plans

Training
Lack of Accountability

Solutions:

Establish SOP
Implementation & training

Risks:

Resistance to change
System failures

Problem # 5: The Government prepares its federal financial reports primarily based on information from the internal accounting records of the federal programs. On occasion records do not agree with the accounting records of the Government's accounting system.

Mustang's Solution

Root Cause:

Poor processes

Solutions:

Perform timely reconciliation related to reports
Train staff
Monitor

Risks:

Staff Turnover
Natural disaster
Lack of funding

Problem #6: Three major bank accounts were not reconciled to bank records at the end of FY 1999. Differences between the amounts shown for these cash accounts in the books and the bank records amounted to over \$150,000. The auditors identified this lack of bank reconciliations as internal control weaknesses. A record being out of balance is a risk factor to use to identify the possibility of fraud.

Lone Star's Solution

Root Causes:

Lack of accountability
Lack of trained personnel
Inefficiency
Lack of planning and follow through

Solutions:

- Review or develop new procedures (as needed)
- Hire trained person or professional help
- Hold mgmt accountable
- Use automation

Risks:

- Lack of funds for training
- Lack of buy in
- Lack of automation

Problem #7: Had not conducted a physical inventory or updated property records for equipment and real property.

Rattler's Solution

Root Causes:

- Lack of inventory policy
- Lack of documentation
- Lack of internal controls
- Lack of accountability
- Non-adherence to policy
- Poor record keeping

Solutions:

- Conduct inventory with proper personnel
- Implement an inventory control management system
- Monitor and update system in accordance with established rules and regulations
- Consistent training

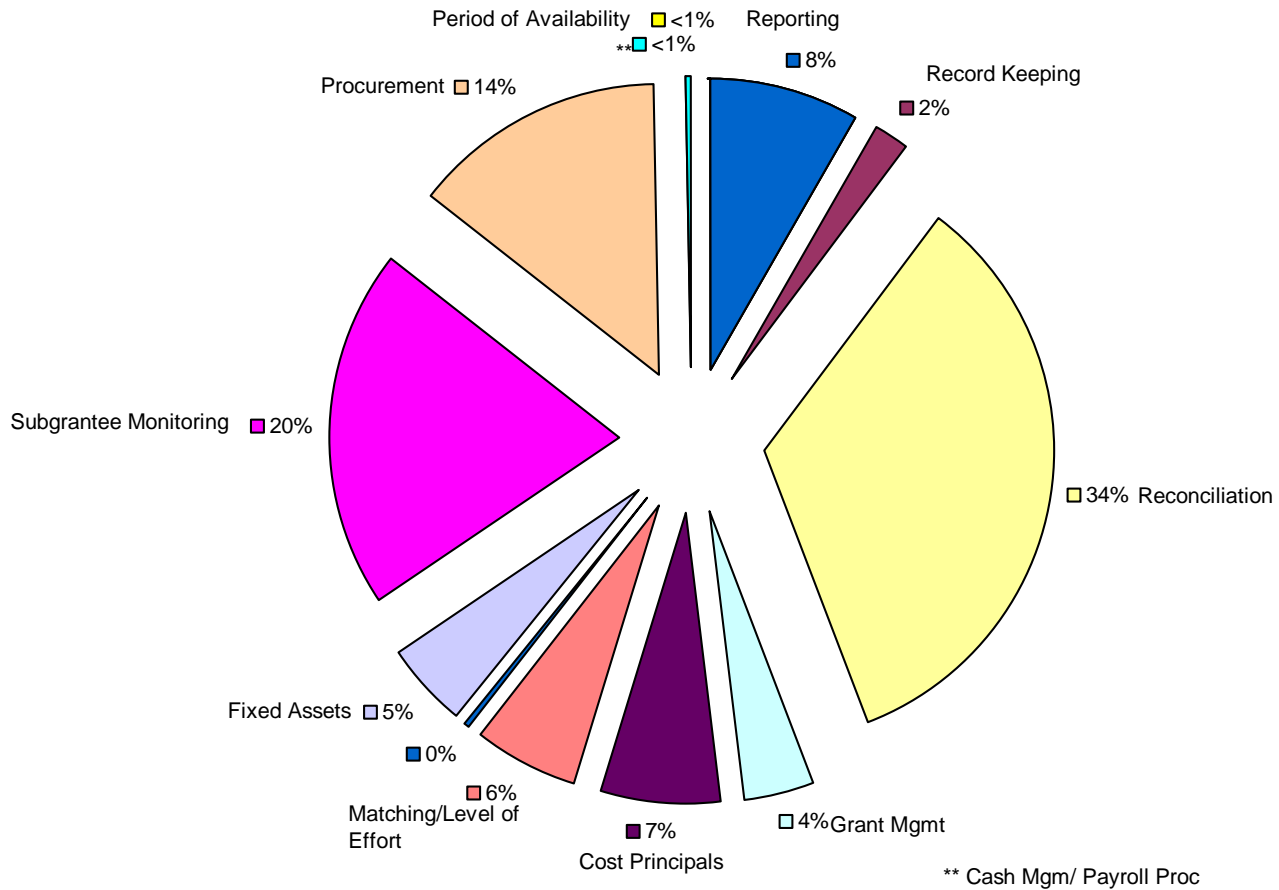
Risks:

- Lack of resources money & human
- Political interference
- Training
 - Documentation
 - Inventory schedule
- Lack of leadership
- Interagency cooperation

APPENDIX VII

INSULAR GOVERNMENTS AUDIT FINDINGS CATEGORIES

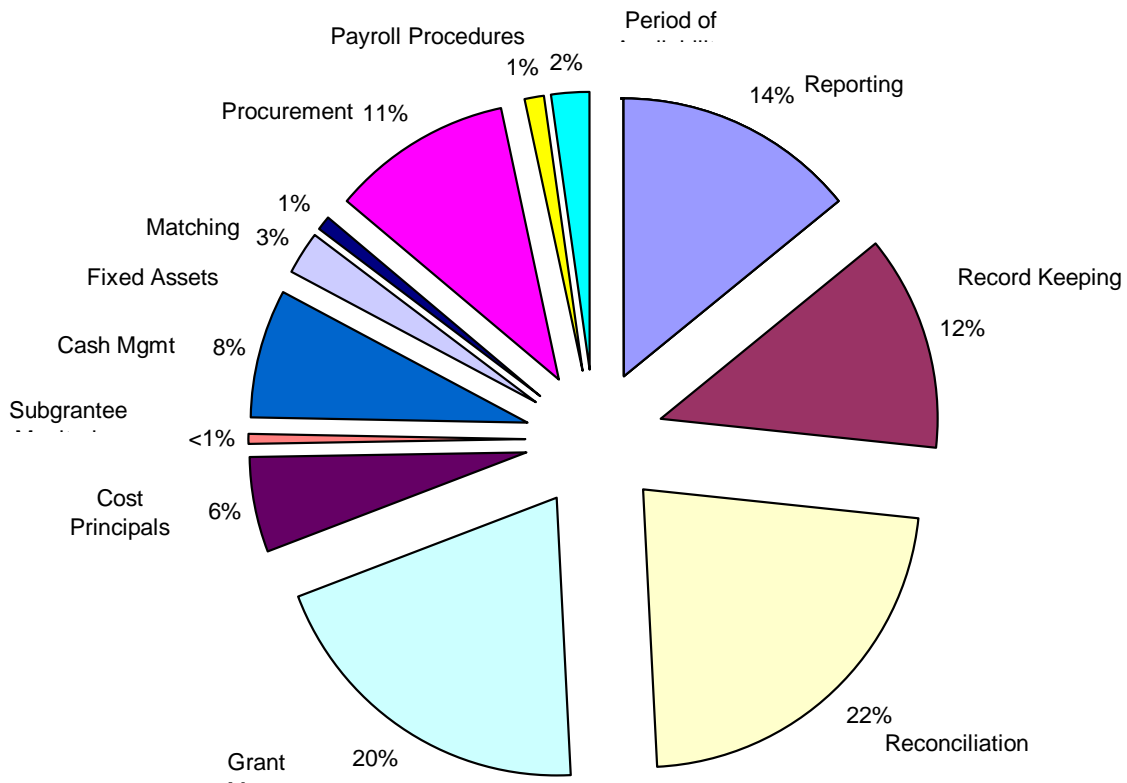
U.S Insular Governments
Audit Finding Category by Questioned Cost Amount
Total Questioned Costs: \$17.6M
Presented June 2005



Based upon a consolidation of the self-analysis from each government for the following audit years:

RMI	FY2004
ROP	FY2003
ASG	FY2003 (draft)
CNMI	FY2003
Gov Guam	FY2004
VI	FY2003
FSM Nat'l	FY2001
Chuuk State	FY2001
Pohnpei State	FY2002
Yap State	FY2002
Kosrae State	FY2002

U.S. Insular Governments
Audit Finding Category by Number of Findings
Total Findings: 262
Presented June 2005



Based upon a consolidation of the self-analysis from each government for the following audit years:

RMI	FY2004
ROP	FY2003
ASG	FY2003 (draft)
CNMI	FY2003
Gov Guam	FY2004
VI	FY2003
FSM Nat'l	FY2001
Chuuk State	FY2001
Pohnpei State	FY2002
Yap State	FY2002
Kosrae State	FY2002