




# PACIFIC & VIRGIN ISLANDS TRAINING INITIATIVES

## 2022-2023 ANNUAL REPORT

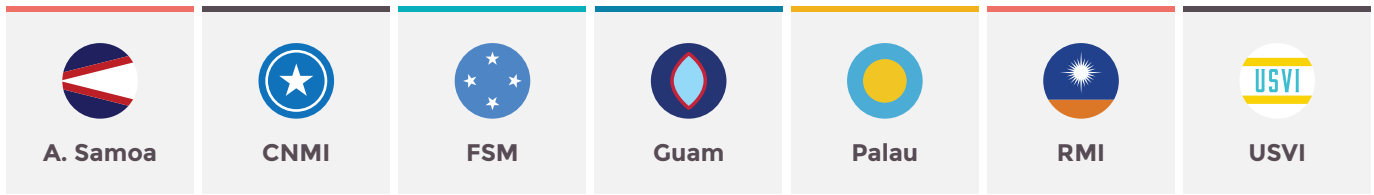
The Pacific & Virgin Islands Training Initiatives (PITI-VITI) are programs of the United States Department of the Interior's Office of Insular Affairs (DOI-OIA), administered by the International Institute of the Graduate School USA. This report covers the program period January 2022 to March 2023. Additional program information is available at [www.pitiviti.org](https://www.pitiviti.org).

 +1 808 523 1650

 [www.pitiviti.org](https://www.pitiviti.org)

 900 Fort Street Mall, Suite 1540  
Honolulu, Hawaii 96813





## 2023 ELDP Highlight

**Hon. Lourdes Leon Guerrero**  
Governor of Guam

*“As a nurse, I learned the importance of listening to and understanding my patients’ needs and concerns. This same principle applies to leadership. It’s crucial to listen to and understand the needs and concerns of the people you lead and to approach decision-making with respect for their perspectives and experiences.”*

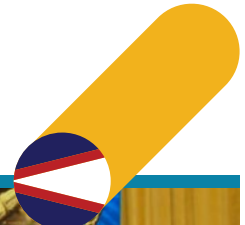
*Governor Lou Leon Guerrero*

Cover: Executive Leadership Development Program 2023 participants met with Governor Lou Leon Guerrero and Lieutenant Governor Josh Tenorio to discuss the importance of cultivating future leaders for the Pacific Region. (December 2022)

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PITI-VITI instructor Drummond Kahn delivered audit and ethics training in American Samoa. (January 2023)

## About PITI-VITI

🌐 [pitiviti.org](https://pitiviti.org)

The U.S. Department of the Interior’s mission related to insular areas is specified in the Department’s 2018-22 Strategic Plan. Mission Area 4, “Fulfilling our Trust and Insular Responsibilities,” includes the goal to “strengthen economic and health capacities in the US Territories and fulfilling US compact obligations to the freely associated states.” Responsibility for this two-pronged goal is held by DOI’s Office of Insular Affairs (DOI-OIA), which assists the U.S.-affiliated islands in “developing more efficient and effective government by providing financial and technical assistance, and to help manage federal / islands relations by promoting appropriate federal policies.”

As part of DOI-OIA’s Technical Assistance Program, the Graduate School USA’s (GSUSA) International Institute provides training and related services through its Pacific and Virgin Islands Training Initiatives (PITI-VITI) to assist insular governments in improving government financial management and program performance across the Pacific and Virgin Islands.

The PITI-VITI program was designed and developed by DOI-OIA. Under contract with GSUSA, PITI-VITI is managed in collaboration with insular area leadership and the audit and finance communities of practice. Since 1991, the collaborating parties envisioned PITI-VITI as a program to enable ongoing and evolving support to each insular area and across areas to achieve continuous improvements in auditing, grants management, leadership, economic development, human resources, and public financial management.

Five important issues have surfaced over time as cross-cutting, fundamental, and relevant—both for DOI-OIA in fulfilling important components of its mission, and for each of the insular areas in fulfilling their commitments to good governance. Over time, the breadth and depth of GSUSA’s activities to support DOI-OIA’s mission have broadened and deepened, as described in the list below.

<h1>PITI-VITI Strategic Goals</h1>	 <p><b>Strategic Goal 1:</b> Improve Leadership and Management Capacity to Effectively Perform.</p>	 <p><b>Strategic Goal 2:</b> Improve Financial Management Systems and Practices.</p>
	 <p><b>Strategic Goal 3:</b> Increase Effectiveness and Program Results.</p>	 <p><b>Strategic Goal 4:</b> Institutionalize Regional Professional Organizations and Communities of Practice.</p>

★ **Financial Management and Accountability:** While each of the insular area finance offices utilizes modern financial management information systems, maintaining competence in evolving financial management standards remains challenging. Several insular areas struggle with high-risk grants status for various federal grants. The lack of proximity to federal representatives and resources has led to difficulties in managing financial systems and implementing best practices.

★ **Public Service Capacity:** Although the level and depth of talent across insular areas differ, the governments' workforce challenges are greatly compounded by the lack of well-planned and well-resourced succession programs to replace key personnel and leadership in virtually every insular area. Insular area governments struggle attracting and retaining qualified professional staff as they compete with the private sector and manage the effects of sustained outmigration, which severely limits the pool of qualified professionals. Moreover, high travel costs

make professional training prohibitive for government entities, which find that the costs to retain trained professionals is extraordinarily high. Workforce development and scholarship programs also suffer from the high overall costs to attract and retain trained workers, as well as weak linkages to actual needs in each island economy.

★ **Audit Timeliness and Quality:** Economic development depends significantly on good governance and fiscal responsibility. Compliance with the Single Audit Act is a major focus of U.S. assistance to the insular areas. Since 1999, the insular areas have progressed in the timeliness and quality of single audit issuance. However, substantial ongoing support is required to sustain the hard-won current achievements against the headwinds of complex U.S. GASB standards and the relentless impact of attrition on island budget and finance offices.

★ **Fiscal Reform and Stability:** The insular economies generally suffer from low growth rates and

vulnerability to external shocks, resulting in volatile economic outcomes over time. Reliance on tourism creates both economic and fiscal challenges for insular areas. The failure to modernize tax regimes and broaden tax bases—coupled with undisciplined or inattentive spending—has led all the insular areas to suffer from at least one recent period of fiscal distress, with most insular areas experiencing repeated cycles of fiscal distress. Reliance on U.S. federal assistance varies across the insular areas, but most governments strive to reduce this reliance through enhanced economic growth and improved public financial management. An often-stated goal and long-awaited diversification of economic activity has proven elusive. Similarly, loud and persistent calls for improved public sector dialogue with the private sector and improved public sector policies in support of private sector growth require effective and sustained implementation. Fiscal reform to achieve a stronger and more predictable economy is necessary to improve private sector growth.

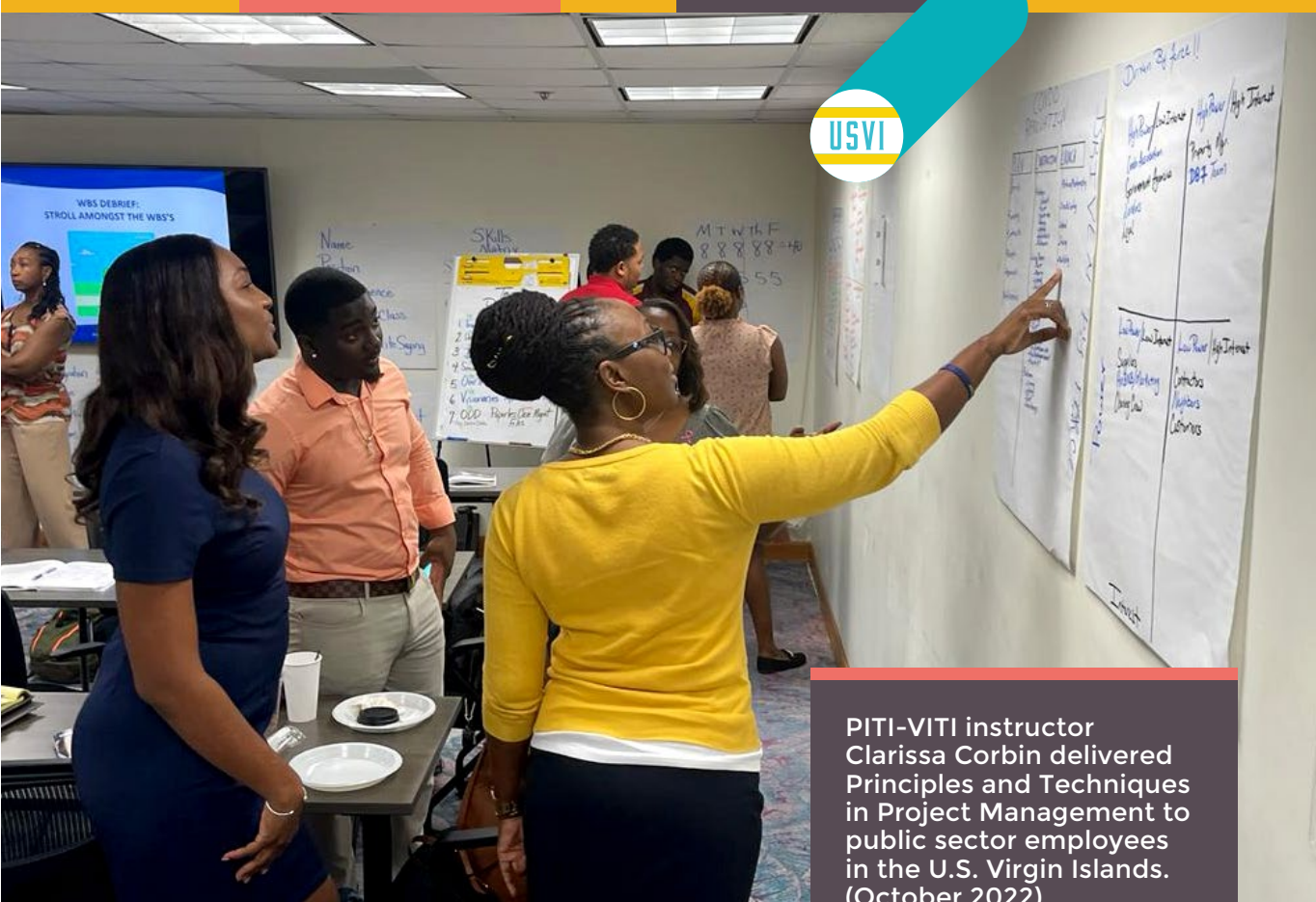
★ **Need for Rapid Response to Urgent, Emerging Issues:** The insular areas remain among the most geographically isolated of the U.S. government’s constituents. As crises emerge—whether fiscal, economic, or environmental—the lack of access to professional expertise becomes more pronounced. Professional technical support which can be mobilized quickly remains an ongoing need.

Through PITI-VITI’s annual planning processes, program managers work in close collaboration with insular government officials to review accomplishments, assess effectiveness, develop training plans, and budget for planned activities. Periodically, PITI-VITI management revises its strategic plans to focus its efforts and resources on the most critical emerging issues facing the insular governments and DOI-OIA.

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

PITI-VITI delivered training to implement GASB-87 Lease Accounting on Guam, in coordination with the Guam Office of Public Accountability and Department of Administration. (September 2022)





**PITI-VITI instructor Clarissa Corbin delivered Principles and Techniques in Project Management to public sector employees in the U.S. Virgin Islands. (October 2022)**

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

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

As such, PITI-VITI’s vision is to “provide services that enable insular governments to use resources efficiently and effectively to promote economic growth, achieve

fiscal stability, and fulfill citizens’ needs.” PITI-VITI’s mission is to “provide customized, results-oriented professional and organizational development services that enable insular governments to strengthen financial and program performance and accountability, achieve fiscal stability, and promote economic growth. PITI-VITI works to build trust in insular governments by fostering responsible leadership and financial stewardship of the highest standard.”

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



## About the Graduate School USA

🌐 [graduateschool.edu](https://graduateschool.edu)

The Pacific & Virgin Islands Training Initiatives (PITI-VITI) are administered by the Graduate School USA (GSUSA), an institution which has been supporting public servants, and the public sector, for over 100 years. GSUSA has its roots as the first U.S. organization founded with the mission of providing continuing education to federal employees when it first opened its doors in October 1921. Then known as the USDA Graduate School, GSUSA was originally established by the Secretary of Agriculture with the express purpose of offering professional development courses for USDA scientists. From its beginnings, the focus of GSUSA has been to develop individuals to make government more efficient and effective.

In January 2022, the Graduate School USA became a wholly-owned subsidiary of American Public Education, Inc., (APEI). APEI is a leading education services provider that offers respected, innovative and affordable educational programs to the military, public health, and federal communities. APEI brings rich resources to the Graduate School USA and the PITI-VITI program.

GSUSA connects people, ideas, and organizations by designing customized capacity-building solutions.

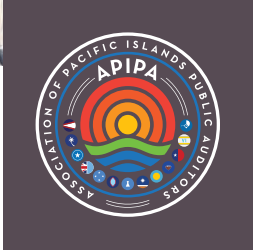
Our international training and customized programs help current and future leaders grow professionally. Building on our legacy of leadership development and professional training, GSUSA supports a variety of clients including U.S.-based agencies with global missions; international organizations; the private sector; non-governmental organizations; and academic and public institutions worldwide.

Today, GSUSA offers over 600 courses in financial management, grants management, accounting, auditing, human resource management and information technology, among others. GSUSA has experience working with more than 100 countries with access to hundreds of training courses and subject matter experts in nearly every field. GSUSA remains dedicated to helping government become more efficient and effective, and to supporting working adults as they achieve occupational success and personal growth. Whether helping public sector professionals do their jobs more effectively, or helping members of the community better position themselves to enter the workforce or move ahead in their careers, GSUSA's mission has remained consistent for over one hundred years.





FSM Public Auditor Haser Hainrick and his team hosted the virtual APIPA 2022 conference for 511 participants. (August 2022)



# The Association of Public Islands Public Auditors (APIPA)

🌐 [apipa2022.pitiviti.org](http://apipa2022.pitiviti.org)



**Strategic Goal 3:**

Increase Effectiveness and Program Results.



**Strategic Goal 4:**

Institutionalize Regional Professional Organizations and Communities of Practice.

The Association of Pacific Islands Public Auditors (APIPA) comprises the public auditors for each of the U.S.-affiliated insular areas and the public auditors of Samoa and Fiji. For over thirty years, APIPA has hosted annual conferences to discuss issues related to auditing and financial management, providing practitioners with opportunities to obtain professional training as required by government auditing standards. In addition to supporting the annual APIPA conferences, PITIVITI also provides each insular government public audit office

the opportunity to attain up to 40 hours of Continuing Professional Education (CPE) credits annually for each employee as required by government auditing standards.

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

511 APIPA participants

7,234 hours of CPE credits









2,882 course certificates

## APIPA’S 33<sup>RD</sup> ANNUAL CONFERENCE

APIPA held its 33rd Annual Conference from August 29 – September 2, 2022. The virtual conference was hosted by the Federated States of Micronesia’s Office of the National Public Auditor and had nearly 511 participants from the insular areas in attendance. The conference opened with a live-streamed welcoming ceremony from the Public Auditor’s Office in Pohnpei featuring speeches from APIPA Chairman Mr. Haser Hainrick, President of the Federated States of Micronesia, His Excellency David W. Panuelo, Assistant Secretary for Insular and International Affairs Ms. Carmen G. Cantor and Senior Director of the Pacific and Virgin Islands Training Initiative Mr. Jason Aubuchon. PITI-VITI provided Graduate School USA subject matter experts in auditing, accounting, financial management, leadership, and external quality control reviews of audit offices.

Conference highlights include a keynote presentation by Mr. Mark Lee Greenblatt, Inspector General for the U.S. Department of the Interior (DOI), and Karden Kelly, Special agent with DOI’s Office of Inspector General. In their open plenary presentation, “Why You Matter: Oversight as a Critical Component of Governance,” Greenblatt and Kelly emphasized the essential role of auditors in promoting transparency to improve oversight and government outcomes. Another keynote speaker was Mr. Les Kondo, the Hawaii State Auditor, who delivered a presentation on “Auditing – The Importance of Independence and the Value of Accountability.” In his presentation, Kondo emphasized the vital role of auditing in promoting public accountability and improving decision-making in government.

The APIPA 2023 closing plenary featured recent audit findings and recommendations from island government audit offices. The session featured nine reports that provided examples of current work and a template for future progress in accountability and auditing in the region. Mr. Drummond Kahn facilitated the panel discussion, which highlighted the following:

-  Regina (Boat) Rehabilitation Project Audit (The republic of Palau, Office of the Public Auditor)
-  Port Authority of Guam, Back Wages Series, Part B (Guam Office of Public Accountability)
-  CNMI Medical Referral Office (Commonwealth of the Northern Mariana Islands, Office of the Public Auditor)
-  Chuuk State Election Commission: Improvement Needed in Compliance with Financial Regulations & in Conduct of the Election (Office of the Chuuk State Public Auditor)
-  Performance Audit on Cash Receipts & Disbursements of Nett District Government (Pohnpei Office of the Public Auditor)
-  Audit of the Customs Division (Republic of the Marshall Islands Office of the Auditor-General)
-  Performance Audit on the Kosrae Department of Health Services Procurement Practices (Office of Public Auditor, Kosrae State Government)
-  American Samoa Government Election Office Performance Audit 2021 (American Samoa Territorial Audit Office)
-  Audit of FSM Petroleum Corporation: Deficiencies Noted Reflect Need to Improve Enterprise-Wide Risk Management (Federated States of Micronesia National Office of the Public Auditor)

A total of ten instructors delivered sixteen courses to 511 total participants. A total of 2,822-course certificates were awarded to conference participants, who earned 7,234 collective hours of Continuing Professional Education.

The APIPA 2023 conference was attended by participants from American Samoa, Chuuk, the Commonwealth of the Northern Mariana Islands, Guam, Kosrae, Fiji, the Republic of the Marshall Islands, the Federated States of Micronesia, Samoa, Solomon, the Republic of Palau, Pohnpei, Washington DC, the U.S. Virgin Islands, and Yap. The largest delegation represented Guam, followed by

the CNMI and American Samoa. The virtual conference format allowed APIPA participants from Fiji, Samoa, and the Solomon Islands to join.

The 34<sup>th</sup> annual APIPA Conference will be held in person in the Republic of the Marshall Islands during the summer of 2023. This marks a return to in-person gatherings for the conference, which has been held virtually in recent years due to the COVID-19 pandemic.

### APIPA BY THE NUMBERS

In addition to individually evaluating each of the 12 courses delivered over the course of the 2022 APIPA Conference, the Graduate School USA also analyzes the overall conference participation and experience. Participants provide background information when registering for the conference and complete evaluations at the conclusion of each course. Participants are invited to complete a post-conference electronic survey to provide feedback on the APIPA conference. The APIPA Secretariat received a 47 percent overall completion rate for the voluntary survey, as 272 participants completed the survey.

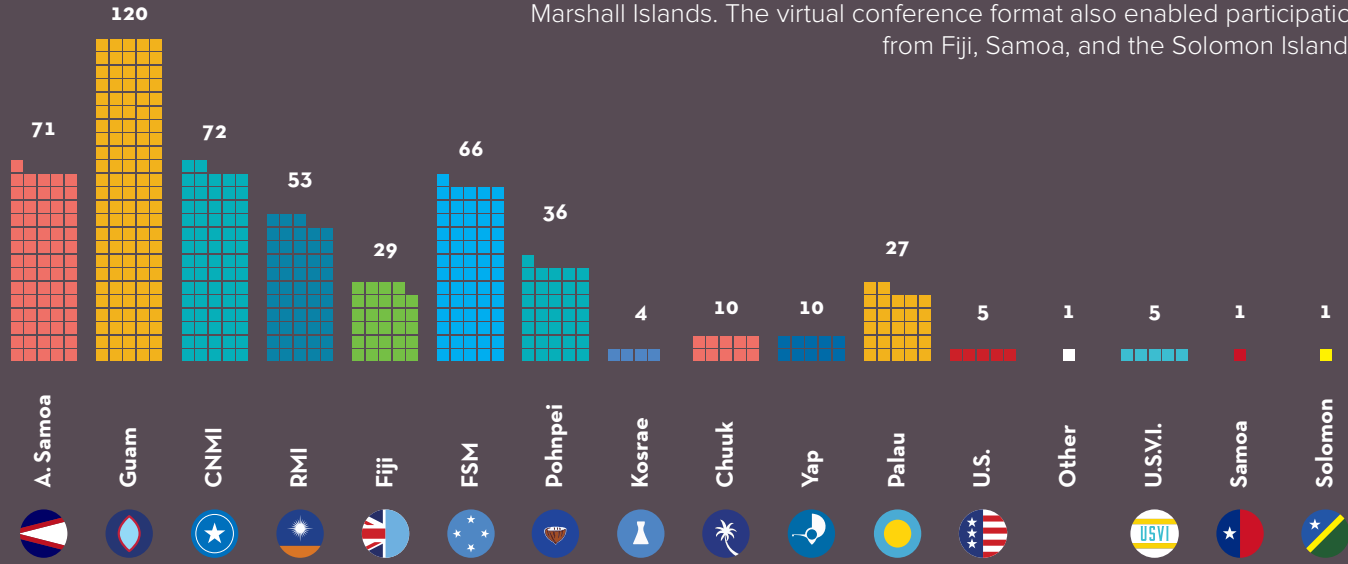
### CONFERENCE COMPOSITION

The 2023 APIPA Conference hosted 511 participants. This total comprised 71 participants from American Samoa, 120 from Guam, 72 from the CNMI, 53 from the RMI, and 66 from the FSM. The remaining 129 participants represented other governments. The APIPA conference was offered at no cost to participants.

APIPA reaches many new participants each year, expanding accountability training in the Pacific and U.S. Virgin Islands. Of the 272 participants responding to the survey, 81 participants (30 percent) indicated they were attending their first APIPA conference in 2022, while 96 participants (35 percent) have attended four or more APIPA conferences.

Each year, APIPA courses are customized to meet new and emerging needs. APIPA also continually provides foundational accounting and auditing classes to address the needs of new participants, many of whom are just getting started in their field. While 39 percent of participants come from audit offices, the remaining 64 percent represent finance offices, grants management offices, or other offices.

APIPA 2022 participants represented American Samoa, Chuuk, the Commonwealth of the Northern Mariana Islands, Fiji, Guam, Kosrae, the Marshall Islands, Micronesia, Palau, Pohnpei, Samoa, Solomon Islands, Washington DC, the U.S. Virgin Islands, and Yap. The largest number of participants came from Guam, followed by CNMI, American Samoa, and the Marshall Islands. The virtual conference format also enabled participation from Fiji, Samoa, and the Solomon Islands.



# #

# #APIPA2022

APIPA 2022 participants used the hashtag #apipa2022 to post photos and share stories from the virtual conference. The photos throughout this report reflect their shared posts.

# # #



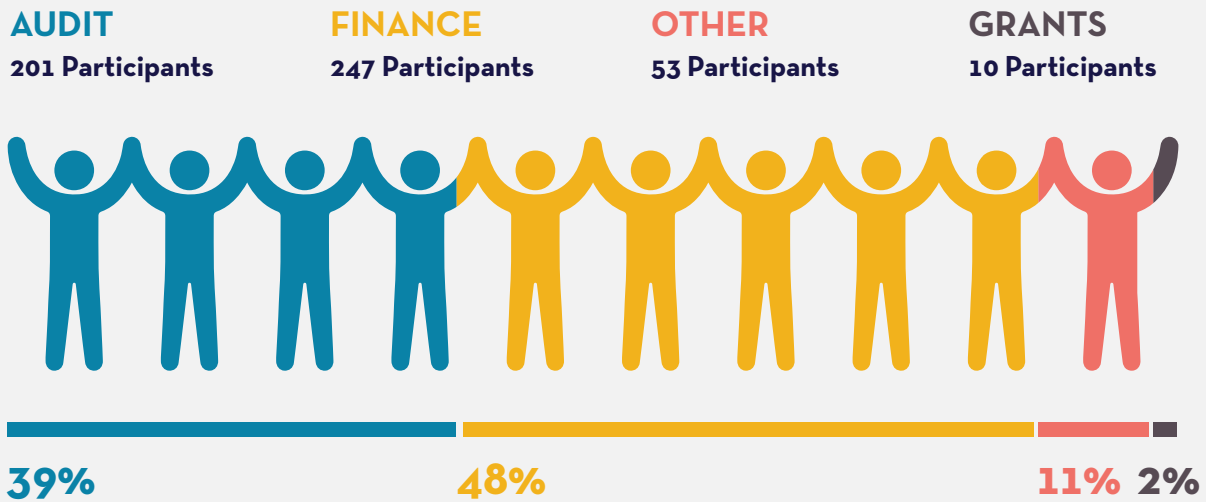
His Excellency David W. Panuelo, President of the Federated States of Micronesia, and Mr. Haser Hainrick, APIPA Chairman and the National Public Auditor of the Federated States of Micronesia delivered opening remarks to the APIPA 2022 conference.



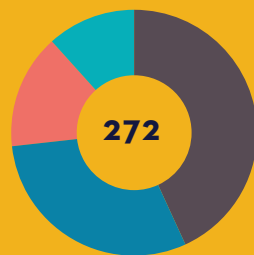
Mr. Tofa Sualuvi Su'a, Acting Territorial Auditor and members of the Territorial Office attended the APIPA 2022 virtual Conference.



Members of the FSM Office of the National Public Auditor: Ms. Miriama Naivalu, Mr. Trifonovitch Sound, and Ms. Rosadelima Alfons.



Based on survey data, 30 percent of APIPA 2022 participants indicated that this was their first APIPA conference, while an additional 35 percent of participants indicated this was their second or third conference. The high number of new participants confirms the need to continue offering introductory finance and audit courses. Twenty-one percent of participants have attended 4-6 APIPA conferences, while 14 percent have attended seven or more conferences.



- 30%** 1<sup>st</sup> APIPA Conferences Attended  
81 Participants
- 35%** 2<sup>nd</sup> or 3<sup>rd</sup> APIPA Conference  
95 Participants
- 21%** 4<sup>th</sup>, 5<sup>th</sup> or 6<sup>th</sup> APIPA Conference  
57 Participants
- 14%** 7<sup>th</sup> (or more) APIPA Conferences  
39 Participants

## COURSE EVALUATIONS

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

The APIPA Secretariat focused on three representative questions to determine the conference’s overall success, as indicated below. Respondents generally rated the 2022 APIPA courses highly, with an aggregate average of more than 4.58 on a scale of 1 to 5. These ratings

are consistent with prior years, with most participants recommending APIPA to colleagues and planning to attend future conferences.

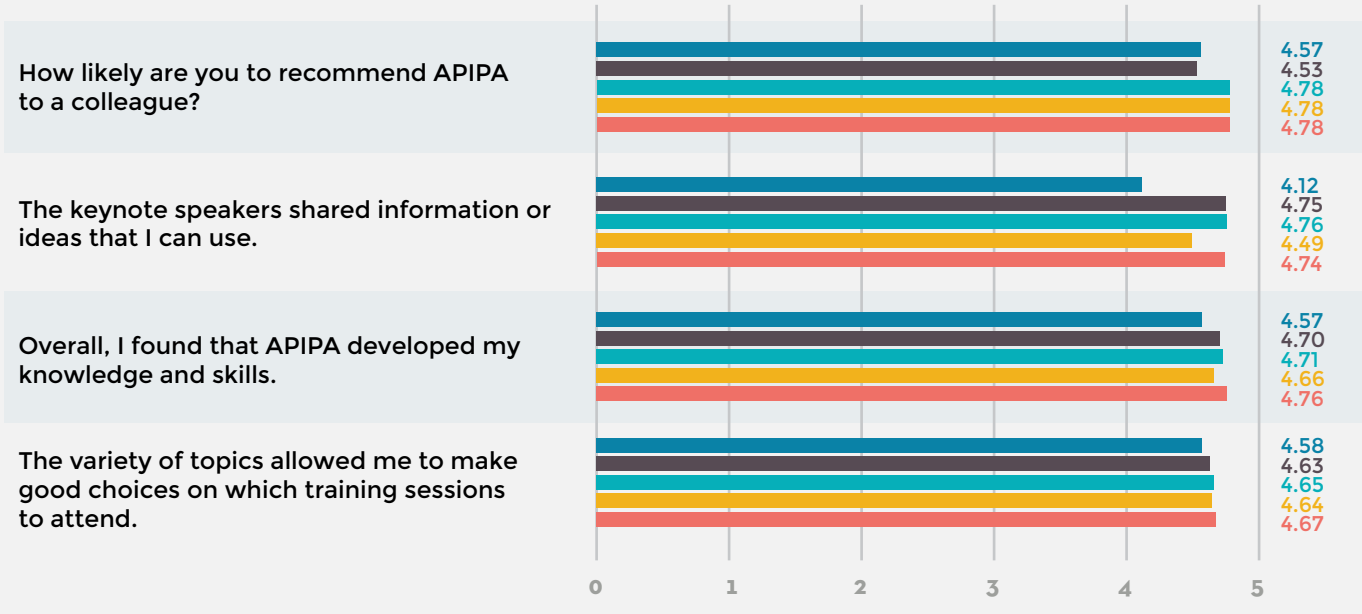
## CONFERENCE FEEDBACK

After the conference, participants were asked to rate their overall experience by completing an evaluation. Notably, attendees gave a 4.57 rating on a five-point scale to “conference sessions developed my knowledge and skills” and a 4.12 rating when asked whether APIPA instructors imparted information that participants could use.



Staff of the CNMI Public School System joined the APIPA 2022 conference virtually (August 2022).

APIPA 2022    APIPA 2021    APIPA 2020    APIPA 2019    APIPA 2018



PITI-VITI instructor Robert Lavigna delivered a course on Building Employee Engagement to IGFOA 2022 summer participants. (June 2022)



# The Island Government Finance Officers Association (IGFOA)

🌐 [igfoa.pitiviti.org](http://igfoa.pitiviti.org)



### Strategic Goal 3:

Increase Effectiveness and Program Results.



### Strategic Goal 4:

Institutionalize Regional Professional Organizations and Communities of Practice.

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

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

- ★ improving the quality and timeliness of single audits in the insular areas;
- ★ tracking the performance of finance offices through performance measures; and
- ★ measuring the ‘fiscal health’ of each government through the Performeter.

The IGFOA has consistently addressed emerging financial issues likely to impact the insular areas. The meeting provided a forum for discussion ranging from

single audits to FMIS systems. Recently prioritized areas included managing COVID-19 stimulus funds and tracking the evolving standards of the Governmental Accounting Standards Board (GASB), which has recently modified the accounting rules for government leases, among other areas. Other technical issues have included the procurement, installation, and management of financial management information systems; the development of Popular Annual Financial Reports (PAFRs); discussion on process improvement; and cybersecurity assessments.

Two IGFOA conferences were held during the 2022-2023 PITI-VITI program year.

## **IGFOA SUMMER CONFERENCE**

Twenty-eight finance officers and government financial officials from American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of Palau, and the U.S. Virgin Islands convened in Austin, Texas, for the 2022 Summer IGFOA. The IGFOA pre-conference and post-conference meetings were held in conjunction with the 116th Government Finance Officers Association (GFOA) conference.

- ★ An IGFOA pre-conference meeting was held on June 4, 2022.
- ★ The 116<sup>th</sup> GFOA Conference was held from June 5-8, 2022.
- ★ An IGFOA post-conference meeting continued from June 8-9, 2022.

The 116th Government Finance Officers Association conference brought together over 6,400 attendees from the U.S., Canada, and other locations worldwide. The conference featured 73 courses focused on improving



**Mr. Kodep Ogumoro-Uludoing, Director of the CNMI Office of Planning and Development, attended the IGFOA Summer Meeting. (June 2022)**



technical and leadership competencies and covered a wide range of topics, including cybersecurity, process improvement related to COVID, electronic payments, and banking RFPs. The conference also featured sessions on ARPA funds, ethics, financial policy, Annual Comprehensive Financial Reports, and the Popular Annual Financial Reports (PAFR).

At the IGFOA 2022 conference, the insular governments held pre-meeting and post-meeting discussions intended to reconvene and re-energize the IGFOA and its members.

During the pre-meeting, the participants presented their governments' single audit status for FY20 and FY21. They discussed the delays they had experienced and identified strategies for getting back on track with the audit and improving the single audit process. Participants identified the GFOA session they planned to attend and debriefed during the post-meeting.

The participants reviewed key issues and ideas presented at the GFOA conference in the post-meeting. The participants discussed the applicability of these issues and ideas to the insular governments. They also attended presentations on the GASB-87 Lease accounting standards, Enterprise resource planning, and effective ways of employee engagement within their respective governments after the conference participants summarized key takeaways and developed three follow-up activities that each insular government plans to discuss in the IGFOA 2023 Winter Conference.

## IGFOA 2023 WINTER CONFERENCE

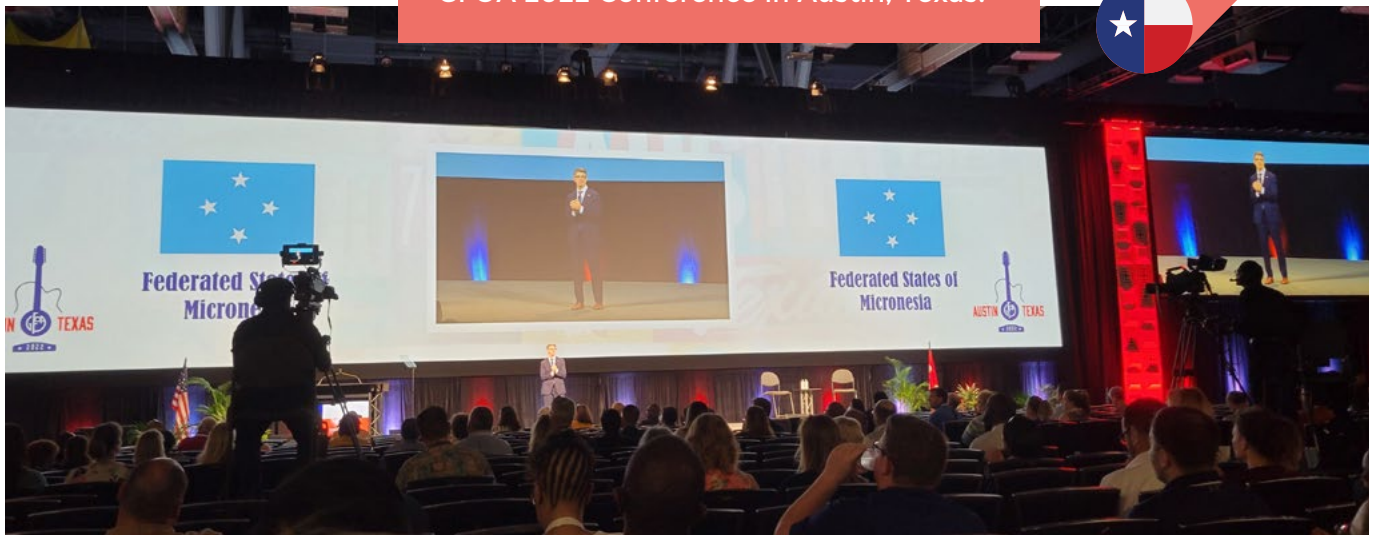
The IGFOA Winter Conference was held in Honolulu, Hawaii, from February 13-17, 2023. Although typically held in early December, the winter meeting was delayed until February in anticipation of updated insular government single audits being released.

About 35 finance leaders across the U.S.-affiliated insular governments, including American Samoa, Commonwealth of Northern Mariana Islands, FSM National Government, Chuuk, Pohnpei, Yap, Guam, Republic of Palau, Republic of Marshall Islands, and U.S. Virgin Islands, came together to share their experiences, exchange ideas, and discuss strategies for managing their respective island's financial situations.

This was the first time since 2019 that the IGFOA had an opportunity to meet in person, and the theme for this year's conference was "Resetting." Honorable Bosede Bruce, Commissioner of Finance from the US Virgin Islands, opened the meeting with welcoming remarks, underscoring the significance of IGFOA in uniting various islands and fostering collaboration among finance officers.

The conference featured informative discussions and updates on various relevant topics, including:

Chris Morril, GFOA Executive Director, welcomed IGFOA participants to the GFOA 2022 Conference in Austin, Texas.





Finance Leaders and professionals from 10 U.S. Insular areas and Territories convened for the IGFOA Winter 2023 Conference in Honolulu, Hawaii. (February 2023)



- ★ Updates from each of the insular governments on the status of their single audits, financial management information systems, and recent challenges and accomplishments;
- ★ Review and discussion of 12 IGFOA finance office performance measures, with more comprehensive follow-up discussion planned for future IGFOA meetings;
- ★ An analysis and review of federal grants currently utilized by insular governments and territories to raise awareness of potential grant opportunities;
- ★ Current and forthcoming GASB standards updates likely to affect the insular areas;
- ★ New Performer results for insular governments that have issued their FY20 single audits; and
- ★ An overview of Palau’s recent tax reform efforts, including shared implementation challenges and lessons learned.

“resetting” theme as a central focus. In addition to ongoing capacity development needs, the discussion emphasized the importance of insular governments collaborating to address shared issues. To close the conference, each insular government developed and presented an action plan, which will be tracked and updated at future IGFOA meetings.

IGFOA participants will reconvene to attend the Portland, Oregon conference of the Government Finance Officers Association (GFOA) alongside finance officers representing various federal, state, and local governments of the United States, Canada, and other international countries from May 21 to May 24, 2023. The IGFOA is scheduled to meet in May — before and after the GFOA conference—to share progress in implementing their action plans and provide updates on their performance measures.

Additional information on the IGFOA is online at <https://pitiviti.org/igfoa>.

The conference also included a panel discussion highlighting current finance office needs, with the

# #IGFOA2023



Members of the Palau Economic Advisory Group with Palau President Hon. Surangel Whipps, Jr., and U.S. Chargé d'affaires, Andrew McLean. (August 2022)



## Palau Economic Advisory Group

🌐 [palaueag.org](http://palaueag.org)



### **Strategic Goal 1:**

Improve Leadership and Management Capacity to Effectively Perform.

## **BACKGROUND**

In 2022, the United States and the Republic of Palau established an Advisory Group on Economic Reform (EAG) as called for in the Palau Compact Review Agreement (CRA). The purpose of the EAG is to contribute to the long-term economic sustainability of Palau by recommending economic, financial and management reforms. Two EAG meetings are intended to be held annually, in Palau and Hawaii, unless otherwise agreed by the members. The EAG is tasked to report “annually

not less than thirty (30) days prior to the annual bilateral economic consultations to be held on or about June 1 every year on the Government of Palau’s progress on implementing reforms.”

In 2022 the governments of the United States and Palau named five EAG members:



**Dr. James K. Galbraith**, EAG Chairman, selected by the United States from among three candidates provided by Palau. Dr. Galbraith holds the Lloyd M. Bentsen Jr. Chair in Government/Business Relations at the Lyndon B. Johnson School of Public Affairs and a professorship in Government at The University of Texas at Austin.



**Dr. Denise Eby Konan**, EAG Member designated by the United States. Dr. Konan is Dean of the College of Social Sciences and Professor of Economics at the University of Hawaii at Mānoa (UHM). As Dean, she provides leadership to twelve academic departments that deliver nearly a fifth of degrees offered on campus.



**Dr. Peter Watson**, EAG Member designated by the United States. Dr. Watson is President & CEO of The Dwight Group, the D.C.-based investment bank. He previously served as President & CEO of the U.S. Overseas Private Investment Corporation (OPIC), now the U.S. Development Finance Corporation (DFC). Prior to OPIC, Dr. Watson served as Chairman of the U.S. International Trade Commission (ITC).



**Hon. Kaleb Udui, Jr.**, EAG Member designated by the Republic of Palau. Mr. Udui serves as the Minister of Finance for the Republic of Palau under the Whipps administration since his confirmation in February 2021. Previously, Mr. Udui served as President of the National Development Bank of Palau and as a private businessman.



**Dr. Naoyuki Yoshino**, EAG Member designated by the Republic of Palau. Dr. Yoshino is Professor Emeritus at Keio University, Tokyo, Japan and until March 2020 was Dean of the Asian Development Bank Institute (ADBI). Dr. Yoshino has served as a visiting scholar at the Massachusetts Institute of Technology (United States), University of New South Wales (Australia), Fondation Nationale des Sciences Politiques (France), and University of Gothenburg (Sweden).

## SECRETARIAT TO THE PALAU ECONOMIC ADVISORY GROUP

The Graduate School USA (GSUSA), under contract with the Department of the Interior through the Pacific Islands Training Initiative, serves as the Secretariat to the Palau Economic Advisory Group. Secretariat support to the EAG is a natural extension of the work of the

Economic Monitoring and Analysis Program (EconMAP), also managed by the Graduate School USA. Since 2012, EconMAP's annual outputs for Palau have included: (1) a full annual Economic Review, (2) an annual Economic Brief, and (3) an annual Statistical Appendix. While the Economic Review and Economic Brief present an independent, third-party annual assessment of Palau's economic and policy environment, the annual Statistical Appendix is produced in collaboration with Palau officials and is ultimately adopted

as the nation’s “official” economic statistics. Providing the EAG members with timely economic data extends EconMAP’s ongoing work in Palau.

As Secretariat, GSUSA compiled a broad range of relevant documents in advance of the first EAG meeting in Palau, including annual economic reviews, sector reports, statistical data, surveys, consultant and donor institutional reports, etc. These documents were shared with EAG members for background and review. In addition, GSUSA prepares travel and provides logistical support to all five EAG members; assists in implementation of the member-developed agenda for each meeting; provides meeting facilitation and logistics as requested; supports the EAG Chair and members in the drafting of their annual report for submission to the US and Palau governments at least thirty days in advance of the Annual Bilateral Economic Consultations (in future years, on or about June 1); provides web page and communication support for the EAG; and provides briefings and/or economic updates to each EAG meeting and to Annual Bilateral Economic Consultations, as may be requested.

## INITIAL MEETING IN PALAU

The Palau EAG held their initial meeting in Koror, Palau from August 22-26, 2022. All five EAG members joined the initial meeting, which included:

- ★ Welcoming discussions with the President of Palau and United States Chargé d’Affaires;
- ★ A comprehensive “Listen and Learn” session in which each Palau ministry presented current challenges, opportunities, policy priorities, and initiatives to the EAG;
- ★ A land and sea tour highlighting health, education, and infrastructure needs; and
- ★ A briefing with Palau executive and legislative leadership.

Following their initial visit to Palau, the EAG issued a General Statement of Objectives, Principles, and Preliminary Programs, available online at <https://pubs.pitiviti.org/eag-principles>. This is not the annual report that will be provided to the United States and Palau governments and shared publicly in Spring 2023.



EAG Chairman James Galbraith, Ph.D., with EAG members Peter Watson, Ph.D., Hon. Kaleb Udoi, Jr., and Denise Konan, Ph.D., at the initial EAG meeting in Palau. (August 2022)



Palau EAG members with U.S. Special Presidential Envoy for Compact Negotiations, Joseph Yun. (March 2023)

Palau EAG members visit the U.S. Capitol in Washington, DC. (March 2023)

## INITIAL MEETING IN WASHINGTON, DC

2nd Meeting of Year One for the Palau EAG

The Palau EAG held their second meeting in Washington, DC from March 13-16, 2023. During the week, EAG members:

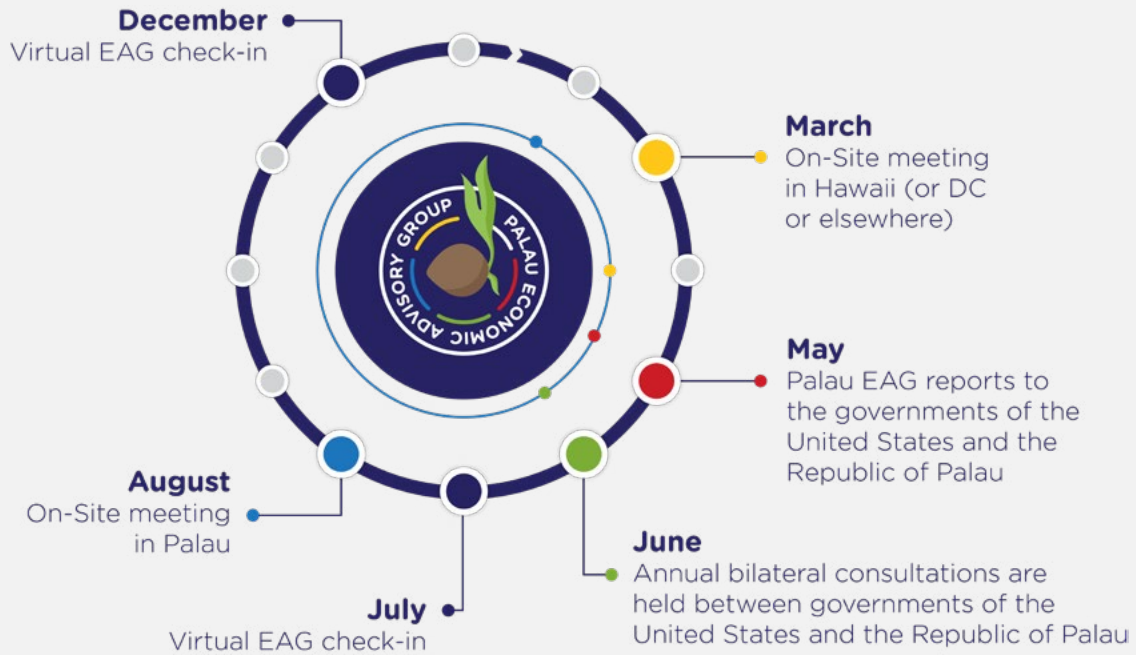
- ★ Met at the State Department with the Special Presidential Envoy for Compact Negotiations and US State Department officials at the State Department;
- ★ Met with Assistant Secretary for Insular and International Affairs and other officials at the Department of the Interior;
- ★ Met with potential Palau partner agencies, including the US Trade and Development Agency, the US Development Finance Corporation, and the Japan Bank for International Cooperation;
- ★ Met with members and staff of relevant House and Senate committees; and

- ★ Completed internal discussions to enable the finalization of the first annual report of the Palau EAG by April 1, 2023, giving the US and Palau governments two months of review prior to the planned June 1, 2023, bilateral economic consultations.

In future years, the EAG is expected to establish a regular—albeit still flexible—annual cycle of meetings as envisioned by the enabling CRA legislation to inform the annual bilateral economic consultations between the United States and Palau each June. The current members also propose to have 1-2 virtual meetings to maintain momentum on initiatives and to keep themselves timely informed of developments within Palau and with respect to the overall US-Palau relationship in all of its manifestations.

Additional information on the Palau Economic Advisory Group, including full biographies of EAG members, relevant contextual documents on the Palau economy, EAG publications, and a current schedule of forthcoming events, can be found at [www.palaeag.org](http://www.palaeag.org).

The annual cycle of meetings and reports for the Palau Economic Advisory Group



Palau EAG members with U.S. Congresswoman Amata Radewagon in Washington, DC (March 2023)



U.S. Virgin Islands Deputy Finance Commissioner Wilfredo Guzman delivers an audit update to IGFOA conference participants. (February 2023).



USVI	Status (Briefly)	Obstacles	Next Steps
1. Review policies - ADPA (prev)	The USVI has employed a designated ADPA team lead by an ADPA Administrator to manage review and process payments for these funds. Along with the ADPA team, we contracted an outside agency to review all proposed projects to ensure that the scope of work is within the lines of the ADPA Agreement. All of this has been done with the 1% administrative fee allowed by the grant.	The internal ADPA team is still growing however officials are finding qualified staff means the we are missing a few components which will make the team more effective.	Increase the size of the ADPA team to include additionally Financial Analyst, ADPA Auditor and Compliance Analyst
2. Employee engagement survey	An employee survey was completed in 2022	None	More survey will be implemented in the future
3. Ensure the ADPA Funds are correctly shown on the Schedule of Expenditures of Federal Awards (SEFA); include key performance indicators (KPI)	Projects have been created in the local financial system to record all transactions associated with the ADPA Funds. KPI - All transactions are recorded in Munkit. All Transactions are recorded under the project associated with the corresponding fiscal year.	The large number of transactions can lead to a difficult time generating reporting and reconciliation process.	Create a time project for each fiscal year to record transactions associated with said fiscal year to make the reporting and reconciliation process

# The Audit Improvement Program

[audit.pitiviti.org](http://audit.pitiviti.org)



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



**Strategic Goal 2:**  
Improve Financial Management Systems and Practices.

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

Within these broad functions, the finance officer is often viewed as a professional who can approach problems with precision, accuracy, and a long-term view. Finance officers are frequently brought in as “experts”—the problem solvers, advisors, and, often, the final arbiters of the analysis to whom principals and elected officials turn. The critical importance of the finance officer is even more pronounced during times of financial stress, such as during the COVID-19 pandemic.

Insular government finance officers must be able to effectively manage the increasingly complex world of public sector finance. To remain effective, finance officers rely more than ever on the availability and accuracy of quality financial data. The Audit Improvement Project and the Island Government Finance Officers’ Association

(IGFOA) were designed to support the insular government finance officers in this endeavor. Together, these two programs ensure that finance officers have the necessary tools to affect sound decision-making and improve governance throughout the Pacific and Virgin Islands.

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

## ASSESSING FY21 AUDITS ISSUED IN 2022

### Timeliness

The U.S. Office of Management and Budget (OMB) granted automatic (6-month) no-justification-needed extensions for the issuance of audits for fiscal years ending 9-30-2019 and 9-30-2020 in response to the COVID-related disruptions. As such, those audits are considered timely if completed by 12-31-2020 and 12-31-

2021, respectively. However, OMB did not grant automatic extensions for the fiscal year ending 9-30-2021, though many island governments have requested and received 3-month extensions for their FY21 audits from the US Department of Interior.

★ The **US Virgin Islands** and the **Republic of Palau** have not issued their FY2020 audits. The USVI and Palau, along with **CNMI**, have not begun nor have estimated dates for completion of their FY21 audits.

- ★ **American Samoa** and **Guam** issued their FY21 audits on-time in May 2022 and July 2022, respectively.
- ★ The FSM States of **Chuuk, Kosrae** and **Yap** completed their FY21 audits as of December 31, 2022 outside the completion window of June 2022.
- ★ The **Federated States of Micronesia National Government**, the **Republic of the Marshall Islands** and **Pohnpei State** have not yet issued FY21 audits, though they are in final draft as of March 2023.

Over the last two years, the timeliness of the island government audits has suffered due to disruptions in office operations, lack of auditors' availability, and increased single audit requirements due to the large dollar and volume increases in new government programs. But the trend towards untimely audits is extremely troublesome as 9 of the 11 island governments did not meet the June 30 deadline for their FY21 audits, 3 of which have not even started the audit process. Additional support and encouragement are critical to assist the governments in getting back on track.

## AUDIT TIMELINESS

### FY21-FY23 Insular Government Audit Issuance Dates

Only 2 insular governments anticipate submitting timely FY22 audits. 2 governments have yet to issue FY20 audits, and 6 governments have yet to issue FY21 audits.

	2021				2022				2023			
	Q1 3/31/21	Q2 6/30/21	Q3 9/30/21	Q4 12/31/21	Q1 3/31/22	Q2 6/30/22	Q3 9/30/22	Q4 12/31/22	Q1 3/31/23	Q2 6/30/23	Q3 9/30/23	Q4 12/31/23
A.SAMOA		●				●			● Est			
CNMI									●			● ?
GUAM		●				●			● Est			
USVI									● Est		● ?	● ?
RMI					●				● Est			● ?
PALAU									● Est		● Est	● Est
FSMNG				●							● Est	● ?
POHNP.				●							● Est	● ?
CHUUK				●				●				● ?
KOSRAE				●				●				● ?
YAP				●				●				● ?
	FY20 Audits Due				FY21 Audits Due				FY22 Audits Due			
	FY20 Audits Exten.								Auditor not contracted for FY23			

● ? No Estimate Provided

Quality

As noted above, 6 island governments still need to release their FY21 audits. For the remaining 5 insular areas, the FY21 audits indicate that:

- ★ Some of the insular governments are maintaining the quality of their audits. American Samoa, Guam, Kosrae and Yap State reported zero financial statement modifications, excepting the lack of some component units in American Samoa and Yap State. During the winter IGFOA meeting, Chuuk State reported corrective actions to resolve their two financial statement modifications.
- ★ While the overall number of audit opinion modifications has declined, an analysis of the types of audit findings occurring across the insular areas reveals that basic financial statement reconciliations and procurement violations continue to be significant issues. Federal monies related to Covid were granted so quickly and in such large sums, that they resulted in a number of single audit issues.
- ★ The auditors for several governments continue to include findings highlighting the weak financial condition of the governments, including budget overruns, inability to pay long-term pension and other obligations, and lack of resources necessary to manage operations. In addition, the auditors are showing increased interest and concern about Information Technology operations, including lax

security protocols and missing off-site backup operations.

There remains an ongoing need to continue to work with each insular government on their audits. Changes and turnover in financial operations occur regularly and new staff need ongoing training and technical assistance to maintain quality operations.

ADDITIONAL ISSUES

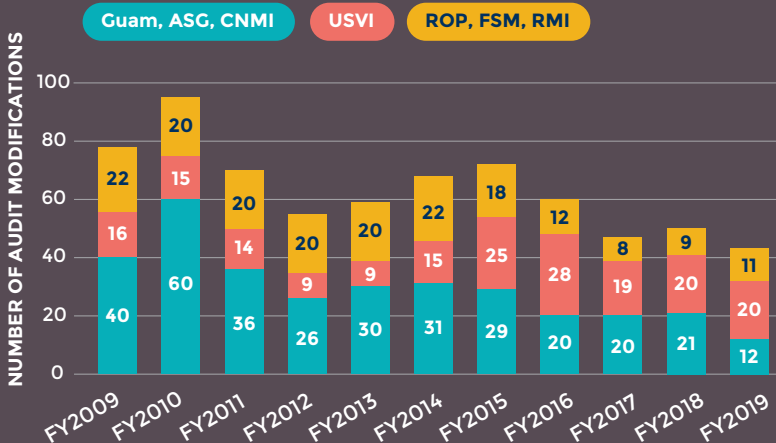
A key component of PITI-VITI’s technical support is ensuring that insular government finance offices are aware of and trained on new accounting and reporting requirements well ahead of the effective dates. Over the last twenty years, the Governmental Accounting Standards Board (GASB) has made major changes to the financial statement presentation and the calculation of fund balance. Other recent changes include the U.S. Government Accountability Office’s (GAO) major update to federal grant compliance regulations, GASB’s requirement to include the government’s pension liability in the government financial statements, and requirements to include liabilities related to other post-employment benefits and tax abatement disclosures. The implementation date of the new GASB standard for accounting for leases and SBITA is effective as of FY23, and the insular areas will continue to need assistance in determining how leases will be reported in the financial statements.

AUDIT RESULTS: QUALITY

Total Financial Statement and Federal Program Modifications FY2009-2019

The audit improvement project began with 139 audit modifications (at that time called ‘qualifications’) across all of the insular governments in FY2003. In FY2019 there were a total of 43 modifications (extrapolating from FY18 for the US Virgin Islands). The USVI is separated not only due to the date of the audit, but also the size of the government revenues and resulting major programs and findings.

Five governments have had zero financial statement modifications for the past 10 years. Guam, ASG and the CNMI have significantly reduced the number of modifications in federal programs in the last 5 years. This chart will be updated to include FY20 data once all insular governments issue audits.

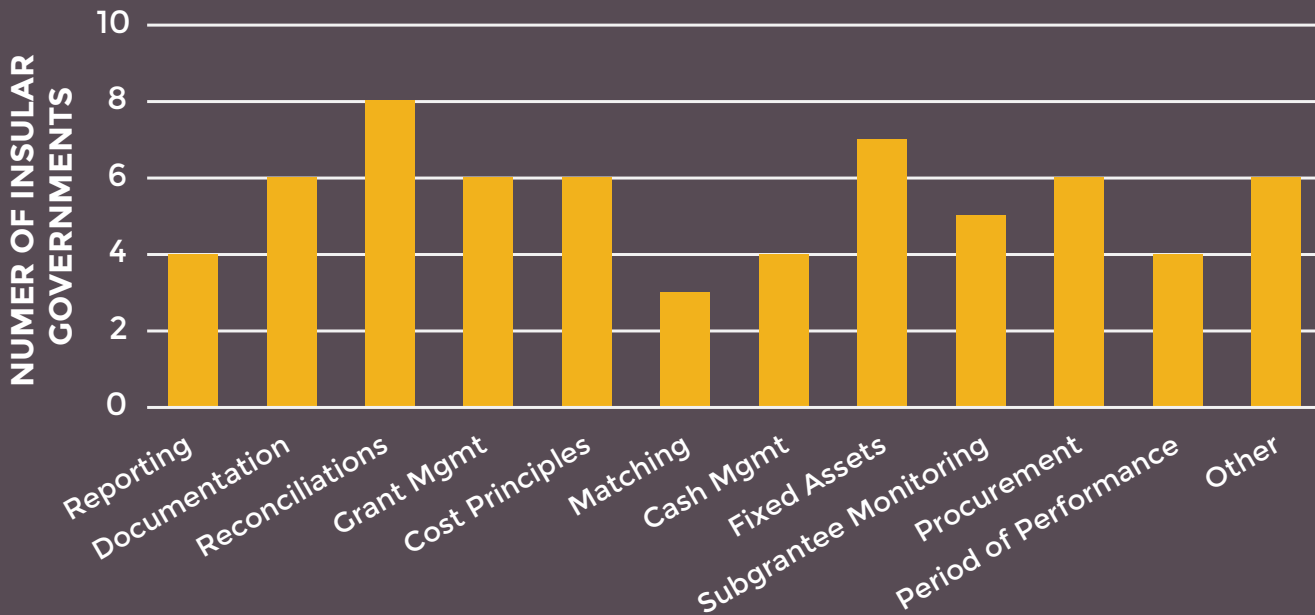


## NUMBER OF GOVERNMENTS WITH AUDIT FINDING ISSUE BY TYPE Insular Governments FY2019 (USVI FY2018)

An analysis of the types of audit issues across the insular areas reveals that reconciliations, procurement and fixed assets continue to be significant problems. Significantly, one government was able to clear their multiyear finding on fixed assets. Several other governments have received OIA grants to upgrade their fixed asset systems.

Findings in the ‘other’ category relate to the government’s inability to fund pension liabilities and operations and issues relating to IT security problems.

This chart will be updated to include FY20 data once all insular governments issue audits.



Several of the member governments have implemented new financial management systems. The Republic of Palau implemented its new system in 2020 and the CNMI followed suit in 2021. The RMI and Guam recently selected new systems in 2022 and 2023, respectively, and are in the process of implementation. The Federated States of Micronesia National and States, however, are still in the proposal stage for a new system. PITI-VITI continues to provide technical assistance and training sessions for the finance officers in project management and best practices in systems planning, acquisition and implementation. In the technical world of financial management systems, competing vendors often oversell their product’s capability and ease of implementation. And 40% of implementations fail. PITI-VITI aims to armor

the finance officers with the knowledge to avoid pitfalls and carefully manage the process.

The sudden requirement to work off-site has heightened the need to focus on cybersecurity issues. As previously mentioned, the external auditors have noted technological vulnerabilities which could lead to cyberattacks. This is consistent with the experience of cities and counties in the United States.

Insular governments, alongside cities and counties throughout the United States, recognize the growing need to develop cybersecurity plans to respond to and recover from cyberattacks. The Island Government Finance Officers’ Association (IGFOA) continues to highlight this critical area.

## FINANCE OFFICE PERFORMANCE MEASURES

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

In addition to measuring current insular government operations, the measures are intended to improve finance office efficiency over time. As such, the measures are

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

The finance officers continue to practice peer accountability with the offices reporting their results to each other at the semiannual conferences. At the recent IGFOA meeting, finance leaders convened to review and discuss current finance measures and determine whether they are still effective or if new measures should be adopted based on best practices in the field. Members will reconvene in May 2023 to select performance measures that address recurring, overarching audit findings with the intent of providing the finance officers with internal progress reporting.

## AUDIT RESULTS: TIMELINESS

### Number of Months Late FY2003-FY2019

IGFOA has achieved many successes through the years, but perhaps the most striking is the insular governments' dramatic improvement in audit timeliness. In FY2003, the ten insular governments were collectively 147 months late issuing their single audits. In FY2019 the insular governments were collectively 11 months late (as of this printing, the VI and the CNMI have not issued FY19. The issue dates are assumed to be as those governments have reported). It should be noted that the OMB automatically extended the deadline for audit submission by 6 months to December 2020 for audits due in 2020.



## 10 CURRENT FINANCE OFFICE PERFORMANCE MEASURES

### 1. Reduction in Federal Grant Receivable Balance

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

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

### 2. Bank Reconciliations Completed on a Timely Basis

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

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

### 3. Completion of Fixed Asset inventory

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

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

### 4. Reduction in Overdue Travel Advances Issued this Fiscal Year

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

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

### 5. Actual vs Estimated Revenues

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

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

### 6. Number of Days to Process an Invoice Paid by Federal Funds

The purpose of this measure depends upon the source of funds to pay the invoice. In the case of grant funds, cash should not

be an issue, so the measure can define the efficiency of finance operations. Local funds are more restricted, so an additional measure for invoices paid with general funds will indicate how efficiently the finance office fairly prioritizes vendors.

- **3-15 days**

### 7. \$ and % of Unspent Federal Funds

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

- **Targets vary by insular government.**

### 8. Number of Training Hours per Finance Office Employee

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

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

### 9. Percentage of Employee Evaluations Completed

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

- **At least annually**

### 10. Reconcile Encumbrances

The reserve for encumbrances is no longer reported in the fund balance section of the financial statements but in a footnote to the statements. As it has become less obvious, the balances of invalid, dated encumbrances have increased in all governments. 8 governments are in the process of acquiring new financial management systems which will require the conversion of outstanding encumbrances. For those reasons, the group adopted an initiative to concentrate on clearing their encumbrance files. The governments reported on their encumbrance balance change from FY20 to FY21. The results were inconclusive and did not necessarily represent any efforts to clear invalid encumbrances. Five of the reporting governments increased their encumbrance balances, but that was more reflective of increased FY2021 activity in construction and government operations after the FY20 lockdowns. The reporting for clearing old balances will need to be refined.

- **Reduction of invalid, outdated encumbrances to zero**





Participants at the IGFOA Summer 2023 conference receive updates on insular government Performeters and A.F.T.E.R. Analyses. (June 2023)

# The Performer & A.F.T.E.R. Analysis

🌐 [pitiviti.org/performers](http://pitiviti.org/performers)



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

 **Strategic Goal 3:**  
Increase Effectiveness and Program Results.

The Performer has a rich history of providing valuable financial analysis and assessment to insular governments within the United States. Initially developed in 2001 for state and local governments, the scope and methodology of the Performer has since been adapted to meet the unique needs of the Pacific and Virgin Islands governments. Each year, the Performer provides a continuous, independent assessment of each insular government’s financial health and success based on audited financial statements.

As a result of delays to the release of some insular government single audits, Performer results have yet to be published for 2021 (based on FY20 audit

results). Despite these delays Performer reports have been updated for American Samoa, CNMI, Guam, the Marshall Islands, Palau, and the FSM national and state governments. Due to single audit delays, Performer calculations for Palau and the US Virgin Islands based on the FY19 audit results have been inhibited. Once all insular government audits have been released, updated scores and trend analysis will be shared.

Traditionally, the Performer has been utilized across the insular governments to improve public awareness of each government’s fiscal health. The Performer is a unique tool customized for insular governments:

- ★ The Performeter provides over fifteen years of data for each government to analyze financial trends—both positive and negative;
- ★ Insular government finance officers regularly utilize the Performeter to explain their government’s overall financial health to non-financial stakeholders, especially members of the legislative and executive branches;
- ★ Since the Performeter uses common metrics, Performeter scores are broadly comparable across each of the insular governments;
- ★ Each Performeter contains an AFTER Analysis (Audit Findings, Timeliness and Exception Resolution), which details the timeliness and accuracy of financial statements by tracking the number and type of single audit qualifications, and the timeliness of audit publication, for each government.

When the Performeter project began, insular governments had a history of being unreliable in their financial reporting, with audits being delayed and containing multiple qualifications. However, in the present day, the Performeter has become more relevant due to the use of timely and accurate audits. Moreover, finance officers and elected officials strategically use Performeters to ensure better-informed governance.

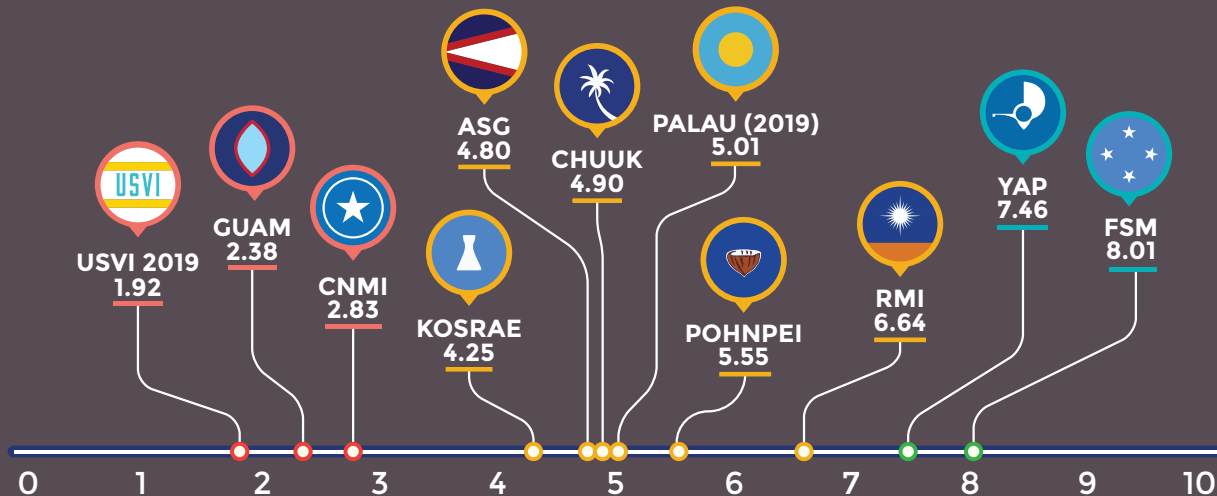
## ENHANCEMENTS TO THE PERFORMETER

Notably, the Performeter continues to evolve to respond to insular government needs; several years ago, the Performeter report was enhanced to show not only an overall government score but also disaggregated scores in three categories:

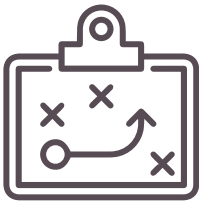
- ★ **Financial Position** indicates a government’s cumulative financial health. Relevant Performeter ratios include the level of the government’s total unrestricted net position, the level of unassigned fund balance of the General Fund, and current and quick ratios related to cash flow sufficiency.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

## 2021 PERFORMETER SCORES BY INSULAR GOVERNMENT

(2022 PERFORMETER SCORES WILL BE RELEASED FOLLOWING PUBLICATION OF INSULAR GOVERNMENT SINGLE AUDITS)







# Looking Ahead

The Pacific and Virgin Islands Training Initiatives (PITI-VITI) confirmed upcoming dates for key program activities.

Please contact us at [info@pitiviti.org](mailto:info@pitiviti.org), or visit the sites referenced below, for additional information.



## GFOA & IGFOA SUMMER MEETINGS

📅 May 21-24, 2023  
🌐 <https://www.gfoa.org/conference>



## APIPA 2023 CONFERENCE

📅 August 28, 2023 - September 1, 2023 - Majuro, RMI  
🌐 <http://apipa2023.org>



## IGFOA WINTER MEETING

📅 December, 2023  
🌐 <https://pitiviti.org/igfoa>



## ELDP APPLICATIONS FOR THE CLASS OF 2025

📅 Summer 2024  
🌐 <https://eldp.pitiviti.org>





29 Pacific and US Virgin Islands participants join the Executive Leadership Development Program Class of 2023.

# The Executive Leadership Development Program (ELDP)

[eldp.pitiviti.org](http://eldp.pitiviti.org)



### Strategic Goal 1:

Improve Leadership and Management Capacity to Effectively Perform.



### Strategic Goal 5:

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

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

The Executive Leadership Development Program (ELDP) was commissioned in 2008 to assist insular governments with developing and retaining qualified and skilled staff to lead their respective governments into the future. The

demand for the creation of the ELDP stemmed from Island Government Finance Officers Association leadership prior to program inception. They identified a knowledge gap in leadership and management skills across the insular areas and expressed a desire to develop the “next generation” of insular government leaders.

ELDP program participants typically meet in-person four times over the course of a year to develop public service values and skills in leadership, management, policy development, advocacy, government operations and finance. Participants from the U.S. Virgin Islands usually travel to Washington, D.C. and other locations along the

East Coast to participate in the Graduate School USA’s Executive Leadership Program (ELP). In contrast, Pacific ELDP participants attend quarterly training throughout the Pacific islands.

2022 represented another landmark year for the Executive Leadership Development Program, with well over 100 program applicants and an indication of growing interest and importance placed on leadership development in the Pacific and Virgin Islands region.

Twenty-four new participants were competitively selected to join the Pacific Class of 2023, and five new participants were selected to join the ELDP Virgin Islands Class of 2023. These 29 insular government officials join 178 program alumni — an extraordinary group of Pacific and Virgin Islanders with diverse professional backgrounds, exceptional personal qualities, and an enduring commitment to public service. ELDP alumni represent virtually every government agency, and serve the insular governments as elected representatives, ambassadors, judges, cabinet members, directors, and dedicated public servants.

### ELDP PACIFIC - 2022-2023

The 24 newly selected participants of the ELDP Pacific Class of 2023 represent the governments of American Samoa (4), the Commonwealth of the Northern Mariana Islands (5), Guam (3), the U.S. Virgin Islands (5), the Federated States of Micronesia (8), the Republic of the Marshall Islands (4), and the Republic of Palau (2).

The Pacific ELDP, comprised of three in-person and two virtual sessions, will be delivered in a hybrid format from December 2022 to August 2023. This new format allows for consistent engagement between sessions, ensuring participants stay connected and on track with their learning, thus maximizing the program’s benefits.

The Graduate School USA’s Pacific and Virgin Islands Training Initiatives held the first session of the 2023 ELDP in Guam from December 6-13, 2022. The week-long program was focused on building community, increasing self-awareness, and building project teams. Through the theme of “Leading Self” in the first sessions, participants focused on the following:



The 2022-2023 ELDP Program Cycle features three residential sessions (on-site in Guam, Pohnpei and CNMI) interspersed with two virtual sequences.

★ **Self-Awareness.**

Participants began recognizing their behavioral preferences, professional strengths, and areas for growth.

★ **Leadership Effectiveness Inventory.**

Participants completed a 360° survey receiving staff and supervisory feedback identifying their core leadership competencies and challenges.

★ **Social Styles.**

Participants learned about their social style and how to identify and relate to the social styles of others.

★ **Group Projects.** Participants formed project groups, initiated work on their year-long team projects, and delivered preliminary team project presentations to professional panelists (Mr. Benjamin Cruz, Public Auditor of Guam; Dr. Mary Okada, President of Guam Community College; Mr. Artemio “Ricky” Hernandez, Ph.D., Deputy Executive Manager of the Guam Airport.)

★ **Mentoring.** Participants identified professional mentors from their home islands and developed strategies to get the most out of their mentor relationships.

★ **Individual Leadership Development Plans.**

Participants drafted ILDPs, outlining goals for their ELDP year. ILDPs were reviewed during one-on-one meetings with program advisors Jeff Berlin (ELDP Program Coordinator) and Ms. Anna Mendiola (CEO and President of the Federated States of Micronesia Development Bank).

The second session of the ELDP, which was delivered virtually from January 2023 to April 2023, focused on “Leading Others” and highlighted an island-style approach to fundamental leadership skills through the theme of “sowing and growing the Five Seeds of Leadership.” During this session, participants also engaged in discussion forums, advanced their mentor relationships, conducted leadership interviews, and delivered updated team project presentations to insular government panelists.

The third session of the ELDP will be an in-person session to be delivered in April 2023. Participants will then continue with an in-person and a virtual session before reconvening for the final session in Saipan, CNMI.



ELDP participants discussed leadership principles at the initial session in Guam. Counter-clockwise from top-left: Patrick Reid (American Samoa) and Mary Lou Yatilman (FSM); Andy Choor (FSM) and Jasmine Myazoe (RMI); Stencia Otler-Hawley (FSM). (December 2022)



## ELDP PROGRAM SCHEDULE FOR SESSIONS 1 AND 2

The ELDP participants met for an in-person Session 1 in Guam from December 6th to 13th, 2022, followed by a Virtual Session 2 from January 2023-March 2023. They met a total of 15 times, with 7 of those meetings focused on “Leading Self” and 8 on “Leading Others.”

### ELDP In-Person Session 1 [Guam] December 7 – December 13, 2022

ELDP Pacific – S1-01 – Welcome, Community, and Expectations	December 7, 2022
ELDP Pacific – S2-02 – Self-Awareness Part 1	December 8, 2022
ELDP Pacific – S2-03 - Self-Awareness Part 2	December 9, 2022
ELDP Pacific – S5-05 – Team Dynamics and Health	December 11, 2022
ELDP Pacific – S6-06 – Social Styles	December 12, 2022
ELDP Pacific – S7-07 – Team Presentations, Debrief and Wrap up	December 13, 2022

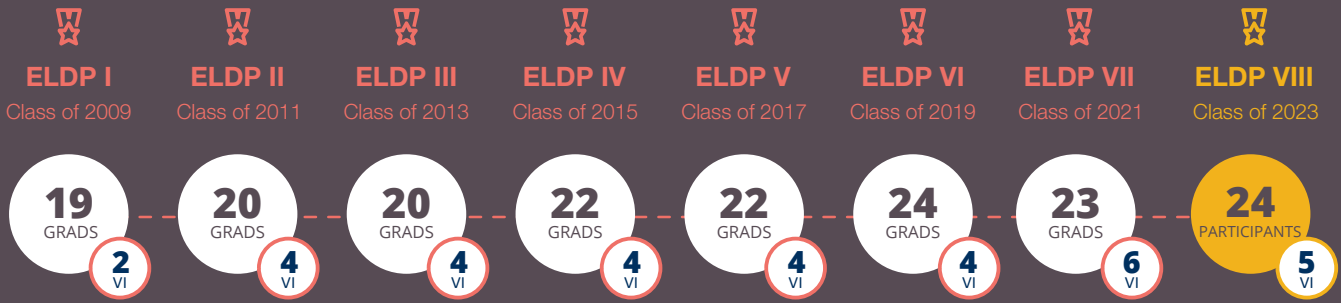
### ELDP Session 2 Virtual Sessions January 11 – March 31, 2023

ELDP Pacific – S2-01 The Seed of Perspective – Module 1 & 2	January 11, 2023
ELDP Pacific – S2-01 The Seed of Perspective – Module 3	January 25, 2023
ELDP Pacific – S2-01 The Seed of Purpose – Module 1	February 8, 2023
ELDP Pacific – S2-01 The Seed of Purpose – Module 2	February 22, 2023
ELDP Pacific – S2-01 The Seed of Principles – Module 1	March 8, 2023
ELDP Pacific – S2-01 The Seed of Principles – Module 2	March 22, 2023
Team Presentations 2	March 30, 2023
Team Presentations 2	March 31, 2023

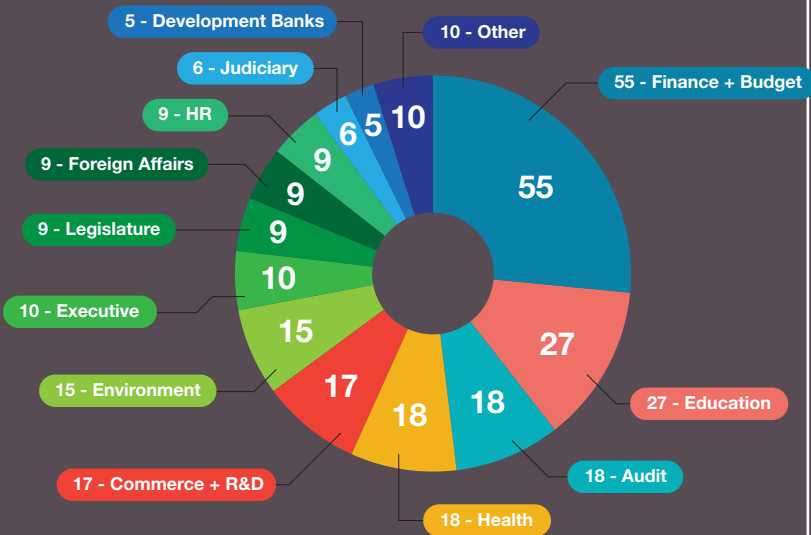


Ms. Anna Mendiola, President of the FSM Development Bank, provides guidance to ELDP participant Ms. Jodina Attao (CNMI), CEO of the Northern Marianas Technical Institute. (December 2022)

## 207 ELDP PARTICIPANTS BY PROGRAM YEAR



## ELDP PARTICIPANTS BY SECTOR (2008-2023)



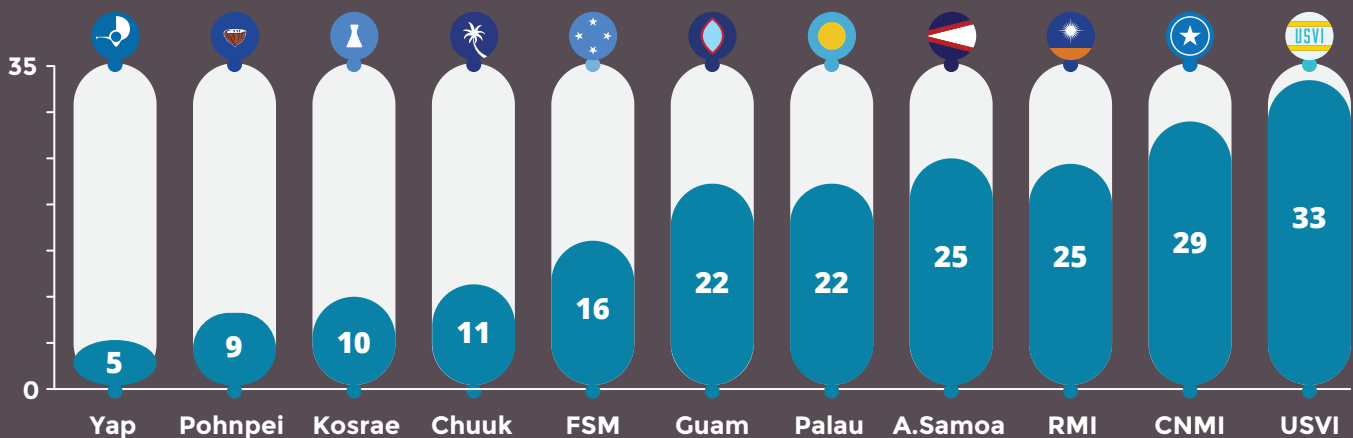
## 207 ELDP PARTICIPANTS BY PROGRAM YEAR

**38%**  
Male  
(79 alumni)

**62%**  
Female  
(128 alumni)



## 207 PARTICIPANTS BY INSULAR AREA

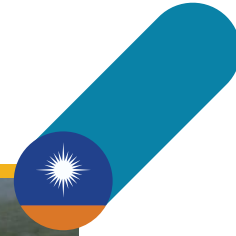


# ELDP PARTICIPANTS

(2008-2023) PACIFIC AND VIRGIN ISLANDS



*Celebrating 207 Program Participants!*



**ELDP 2023 Participants from the Republic of the Marshall Islands [L-R] Jasmine Myazoe, Benjamin Wakefield, Yetta Aliven, Claret ChongGum**

## **ELDP US VIRGIN ISLANDS - 2022-2023**

Five participants from the U.S. Virgin Islands ELDP Class of 2023 were competitively selected based on their current positions and career growth. They expressed a strong commitment to public service and demonstrated strong potential for leadership within their government. As part of their program, the participants will join over a hundred colleagues from the U.S. federal community as they focus on leadership and professional development over the year.

For the 2022-2023 program session, the USVI Executive Leadership Development Program continued in a virtual format. Following their selection to the program, participants from the Virgin Islands were welcomed to the first session in early September 2022. The USVI participants have completed three of the four scheduled virtual weeks of leadership training, which took place from

September 11-16, 2022; December 11-16, 2022; and March 12-17, 2023. The fourth and final session is scheduled for June 11-16, 2023.

By the time they complete the ELDP, participants from the U.S. Virgin Islands will have assessed their developmental strengths and needs in relation to the Executive Core Qualifications, developed personalized leadership development plans, engaged in hands-on practical learning experiences, and prepared for leadership roles early in their careers. The program will also provide them with various experiential learning opportunities, such as developmental assignments, opportunities to interact with and learn from experienced leaders, shadowing assignments, engagement in leadership literature, participating in community service projects, and working on team projects.

To date, the Interior Department has supported the participation of 33 leaders from the Virgin Islands who have successfully completed the program.



# Leadership in Action

The Executive Leadership Development Program (ELDP) launched the Leadership in Action Speaker Series virtually in October 2020. The series resumed in December 2022 with ELDP Class of 2023, which met in-person in Guam. The series continues focusing on ELDP leadership principles relating to current political, cultural, historical, and economic issues affecting island communities. Following each keynote presentation, participants engaged in discussion with the speakers.



ELDP 2023 Participants and PITI-VITI Staff with Master Navigator Larry Raiget.

## HON. LOURDES LEON GUERRERO, GOVERNOR OF GUAM

Guam Governor Guerrero shared her private and public sector career with the Executive Leadership Development Program participants. She explained how she formed her leadership style from her experiences as a nurse and head of the Bank of Guam. Governor Guerrero showed an unwavering commitment to addressing controversial issues and ensuring equity for the people of Guam.



*“Leadership is not about holding a title or a degree; it is about managing people with respect, dignity, and compassion, even when you disagree with them. A successful leader listens to different perspectives and makes decisions based on integrity, truth, and policy. During times of adversity, true leadership is shown by standing firm in one’s values and principles while treating others with respect and generosity.”*

## MASTER NAVIGATOR LARRY RAIGETAL

Larry Raigetal emphasized the significance of indigenous values, which include respecting elders and prioritizing the communities' well-being and interdependence. He also stressed the importance of having a strong sense of place, a connection to tradition, and the importance of flexibility as key leadership values.



*"You've got to have flexibility. Sometimes if the storm is bad enough as navigators, you have to pull down your sails and drift off to someplace. The fact is, you need to find out where you were relative to your path to get to the island. What you had to do is use your wits and your sense of birds and color of the ocean and so forth, the currents and drifts, and to establish once again where you are and to get you back on a path and to make the trip to the island that you desire to go to in the end. In other words, you had to account for the fact that you were not going to take a fixed journey, and everything was going to be okay. You had to account for these variations. You had to be flexible."*

## HON. JOSH TENORIO, LIEUTENANT GOVERNOR OF GUAM

Lieutenant Governor Tenorio shared the importance of empowering others toward action to effect lasting and meaningful change in communities.



*"Leadership is about empowering others and finding ways to positively impact the community, whether it be through beautification efforts, sustainability initiatives, criminal and juvenile justice reform, or education programs."*

## REVEREND FRANCIS X. HEZEL, SJ

Father Hezel, the former director of the regional thinktank Micronesia Seminar, discussed history and social change in Micronesia, and its impact on culture.



*"Education and preparation for the world are crucial for progress and growth, whether in the international community or the local island world. It is important also to find the balance between sacrificing for family and pursuing better opportunities."*

The Leadership In Action Speaker Series is scheduled to continue through 2023



The EconMAP team delivered an FY22 economic update to Palau executive and legislative leadership. (July 2022)



# The Economic Monitoring and Analysis Program (EconMAP)

[econmap.pitiviti.org](http://econmap.pitiviti.org)



## Strategic Goal 1:

Improve Leadership and Management Capacity to Effectively Perform.



## Strategic Goal 2:

Improve Financial Management Systems and Practices.



## Strategic Goal 3:

Increase Effectiveness and Program Results.

**EconMAP provides professional expertise to augment statistical reporting and economic analysis.** The U.S. Department of the Interior's Office of Insular Affairs designed the Economic Monitoring and Analysis Program (EconMAP) to address the need for continued professional expertise to augment existing statistical development and economic analysis in the three Freely Associated States (FAS): the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM) and the Republic of Palau. As the COVID-19 pandemic emerged early in 2020 and continued, the EconMAP program quickly adapted to a new environment. Standard annual economic reporting was replaced with timely, topical analysis of the economic impact of COVID-19. However, in 2022 the emphasis shifted back towards a more normal approach and a series of Economic Briefs replaced the earlier COVID Impact studies although continuing to focus on economic and fiscal consequences. While compilation of the normal statistical

series was restricted by delayed audits and the inability to travel to the FAS, EconMap has managed to maintain the large majority of statistical series utilizing online communications and virtual meetings.

**Provision of comprehensive statistical series.** EconMAP has assisted the FSM, RMI, and Palau with the provision of GDP time series, employment, outmigration, government finance and external statistics on an annual and recurrent basis. The pandemic continued to place constraints on preparation of the annual audits, and the FY2021 audits had not been completed by the end of 2022. The delay has impacted the timely compilation of the normal FY2021 and FY2022 time series of economic statistics.

**EconMAP Technical Support.** Throughout the 2022 program cycle, the EconMAP long-term regional economist and statistician conducted full-time work based in Palau. While direct support was possible in Palau, travel restrictions required remote support to the FSM and RMI.

**Highlights of outputs** and activities for the 2022 EconMAP program cycle include:

- ★ Preparation of preliminary Statistical Appendices for FY2021 for the RMI and Palau. In the case of the FSM no series was completed due to lack of data and COVID-19 travel restrictions.
- ★ Preparation of annual Economic Briefs for the RMI and Palau;
- ★ Support to the International Monetary Fund (IMF) staff visits to the RMI March 2022 and Palau (November 2022);
- ★ Preparation of three country focus papers on the impact of non-renewal and renewal of the economic provisions of the Compact.
- ★ Initial work (Palau) on a three country study on the response to COVID and data gaps: migration, remittances, foreign investment and micro/small enterprises.
- ★ Support to the establishment and facilitation of the Palau Economic Advisory Group;
- ★ Presentation to the Palau leadership in July 2022 on the current economic situation;
- ★ Design and delivery of an on-site workshop and participatory process to Palau stakeholders to adopt reforms to the Civil Service Pension Plan, November 2022;
- ★ Support for Palau's Economic Symposium, November 2022, with a lead presentation on the macroeconomic and fiscal risks facing Palau.
- ★ Support to Palau in the fulfillment of the requirements of the Fiscal Responsibility and Debt Management Act: preparation of the four-year Fiscal Strategy and annual Economic and Fiscal Update.

## ECONOMIC STATISTICS

The core output of EconMAP statistics program has been the compilation of annual time series of the major economic variables for each FAS. These data have underpinned the Annual Economic Reviews and Briefs. The statistical series are adopted as official government statistics to support FAS decision makers as well as regional agencies such as the IMF, ADB, World Bank, UN organizations, and others. The coverage and depth of these statistics have progressively improved and now meet most international standards for country surveillance.

**The COVID-19 pandemic has required online video conferencing to maintain statistical series.** EconMAP responds to each country's commitment to internal capacity development and demand for statistics (e.g. preliminary estimates) and supports the ongoing work of local statistics staff to the greatest extent possible. Throughout the COVID-19 pandemic such support has been maintained through regular phone and video conferencing. In some instances, however, capacity supplementation ensures that the core datasets are available timely.

## STATISTICAL WORK DURING 2022

### All Three FAS

**Remote support.** The FSM and the RMI remained inaccessible during most of 2022 to protect citizens from COVID-19. As a result, EconMAP team members have been unable to travel to the FSM and RMI, and remote support has been delivered. While most data series were maintained, the remote nature of the work required substantially more time input than would normally be the case.

### Palau

Palau has a small but effective economic statistics team and very good administrative source data. The tourism-based economy generates greater information needs than FSM and RMI. Deliverables during the 2021-2022 program year included:

- ★ Preliminary economic statistics for FY2021;
- ★ Annual economic statistics series for FY2021;
- ★ Customized data development to monitor COVID-19 impacts on Palau's economy and mitigation programs, and to inform economic reforms including Tax reform and minimum wage policy;
- ★ Support to Palau statistics on data development, including input into Tax reform implementation to ensure suitable administrative data from Palau PGST and other new tax returns.
- ★ Tourism Statistics.
- ★ Assessment of potential to generate migration statistics from Palau immigration records.

 **RMI**

Capacity supplementation is essential in the Marshall Islands due to longstanding human resource constraints, and source data shortcomings. Deliverables during the 2021-2022 program year included:

- ★ Preliminary economic statistics for FY2021;
- ★ Annual economic statistics series for FY2021;
- ★ Customized data development to monitor Covid-19 impacts on the RMI economy.
- ★ Development of migration statistics from the RMI's new Border Control system (MIDAS).

- ★ Institutional factors, including inter-departmental data sharing and statistical staff focus on the population census, have constrained the effectiveness of remote support for FSM economic statistics. Completion of key items including employment, CPI, and trade were dependent on follow-up by the FSM statistical staff, and timely FY2020 and FY2021 GDP estimates were not possible. The FSM statistical base will remain limited until data sharing issues have been resolved and until travel to FSM can resume.

 **FSM**

FSM has some statistical capacity but requires capacity supplementation. Staff development has been held back by challenges due to local institutional factors, geography, and weaker demand for statistics.

- ★ Non-availability of tax data has inhibited compilation of the GDP-by-industry series since FY2016. EconMap has liaised with FSM Finance and Statistics and is in the process of assisting FSM Statistics to resolve underlying data sharing issues.

**FSM: ECONOMIC DEVELOPMENTS AND ISSUES** 

**Economic performance before COVID-19 had improved.**

Performance of the FSM economy improved between FY2014 and FY2019 and grew by an average of 2.2 percent compared with the long-run average since FY1995 of 0.3 percent. However, growth has been erratic resulting in long periods of decline and subsequent periods of growth. The FSM economy experiences considerable volatility due to variation in domestic purse seine fishing operations.

**The FSM economy is projected to have contracted by 5.0 percent as a result of COVID-19.** Initial economic



**Participants at the Palau Public Service Pension Program reform exercise, including Finance Minister, Hon. Kaleb Udui, Jr., and Hon. Ngirai Tmetuchl, Minister of Human Resources, Culture, Tourism and Development.**

impact analysis indicated that GDP was likely to have fallen by close to 7% during the FY2020-FY2021 period. However, preliminary figures for FY2020 indicate a decline of 3.9 percent, and 1.2 percent in FY2021. The receipt of large aid flows to mitigate health and economic impact of COVID-19 all significantly reduced the overall impact of the pandemic.

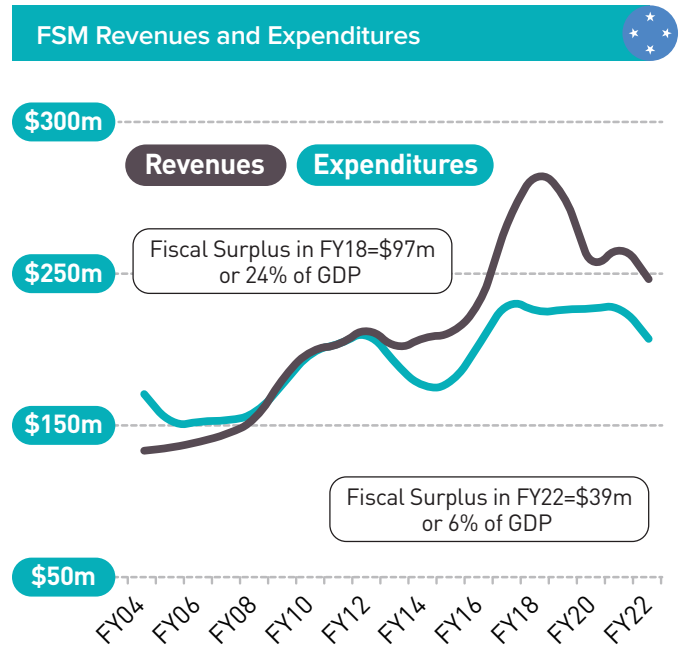
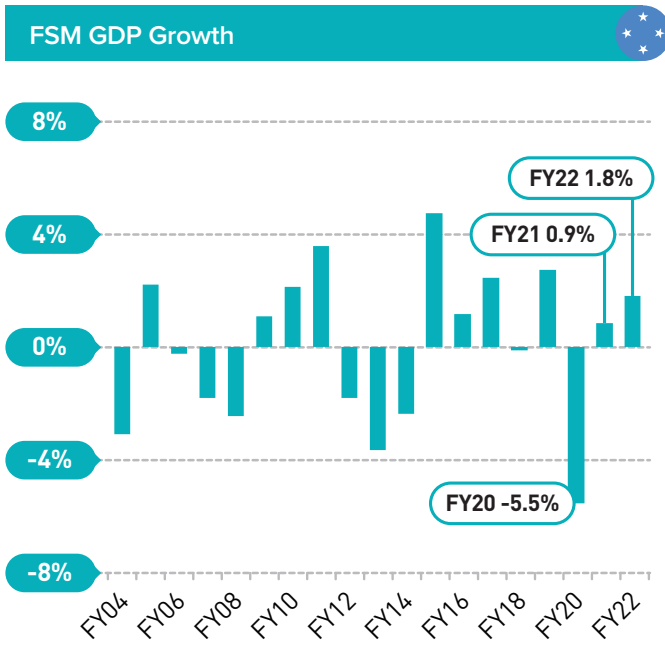
**Implementation of Vessel Day Scheme leads to rapid growth in sovereign rents.** Regional fisheries effectively fall under the Parties to the Nauru Agreement (PNA), which has led to a remarkable and sustained increase in member country revenues from the sale of vessel days—a fivefold increase for the FSM since the start of the amended Compact. The FSM received \$72 million of revenues—equivalent to 19 percent of projected GDP in FY2020.

**Creation of the FSM domicile for Japanese corporations has led to large inflows of resources.** In 2005 the FSM passed corporate tax legislation that enabled the creation of an overseas domicile which has created a steadily growing stream of revenues to the National government. In FY2018 there was an unusually large receipt of \$84 million. Again, in FY2019 there was a further large receipt of \$62 million. Although large payments are to be expected periodically, recent years have been exceptional. The steady component of this revenue base is, however, likely to grow gradually from its current level of \$10 million annually.

**FSM runs large fiscal surpluses.** The overall fiscal balance recorded a surplus of \$24 million in FY2020

or 7% of GDP. In FY2018 and FY2019 surpluses of \$98 million, a record, and \$77 million were recorded, respectively. The fiscal surplus attained in FY2020 represents a more normal year without the receipt of exceptional payments from the FSM domicile. The US provided significant resources for health mitigation and access to the US CARES Act unemployment benefits. The ADB also provided major mitigation resources.

**Large fiscal surplus has supported rapid growth in the nation’s own FSM Trust Fund.** The large increase in sovereign rents has been utilized in two major ways. First, and most importantly, the FSM has created a national trust fund (FSMTF). At the end of November 2022, the FSMTF is estimated to be close to \$354 million. Second, the increase in resources has permitted significant growth of national government congressionally specified projects. By FY2018 these projects had grown to \$23 million achieving a level of \$29 million in FY2020 or 8% of GDP. Large discrepancies between State and National fiscal outcomes is a cause for consideration and, perhaps, state-national deliberations. However, the fiscal outturn differed significantly between the FSM national and state governments. While the national government ran a surplus of \$26 million in FY2020, the states recorded a small deficit of \$2 million. The FSM state governments, where service delivery occurs, have been constrained by the declining real value of Compact grants. The FSM’s Tax Reform Commission, especially if its focus extends to all revenue sources and accounts for Compact renewal outcomes, could be an appropriate venue to reset state-national fiscal resource allocations..



## RMI: ECONOMIC DEVELOPMENTS AND ISSUES

The overall economic impact of COVID-19 is estimated to have been far less than originally feared. The economy is estimated to have declined by 1.8 percent in FY2020, grown by 1.1 percent in FY2021, and to have fallen by a further 0.9 percent in FY2022, bringing the total impact of COVID-19 to a 1.6 percent decline over the three years. The fishing sector went through a positive period and contributed 1.7 percent to economic activity despite the cutbacks in the loining plant. In the wholesale and retail sector, fuel distribution led to -1.0 percent impact on the economy reflecting reduced travel, but domestic retailing largely - for local consumption purposes - contributed a positive 0.2 percent. The small hotel and restaurant sector, reflecting travel restrictions, is estimated to have been responsible for -0.6 percent of the impact.

Fiscal policy in the RMI has been largely driven by revenue availability but fiscal balance has been maintained in most years. The RMI economy recorded a small average surplus of 2 percent per annum in the FY2010-FY2019 period as revenues expanded rapidly by an annual average of 5 percent. In FY2020 with the onset of COVID, the RMI recorded a surplus of \$5.8 million or 2.4 percent of GDP reflecting the large infusion of COVID-related grants. The US provided significant resources for health mitigation and access to the US CARES Act unemployment benefits. The ADB also provided major mitigation resources. In FY2021 the surplus fell back to

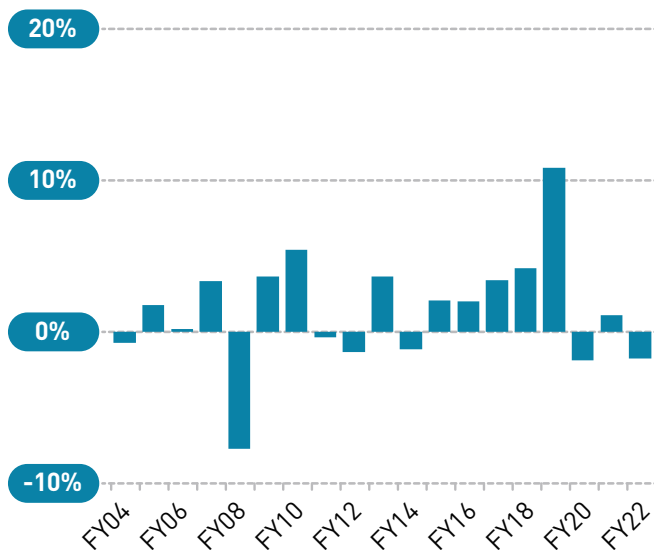
\$1.9 million or 0.7 percent of GDP as accumulated funds were run down.

Implementation of the Vessel Day Scheme leads to rapid growth in sovereign rents. The fisheries industry in the RMI comprises provision of shore facilities to skip jack tuna purse-seine operators, a home base for long line sashimi grade operations, and a fish loining plant. Total fish licensing and associated fees collected by the Marshall Island Marine Resources Authority (MIMRA) has grown from an average of \$2.4 million for the first five years under the amended Compact (FY2004-FY2008) to an average of \$30.6 million in the three years from FY2019-FY2021.

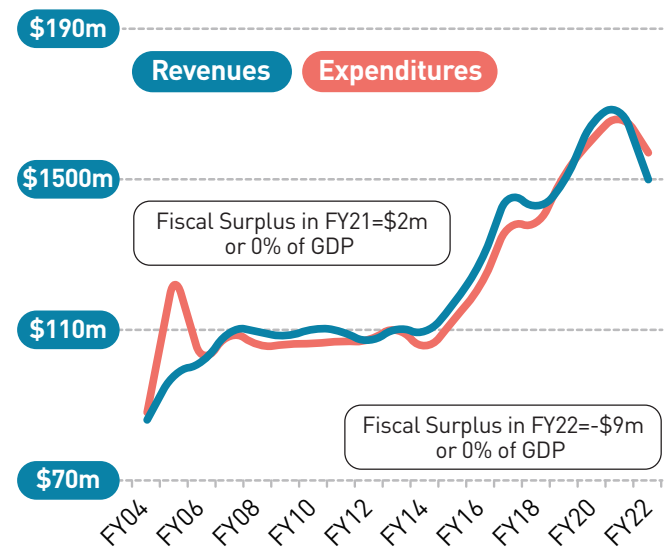
Expansion of expenditures suggests the need for a disciplined fiscal framework to guide fiscal policy. The five years prior to the onset of the pandemic saw a 52 percent rise in revenues due to booming fishing fees, growth in the ship registry and registration of offshore entities. Expenditures grew even faster by 67 percent suggesting the emergence of a structural deficit. In 2019 a fiscal strategy was designed, and a fiscal responsibility and debt management bill was passed into law in May 2021. The adoption of the FRDMA was a trigger for World Bank budgetary support, and the ADB's continued grant assistance. However, the FRDMA needs to be improved to restrain expenditure growth.

The SOE sector, comprising a dozen public enterprises, has underperformed and poses significant costs and fiscal risks. Given the challenges posed by remoteness,

RMI GDP Growth



RMI Projected Revenues and Expenditures



small size, and dispersion, state-owned enterprises (SOEs) are active in numerous crucial sectors of the RMI economy. However, the RMI's SOE sector has underperformed, operating at an average annual loss of up to 7.6 percent of GDP and incurring average subsidies of 6.8 percent of GDP over the three years, FY2019-FY2021. In 2015 an SOE Act was passed into law to focus public enterprises on achieving commercial viability as well as strengthening governance structures and accountability. An SOE unit has been created and SOEs now prepare an annual statement of corporate intent and regular business plans which are submitted to the Nitijela. However, reform of the sector will be a long-term undertaking.

## PALAU: ECONOMIC DEVELOPMENTS AND ISSUES

**The Palau Economy contracted by 20 percent in FY2022 compared with FY2019.** FY2020 was set to be a good year for Palau's tourist economy with 120,000 visitors anticipated. COVID-19 led to zero visitors by the end of March 2020. While the overall contraction in GDP was quite large at 7.2 percent, the full impact was not felt until FY2021, when GDP declined a further 12.5 percent. In FY2022 the anticipated recovery failed to emerge, and the economy is projected to have declined by a further 1.2 percent.

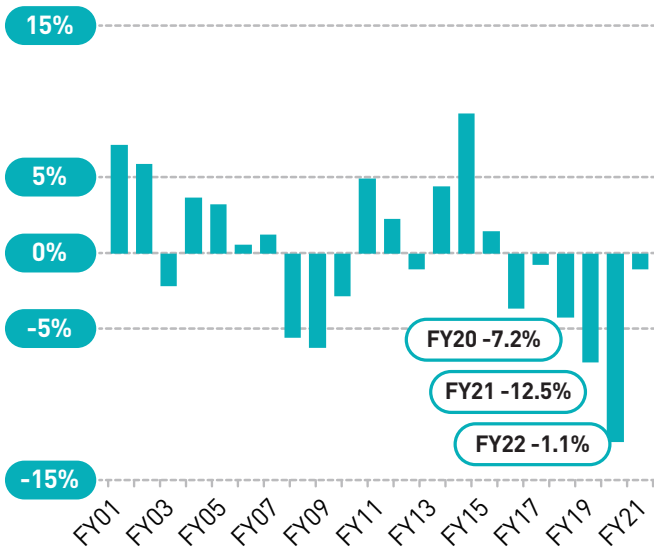
**The economic impact of COVID-19 on the economy was uneven.** The public sector—including the national,

state and government agencies—was remarkably stable throughout the pandemic showing little variation, declining by 1 percent. The volatility of the economy, however, was reflected in the private sector, which contracted precipitously by 34 percent. While the contraction in private sector GDP was unprecedented, it was largely confined to the tourism economy, as the various mitigation programs supported demand for non-tourism activities. While the tourism economy contracted by 82 percent non-tourism activities declined by 15 percent.

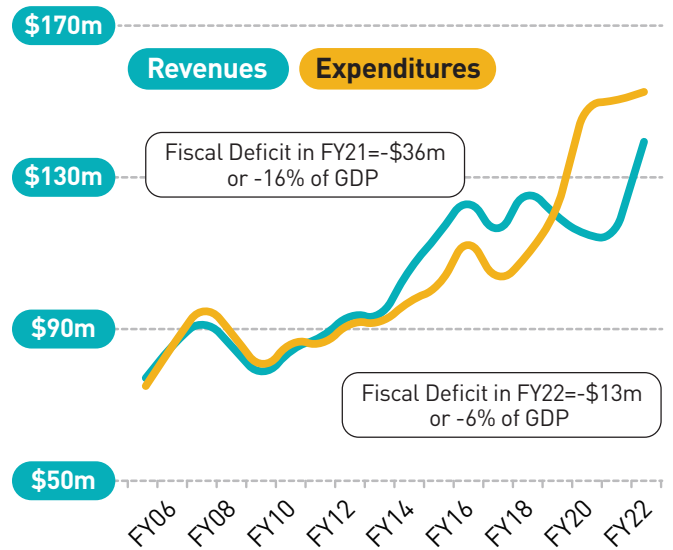
**Palau enacted COVID-19 mitigation programs to assist unemployed workers and benefits from the US CARES program.** In response to the pandemic Palau enacted a series of mitigation programs under the CROSS Act and benefited from unemployment provisions for Palauans available under the U.S. CARES program. The local CROSS Act included unemployment benefits for foreign workers, a temporary jobs program, assistance to adversely affected private sector businesses and lifeline support for adversely affected households. The impact of both the CROSS and CARES programs provided a strong stimulus to the economy.

**The fiscal outturn recorded a deficit equivalent to 13 percent of GDP in FY2020, an even larger 16 percent in FY2021 but remained sizeable in FY22 at 6 percent as recovery failed to emerge.** The tourism economy had grown significantly before the impact of the pandemic, establishing a sizeable fiscal buffer. This reserve fortuitously provided a source of funds to mitigate some of the impact of the pandemic in FY2020. Taxes

### Palau GDP Growth



### Palau Revenues and Expenditures







The EconMAP team delivered a keynote address at the 2022 Palau Economic Symposium. (November 2022)



declined by 22 percent during the pandemic. However, given that taxes represent 46 percent, less than half of total revenues, with grants, fishing fees and COFA Trust Fund drawdowns making up the rest, the impact on total revenues was less dramatic than the collapse in the economy might imply.

**External debt is expected to rise to high levels.** The large increase in fiscal deficits and the continuing need for financing through FY2019-FY2022 (and beyond) required Palau to take on a series of loans from the Asian Development Bank. While an initial two loans totaling \$35 million were rapidly disbursed with few conditions, a third policy-based loan of \$55 million required Palau to enact a series of reforms to ultimately restore and then maintain fiscal sustainability. From a low level of debt- to-GDP in

FY2019 of 32 percent, external debt is has risen rapidly to 82 percent in FY2022 and is anticipated to rise further to 90 percent in FY2022 before rapidly declining as the economy and tourism economy recovers.

**Palau enacted several major pieces of reform legislation: a fiscal responsibility and external debt management act, a tax reform law, corporations and arbitration reforms.**

The fiscal responsibility framework will lay the ground for the conduct of sustainable fiscal policy during future periods of increased debt service obligations. The tax reform introduces a Palau goods and service tax, and a new business profits tax. These will provide Palau with a modern and efficient tax regime that will provide a powerful source for enhanced tax effort should the need arise.

The PITI-VITI EconMAP team delivered an economic update to Interior Assistant Secretary Carmen Cantor and the Chiefs of Mission from the FSM, RMI and Palau. (January 2023)



# Training & Technical Support

 [learn.pitiviti.org](https://learn.pitiviti.org)

 <p><b>Strategic Goal 1:</b> Improve Leadership and Management Capacity to Effectively Perform.</p>	 <p><b>Strategic Goal 2:</b> Improve Financial Management Systems and Practices.</p>
 <p><b>Strategic Goal 3:</b> Increase Effectiveness and Program Results.</p>	 <p><b>Strategic Goal 5:</b> Improve the Capacity and Capabilities of the Public Sector Work Force in Critical Positions and Functions.</p>

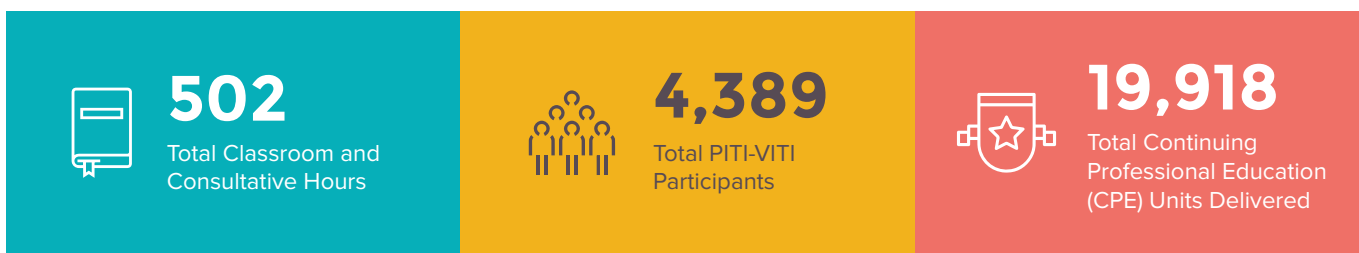
A particular strength of the PITI-VITI program is its demonstrated ability to ‘harmonize’ the strategic goals and priorities of federal and insular governments to design and effectively implement training and technical assistance interventions that deliver improved results. PITI-VITI has offered classroom training courses in various subject areas, drawing from the rich curriculum and instructor resources offered by the Graduate School USA.

Recent training topics have highlighted ethics, governmental accounting, grants management, auditing, leadership and management, performance-based management, fraud, internal controls, and updated GASB lease training. In addition to traditional classroom-style training, PITI-VITI also delivered consultative activities targeted to support government and site-specific initiatives.

In the 2022-23 program period, PITI-VITI conducted 53 total classroom and consultative activities: 36

formal classroom-style courses and 17 informal training, presentation, and consultative engagements. These totals include:

- ★ 10 sessions of the Executive Leadership Development Program, primarily for current participants but also for program alumni;
- ★ 7 consultative engagements, including presentations and informal workshops;
- ★ 23 classroom-style training courses, mostly delivered virtually; and
- ★ 13 courses delivered during the virtual 2020 APIPA Conference.
- ★ In total, 502 classroom and consultative hours were delivered to 4,389 participants. There were also 19,918 Continuing Professional Educational (CPE) units awarded through classroom training.



# COURSE PARTICIPANTS BY JURISDICTION

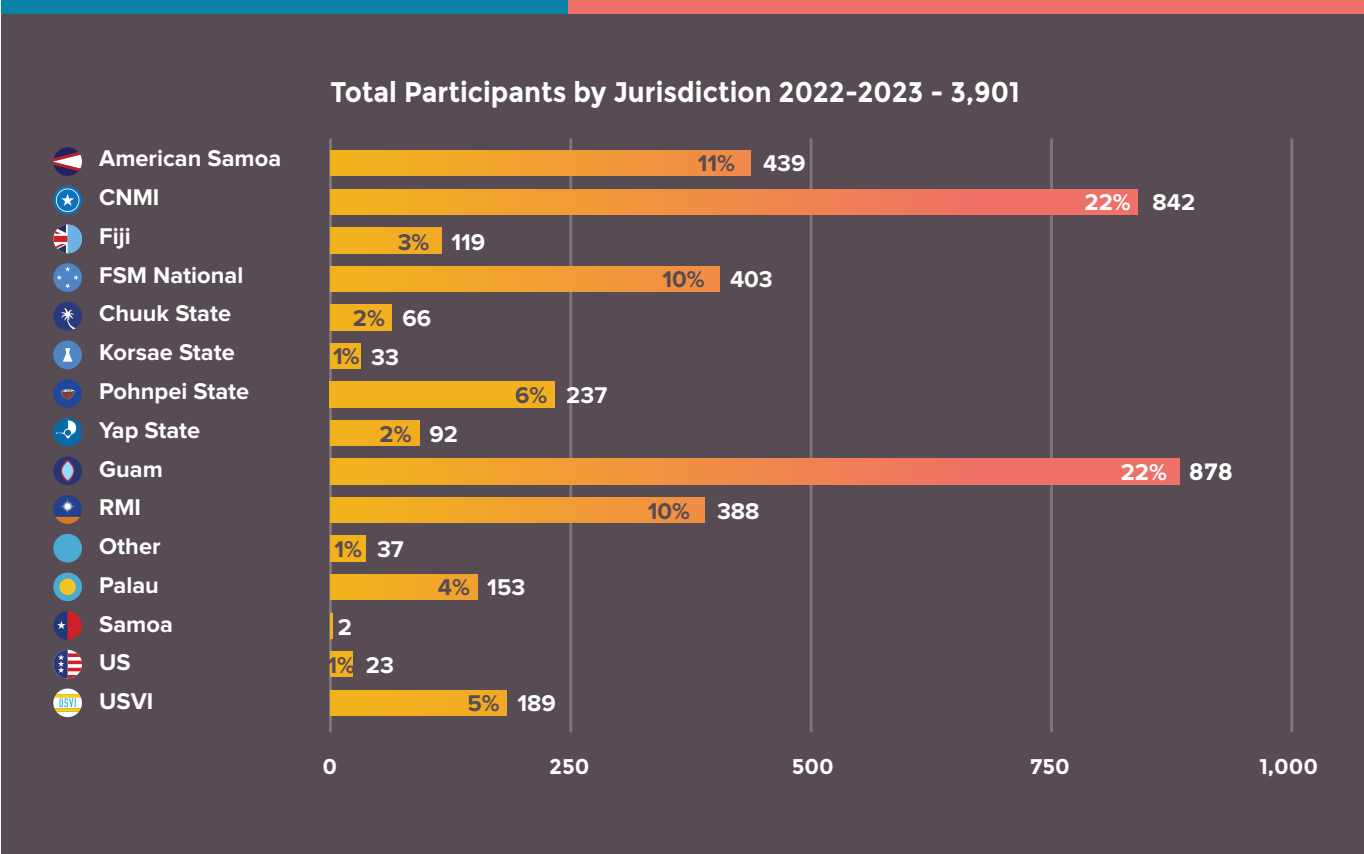
The graph below indicates that 3,901 participants attended 36 PITI-VITI courses during the 2022-23 program year. This number reflects both on-site (15) and virtual (20) course attendees and is consistent with the 4,389 participants who completed courses in the 2022-23 PITI-VITI program year.

Guam represented the largest number of PITI-VITI course participants this program year (878), followed by the Commonwealth of the Northern Mariana Islands (842), Federated States of Micronesia (including the four states of Chuuk, Kosrae, Pohnpei, and Yap) (831) and American Samoa (439).

The number of participants from the U.S. Virgin Islands (USVI) was comparatively low due to timing-related challenges that made it difficult for participants to attend the regional PITI-VITI course offerings. Out of the 240 USVI participants, 163 were able to complete the four courses that were tailored exclusively for the USVI audience.

The successful use of virtual course delivery has allowed PITI-VITI to broaden its regional reach, welcoming participants from audit and finance offices in Fiji, Samoa, and Egypt (totaling 122 attendees). Including additional regional Pacific, participants have enriched course discussions and contributed to positive course outcomes while not adding extra expenses to the PITI-VITI program.

Although the demand for on-site training is expected to increase in the 2023-2024 program year, the virtual course delivery will remain a component of the PITI-VITI program. This is because the virtual format enables participants to attend courses without the constraints of location and time, expanding the program’s reach to a broader audience. Therefore, despite the anticipated decline in the overall number of participants in the coming year, virtual course delivery will likely continue to be part of PITI-VITI training.



## LEVERAGING THE BEST OF IN-PERSON AND VIRTUAL TRAINING TO MAXIMIZE IMPACT

During the 2021-2022 program cycle, the COVID-19 pandemic presented unique challenges to delivering training and consultative initiatives in the Pacific and Virgin Islands.

The insular areas faced unprecedented challenges, requiring them to respond quickly to significant disruptions in health care, economic activity, and livelihoods. PITI-VITI was able to rapidly—and successfully—shift from in-person to virtual program delivery; with a custom Learning Management System supported by virtual training. Consultative activities were delivered online, including fiscal reform efforts in the CNMI, COVID impact presentations in the Freely Associated States, and AIPA and IGFOA conferences.

As the insular islands began to re-open, PITI-VITI was able to gradually shift back to in-person training delivery. With travel and in-person training options restored, the program was able to offer a total of 22 on-site courses and consultations, which was a significant step towards restoring the traditional training delivery model, allowing for direct interaction and hands-on learning. However, as the program returns to in-person delivery, it will also need to balance the benefits and challenges of virtual training, such as reduced costs and increased accessibility. By adopting a hybrid approach to training delivery, PITI-VITI can leverage the best of both in-person and virtual training to maximize impact and reach broader audiences.

While virtual PITI-VITI courses have been delivered regionally to participants across the insular areas, they have faced certain challenges. Course duration and content have been reduced to accommodate online learning and technical courses requiring exercises and extended interaction has yet to be successful. Additionally, participant attentiveness can be challenging, especially when compounded by technological and connectivity issues, limited internet access, outdated computers, an inability to be on-camera, and time differences. Nonetheless, virtual training has been an effective tool for reaching more people and reducing costs, offering shorter topics that garner regional interest delivered virtually.

To address these challenges, training cycles will strategically incorporate virtual training, with shorter topics delivered virtually and technical issues delivered in person. Augmenting in-person activities with virtual

follow-up creates new possibilities for administering the PITI-VITI program as effectively and efficiently as possible. By blending both in-person and virtual training, PITI-VITI can provide a comprehensive training experience that meets the needs of participants across all insular areas.

## PITI-VITI LEARNING MANAGEMENT SYSTEM

The PITI-VITI program has shifted the Learning Management System (LMS) to support both virtual and in-person training. The LMS allows for seamless delivery of courses to participants whether they attend virtually or on-site. This system has been crucial in ensuring that participants from across the insular areas can access and benefit from PITI-VITI courses. With the LMS, participant registration, course participation tracking, course material sharing, and certificate distribution are all made more efficient and accessible.

The Learning Management System (LMS) is tailored for insular government participants. The PITI-VITI LMS, online at <https://learn.pitiviti.org>, incorporates numerous features to ensure that insular government participants can easily attend training while also ensuring certificate eligibility:

- ★ Course delivery dates and times are customized by time zone preferences set by each user
- ★ Countdown timers are prominently displayed throughout course pages to clarify start times
- ★ Course sign-in pages create records of participant attendance and simplify access to virtual sessions
- ★ Course evaluation pages assess course effectiveness and provide feedback to instructors and PITI-VITI program managers
- ★ Automated email messages with embedded countdown timers and prominent buttons, remind participants to join sessions, access course materials, evaluate courses, or download certificates
- ★ Administrative pages provide participants with a history of completed courses and access to certificates
- ★ Course dashboards track attendance by jurisdiction, attrition rates, and evaluation results

While the PITI-VITI team continues to enhance the LMS to respond to insular government needs, the system has been central to the successful delivery of over 31 courses

to 3,901 participants across the insular areas. Overall, implementation of the LMS has greatly enhanced the flexibility and effectiveness of the PITI-VITI program’s training delivery. Highlight the website at <https://learn.pitiviti.org>

## REGIONAL AUDIT TRAINING

PITI-VITI provides audit training and technical support to ensure that insular audit offices fully comply with the competence and quality control requirements in Government Auditing Standards. These professional requirements contain standards for both audit offices

and for each individual auditor’s competence. Two important auditing standards PITI-VITI supports for insular audit offices are:

- ★ **Competence - Continuing Professional Education.** Each auditor must obtain at least 80 hours of continuing professional education every two years, and at least 24 of these hours must be audit training in the government environment;
- ★ **Quality Control -** Each audit office must undergo an external quality control review (“peer review”) every three years.

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

In 2022, PITI-VITI provided audit instruction and technical expertise at the APIPA Annual Conference and delivered 17 customized audit training courses for Continuing Professional Education to public audit office staff in the insular areas. These courses included topics ranging from writing audit reports to ethical decision-making and from developing audit objectives to training on Government Auditing Standards. In addition, PITI-VITI developed and offered training on the APIPA Peer Review program. Training locations for in-person, on-site training in the 2022-23 audit curriculum included Guam, the U.S. Virgin Islands, American Samoa, and the Republic of the Marshall Islands, combined with a series of general and office-hosted virtual programs throughout the program year. PITI-VITI audit training in 2022-23 (including in-person and virtual) reached over 1739 insular government auditing professionals.

The screenshot displays the LMS interface for a course titled "AUDITING COVID SPENDING IN THE PACIFIC ISLANDS: Opportunities and Challenges". The interface includes a course description, a "NEXT SESSION" timer showing 06:13:25:08, and a "Registered Participants" section with a donut chart showing a total of 3,745 participants. The chart is broken down by region: Guam (1,017, 27%), CNMI (988, 8%), Am.Sam (253, 14%), Fiji (194, 21%), Samoa (175, 15%), Chuuk (165, 11%), RMI (148, 27%), Palau (116, 7%), Pohnpei (112, 4%), and Others (577, 9%). A "Vaccine Information" section shows 3,222 participants with vaccination status uploaded. The interface also features instructor details for Bob Adachi and an on-site coordinator, Rebecka Rainwater.

<https://learn.pitiviti.org>

PITI-VITI invited topic recommendations from audit offices for both the APIPA conference and for local training, which were delivered via virtual or in-person sessions. Principals and staff members contributed suggestions and requested topics for training. Training included a combination of content from each instructor's subject matter expertise and curriculum from the Graduate School USA's Government Audit Training Institute. APIPA topics included internal controls, developing audit objectives, reporting and auditing sustainability information, leadership, financial statement auditing, and the single audit.

PITI-VITI's regional audit training also contributed to outcome-oriented results that improved auditing and transparency in the region. In 2022-23, insular government audit offices:

- ★ Developed more capacity and expertise in performance, financial, investigative, and grant auditing, including hiring staff and staff development through training in these areas;
- ★ Improved audit report quality;
- ★ Facilitated broad discussion of audit results through insular government legislatures, media, and the public.

Our strength and tradition rest with the importance and contact that in-person, on-site training can bring, and we also remain nimble in our use of technology tools to offer training in the region best tailored to the specific needs of insular audit professionals. PITI-VITI will remain flexible to keep and expand the capacities we've developed based on current demands.

## APIPA PEER REVIEW & INSTITUTIONAL SUPPORT

The insular audit offices PITI-VITI supports follow Government Auditing Standards requirements, and each insular government audit office is required to undergo an external quality control review ("peer review") every three years. The next full cycle of visits and reports is now scheduled for 2023, due to extension authority given to APIPA by the U.S. Government Accountability Office due to pandemic-related travel restrictions.

PITI-VITI supports APIPA by providing training and technical support on auditing standards. In 2022-23, PITI-VITI provided the following support:

- ★ PITI-VITI assisted and advised APIPA in developing its peer review schedule, considering extension requests due to pandemic travel restrictions.
- ★ PITI-VITI continued to provide virtual training in Government Auditing Standards to island auditing professionals to help ensure competence and compliance with the standards. This included two virtual sessions on the APIPA Peer Review Manual and one in-person session on the Standards offered in Guam in conjunction with the APIPA Principal's meeting, including in-person attendance by public auditors from Guam, the Northern Mariana Islands, Palau, Micronesia, and the Marshall Islands.
- ★ PITI-VITI provides remote, on-call technical support and assistance to APIPA peer review teams as they conduct and complete reviews.



The Republic of Marshall Islands Office of the Auditor General enhanced their Auditing Skills with PITI-VITI Instructor Drummond Kahn. (December 2022)

## REGIONAL FINANCE TRAINING

In the fiscal year 2022-23, PITI-VITI provided financial training to government participants across the insular areas. The AIPA Conference served as a central platform for finance professionals to attend courses that covered a broad range of topics, including updates on governmental financial accounting and reporting, understanding financial statements and the single audit report, and discussion on environmental, social, and governance (ESG) initiatives. Over 800 attendees primarily from central finance offices but also from other government departments, component units, and offices attended AIPA finance training.

Wherever possible, courses were customized to a specific government. PITI-VITI responded to a request for in-person training from the CNMI's Department of Finance and Guam's Office of Public Accountability and Department of Administration to support the implementation of new lease accounting standards. The training, held from September 7-16, 2022, aimed to help participants understand the new GASB 87 standard that introduces new concepts for what is a lease and what is not a lease, which has altered the historical landscape of how lease accounting has always been performed. The training involved a classroom format on the initial training day, followed by one-on-one meetings with subject matter experts to apply course concepts and analyze their respective leases. The participants also received personalized consultations and on-site meetings with government organizations, including a Microsoft Excel analytical tool, to calculate the associated financial impact of their respective leases. Remote follow-up support will be provided to insular government agencies as they finalize their single audits and implement the new standard. Forty-eight CNMI and 106 Guam participants attended the training. Remote follow-up support will be provided to insular government agencies as they finalize their single audits and implement new standards.

## REGIONAL GRANTS TRAINING

PITI-VITI's regional grants training initiative was developed to address audit findings on federal grants through an emphasis on internal controls and improved oversight and management. In the last year, PITI-VITI has provided distance learning and in-person Grants Management Uniform Guidance training to almost a thousand participants. Practical assessments and exercises focused students on program management, quality control, and

compliance with COVID supplemental funding. Participants were shown how to produce grant manuals, sub-recipient monitoring systems, and evaluation programs. Courses covered grantors' expectations for program oversight and accountability and used case studies and actual audit findings from the jurisdictions to practice and better understand how to improve outcomes. Participants reviewed examples of Notice of Funding Opportunities (NOFOs) and Funding Opportunity Announcements (FOAs) for specific grant requirements and learned how to determine program expectations to ensure that activities are allowable and expenses are justifiable.

The lack of internal controls in the USAPI has led to several repeating findings related to Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Equipment and Real Property Management, Matching, Level of Effort, Earmarking, Procurement Suspension and Debarment, Reporting, Special Tests and Provisions, as well as sub-recipient Monitoring. In addition, staff shortages, difficulty in procurement, problems with IT systems, and lack of policies and procedures have led to problems in spending funds and meeting program objectives. The grants management training program's purpose is to provide training and technical assistance to help the jurisdictions improve their oversight and performance with federal funds.

In June 2022, forty-five students completed a virtual Grants Management Overview to learn updated information about grants guidance, including the responsibilities of recipients and key tasks that must be completed during the project period. The course was most informative for administrative and program staff who did not have extensive experience in grants management

In August 2022, sixty-four participants completed an in-person Grants Management course in St. Thomas in the USVI that provided information about how to update program/project narratives, how to prepare a continuation application, and to highlight steps necessary to make grant changes. This course highlighted actions required by the uniform guidance and offered strategies and suggestions to improve outcomes through better communication and understanding. There were also afternoon sessions for offices that had specific technical assistance requests.

At the August and September 2022 APPIA Conferences, two courses related to grants management were taught: "How to Deal with Risk: Implementing Internal Controls" with 232 participants and "Being Realistic, Writing Good Goals and Objectives" with 222 participants. These



**CNMI Government  
Representatives attended Grants  
Training with PITI-VITI Instructor  
David Rykken. (Feburary 2023)**



courses focused on internal controls and improving work plans and program evaluation.

During activities from November 16-18, 2022, forty-eight participants completed a distance learning Grants Management refresher course that provided updated information about grants, including the responsibilities of recipients and key tasks that require completion during the project period. In addition, participants learned how to do post-award actions and understand what the grantor is looking for in reports and audits.

In February 2023, a Grants Management Overview course was coordinated by the Guam Department of Administration. There were 107 student attendees from the Departments of Education, Labor, and Health as well as many other federal grant recipients. Most of the student attendees did not have prior training in grants management. In addition to the overview and demonstration of grants management tools, many local issues were addressed, and departments exchanged information as well as conducted internal assessments and sub-recipient monitoring to focus on areas of improvement. In the afternoon sessions, there were focused meetings with specific training for the Department of Public Health, Guam Memorial Hospital Authority, Department of Administration, Department

of Education, Department of Labor, Ethics Commission, Department of Agriculture, and Guam Housing & Urban Renewal Authority. Guam had many financial and administrative issues caused by COVID-19 and the 2018 typhoons that have positioned them about two years behind in their single audits.

In late February and early March 2023, two courses were taught in Saipan and CNMI related to grants management: Grants Management Overview and Writing Goals and Objectives Well. The CNMI Department of Finance coordinated with more than 70 students in each class with many departments that receive federal grants. The primary focus of training was on the Uniform Guidance and Compliance Supplement, which included how to stay in compliance using the cost principles, administrative and audit requirements, and internal controls. CNMI requested a course on how to improve grant writing, so that was offered on Thursday and Friday with a focus on writing goals and objectives well in the context of their strategic plans and desired outputs and outcomes.

Many of the insular governments' single audits were delayed due to limited staff, challenges with remote work, and the availability of auditors. In addition, there were many financial challenges within insular government economies. The training focused on



ongoing dynamic changes and guided updates on requirements related to the grants. The tools provided through PITI-VITI grants training have raised awareness and skill levels and led to an improvement in the outcomes of many jurisdictions' grants.

## INTRODUCTION TO PROJECT MANAGEMENT

In the 2022-23 program period, PITI-VITI responded to the growing demand for project management skills by introducing two new courses.


The Introduction to Project Management course provided an overview of project management concepts and the responsibilities of project managers. These courses were requested by insular governments and were offered regionally in July and August 2022.







The Principles and Techniques of Project Management course was hosted by the USVI Office of Management and Budget and attended by department representatives from various departments and organizations, including the Virgin Islands Department of Education, Bureau of Motor Vehicles, Department of Finance, Government of the Virgin Islands: Division of Personnel, IRB, Department of Labor, Department of Health, Department of Property & Procurement, Bureau of Information Technology, United States Virgin Islands Police Department, and USVI Department of Human Services. The course instructor used a hands-on, interactive approach to teach participants the high-level techniques needed to manage a project from start to finish. Participants were required to identify a specific project and work in cross-functional regional teams to define the project scope, identify stakeholders, assess risk, and complete the project.

A total of 104 participants completed these courses.

## FINANCE OFFICE SYSTEMS AND PROCESSES

Procuring and supporting financial management information systems (FMIS) remains a critically important issue for the insular areas.

-  Guam has signed a contract for a new cloud-based government financial management system;

-  The Federated States of Micronesia is refining documentation to initiate procurement of a new FMIS system with financial and technical support from the World Bank;
-  The Republic of the Marshalls Islands is in the early stages of FMIS procurement, also with World Bank support;
-  The Commonwealth of the Northern Mariana Islands selected Tyler Technologies Munis system through its procurement process, with an initial conversion date of 9-30-21. Implementation tasks are continuing;
-  The Republic of Palau has recently completed conversion to their new FMIS in early 2020, with continual updates to internal processes;
-  The U.S. Virgin Islands is utilizing a new grants management module as part of their finance system;
-  American Samoa continues to refine workflow processes interfacing with its system.

Financial Management Information Systems (FMIS) are critical to the central operations of insular governments. FMIS represent significant financial investments, but also tremendous investments of time and resources. The leadership in island governments has re-learned the lesson that system implementations are not a one and done process. In order to maintain an effective operation, staff must continue to be trained and process must continue to be reviewed to best utilize the technology. Both the hardware and software of modern systems need maintenance in the same way a vehicle should continue to have oil changes and occasionally new tires. PITI-VITI continues to support the financial management and systems operations of the insular areas.

The CNMI implemented the Tyler Technologies Munis software with the initial conversion date of 9-30-21. In the midst of the Covid pandemic the CNMI was hampered with limited staff taking on the administration of large Covid grants while attempting to complete the FY20 audit. Lacking a complete understanding of how the CNMI financial system should be set up, the Tyler consultants oversaw some poor design and configuration decisions.

In February 2023, the new administration engaged additional Tyler consultants to assist with a "re-implementation" and re-training. A PITI-VITI consultant reviewed some critical system processes along with Tyler and worked with the CNMI staff to determine where and what changes should be made. As of April 2023, the work is on-going and far from complete.

## QUICK RESPONSES TO REQUESTED TRAINING

PITI-VITI has a successful and longstanding history of providing quick responses to government requests for training. For example, the Auditor-General's Office in the Republic of the Marshall Islands identified a specific need for Continuing Professional Education for the audit staff before the end of the calendar year 2022. PITI-VITI responded by organizing and deploying on-site training to meet this need during December 2022.

When travel restrictions impacted island audit offices, PITI-VITI responded by offering hybrid training. An in-person course on Government Auditing Standards that was offered in Guam could also accommodate participants virtually from Kosrae State and American Samoa.

A specific request by APIPA members for peer review training was quickly and effectively organized, offering two virtual sessions in September 2022 and November 2022, accommodating interested offices and auditors, and offering a course facilitated by a PITI-VITI instructor working with a subject-matter expert from Guam's Office of Public Accountability.

American Samoa's Territorial Audit Office requested in-person ethics training for the Ethics Officers representing all government agencies. We organized and offered specific in-person training for a day-long session attended by 68 American Samoa Government ethics officials, with the course facilitation including a PITI-VITI instructor and a legal expert from the American Samoa Government.

PITI-VITI leveraged its resources by offering on-site training courses that combined different types of training for government officials. For example, they provided audit training to U.S. Virgin Islands Inspector General officials and offered budget training to the islands' Office of Management and Budget during the same trip. Additionally, they provided audit training to American Samoa's Territorial Audit Office while providing general ethics training to the broader government on the same trip. This dual approach allowed PITI-VITI to offer a comprehensive training experience to participants while maximizing time and expenses.

## TECHNICAL ASSISTANCE TO AUDIT OFFICES

In addition to programming and providing training through on-site, virtual, and conference delivery, PITI-VITI offers technical assistance on request. In the program year, PITI-VITI advised many government audit offices across the program based on specific questions from the offices. PITI-VITI provided technical and advisory assistance on topics including:

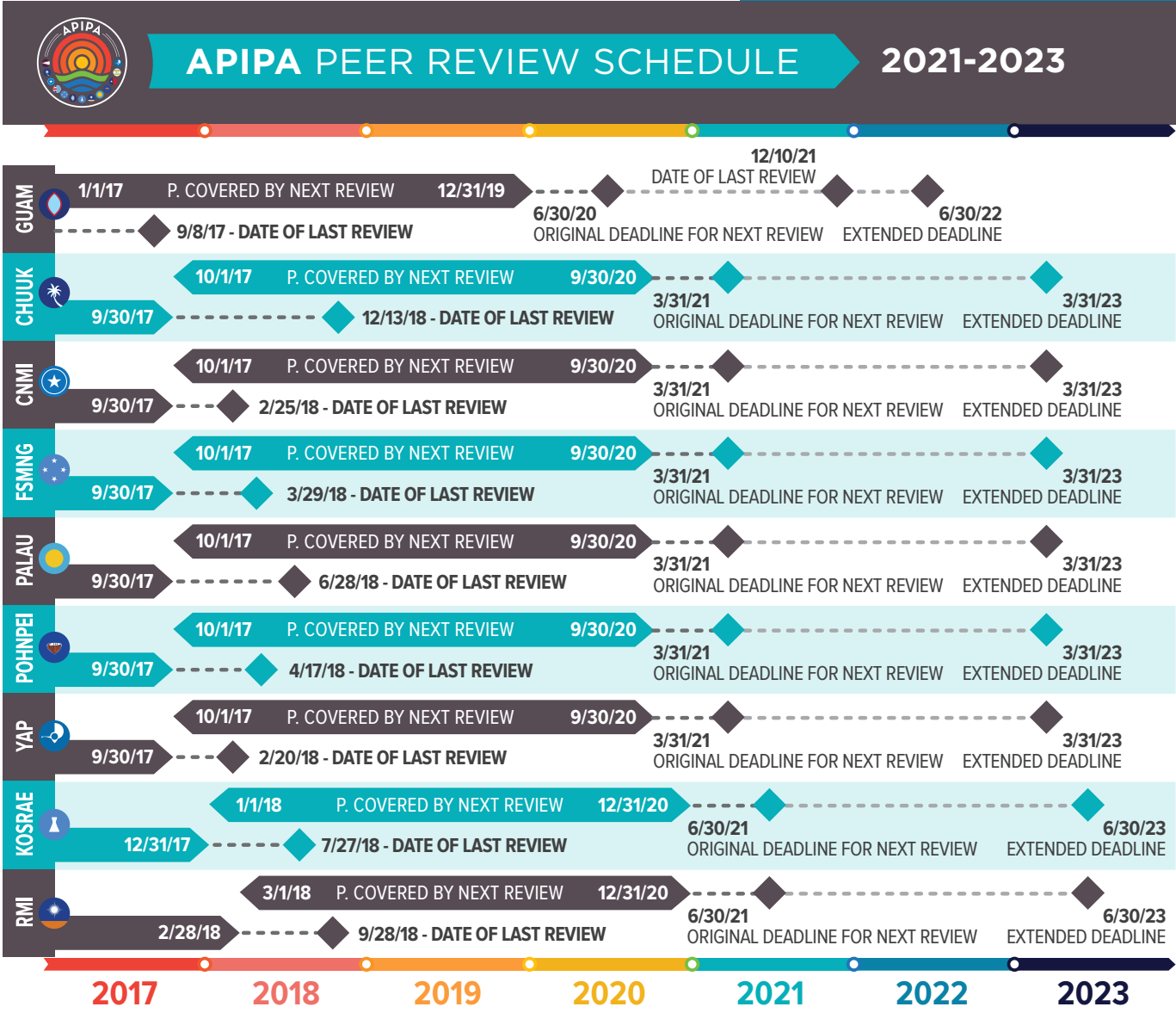
- ★ Audit independence and the role of auditors and audit offices if organizations have government roles in addition to their audit responsibilities, and how to document potential threats and safeguards in accordance with auditing standards.
- ★ Audit report writing, including collegial review of report language and connections between audit findings and audit objectives. Reviewed draft audit objectives as a follow-on to audit objectives training, discussing clarity and scopes of draft audit objectives.
- ★ Fraud hotline procedures and processes, equipping insular offices with suggestions and examples of hotline structures and reporting processes from audit offices operating hotline programs.
- ★ Audit policy and procedure manuals, including collegial reviews of draft materials and discussion with audit offices on manuals' interface with the external quality control reviews.
- ★ Recruiting and retention of qualified staff, with a particular focus on some governments' licensing and certification requirements for audit managers and staff. Equipped audit offices with recruiting tools ranging from promoting and advertising audit positions to discussing requirements for audit positions under recruitment.
- ★ External quality control issues for peer review, and report language on peer review compliance by audit offices. Several offices asked for guidance on reporting compliance with government auditing standards in their audit reports. PITI-VITI provided source information from the standards and discussed the process for offices to complete their reviews and to report compliance.
- ★ Audit planning and scheduling, ranging from staging audit projects in a fiscal year to developing scope and objectives for audit projects. We provided general consultation and examples of audit programs and scheduling to requesting offices.

★ Audit contractor transitions – an external audit firm that had provided financial audit services to many PITI-VITI audit offices is ceasing its work in the region, so technical discussions on succession planning and audit firm transitions were frequent topics in the assistance we provided. Questions ranging from audit contract oversight continuity to changes in contracts were discussed in this technical assistance.

This year, questions about audit standards, audit planning, audit objectives, recruiting, independence, and financial audit contracting issues were among the most frequently asked.

PITI-VITI’s instructors are subject matter experts and are often called upon to provide reviews or serve as sounding boards for island government audit offices.

With support from PITI-VITI, the APIPA Peer Review timeline has been extended to accommodate delays relating to COVID-19.



# PITI-VITI Press Releases (2022-2023)

## 2022

**April**

Sixty-One American Samoa Government Ethics Officers Complete PITI-VITI's **Ethical Decision-Making Workshop**

**May**

Interior's Office of Insular Affairs Announces **Executive Leadership Development Program** for Public Sector Officials from the **U.S. Virgin Islands**

**July**

**Training Starts Again in-person** for Insular Area Government Finance Officers

**August**

United States and Palau Announce the Establishment of the **Palau Advisory Group on Economic Reform**

Assistant Secretary Carmen G. Cantor, Welcomes **APIPA 2022** Conference Participants

**September**

**Government Lease Implementation** in the CNMI and Guam

Interior's Office of Insular Affairs Applauds **33<sup>rd</sup> APIPA Conference** for Strengthening Public Accountability in Islands Areas

Compact-Mandated **Palau Economics Advisory Group Launched**

**Government Lease Implementation** in the CNMI and Guam



**December**

Interior's Office of Insular Affairs Welcomes 31 Public Servants from the Pacific and the U.S. Virgin Islands to the **Executive Leadership Development Program**



ELDP Participants Learn to **Navigate Leadership Roles** in the Pacific Islands

## 2023

**February**

**Winter IGFOA** convenes in Honolulu with Pacific and Virgin Islands Finance Leaders

# PITI-VITI 2022/2023 Program Activities

## FIRST QUARTER 2022

ACTIVITY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS	CPE's
Human Resources	Conducting a Job Audit and Identifying Critical Differences (Pohnpei)	Pohnpei	March 28 - April 13, 2022	D Kowalski	6	6
EconMap	Palau Economic Symposium - Economic Overview and Tax Reform - Presentation	Palau	April 7, 2022	K O'Keefe	11	2
EconMap	The Economic Impacts of the End of Compact Grant Assistance	Hawaii	April 27, 2022	K O'Keefe	190	2
Grants	Grants Management Overview	Virtual	June 27 - 29, 2022	D Rykken	45	6

## SECOND QUARTER 2022

ACTIVITY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS	CPE's
IGFOA	IGFOA Summer Conference	Regional	July 2-10, 2022	D Milks, C Pembroke	28	2
Audit	Developing and Presenting Audit Findings	USVI	July 11 - 15, 2022	D Kahn	12	20
Project Mngmnt	Introduction to Project Management	Virtual	July 17 - 21, 2022	C Corbin	15	15
Audit	Compliance Audit	USVI	July 18 - 19, 2022	D Khan	54	8
Project Mngmnt	Project Management - Identifying, Analyzing, and Managing Project Risk	Virtual	August 07-11, 2022	C Corbin	56	15
Grants	Grants Management Overview	USVI	August 15-19, 2022	D Rykken	64	20
EconMap	Palau Economic Advisory Group	Palau	August 21-27, 2022	K O'Keefe	11	2
APIPA	Auditing -- The Importance of Independence and the Value of Accountability [Kondo]	Virtual	August 28, 2022	L Kondo	303	2
APIPA	Why You Matter: Oversight as a Critical Component of Governance [Greenblatt, Kelly]	Virtual	August 28, 2022	M Greenblatt, K Kelly	358	2
APIPA	Creative and Critical Thinking [Binder]	Virtual	August 29, 2022	M Binder	167	2
APIPA	Leadership, Motivation, and Accountability for High-Performance Audit Organizations [Binder]	Virtual	August 29, 2022	M Binder	176	2
APIPA	Understanding the Single Audit Report [Yamamura]	Virtual	August 29, 2022	J Yamamura	188	2

## SECOND QUARTER 2022 (CONTINUED)

ACTIVITY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS	CPE's
AIPA	Understanding the Financial Statements [Yamamura]	Virtual	August 29, 2022	J Yamamura	223	2
AIPA	Planning for a Risk-based Audit: It's a Radical Idea! [Levesque]	Virtual	August 30, 2022	S S. Levesque	127	2
AIPA	Green Disclosures: Fact or Fiction [Yamamura]	Virtual	August 30, 2022	Jeanne Yamamura	150	2
AIPA	GASB -- What's the Same, What's Changed, and Everything You Need to Know Now [Crawford]	Virtual	August 30, 2022	F Crawford	250	4
AIPA	Being Realistic: Writing Good Goals and Objectives [Rykken]	Virtual	August 31, 2022	D Rykken	222	2
AIPA	How to Deal with Risk: Implementing Internal Controls [Rykken]	Virtual	August 31, 2022	D Rykken	232	2
AIPA	A New Day: Maximizing Input and Value During a Transformative Time [Memcott]	Virtual	August 31, 2022	K Memcott	133	4
AIPA	Accountability and Auditing: Panel Presentations by AIPA Member Offices [Kahn]	Virtual	September 1, 2022	D Kahn	353	4
Finance	Leases, Leases and more LISA'S: The Implementation of GASB 87	CNMI	September 06 - 08, 2022	F Crawford, C Pembrook	48	8
Finance	Leases, Leases and more LISA'S: The Implementation of GASB 87	Guam	September 11 - 14, 2022	F Crawford, C Pembrook	84	12
ELDP	Executive Leadership Development Program USVI - Self-Discovery	USVI	September 11-16, 2022	C Hawkins, A Rias	5	40
Audit	AIPA Peer Review Workshop	Virtual	September 29, 2022	V Duenas, D Kahn	21	2

## THIRD QUARTER 2022

ACTIVITY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS	CPE's
Project Mngmnt	Principles and Techniques of Project Management	USVI	October 17 - 21, 2022	C Corbin	33	35
Grants	Grants Management Skills	Regional	November 15 - 17, 2022	D Rykken	48	9
Audit	AIPA Peer Review Workshop	Virtual	November 21, 2022	V Duenas, D Kahn	33	2
Audit	Government Auditing Standards: Review and Update	Guam	December 5, 2022	D Kahn	12	8
ELDP	ELDP Pacific - Cohort 8 - Leading Change in Organizations	Virtual	December 7 - 14, 2022	J Berlin, G Furuya	24	40
Audit	Conducting Performance Audits (Republic of the Marshall Islands)	RMI	December 11-12, 2022	D Khan	17	16
ELDP	Executive Leadership Development Program USVI - Skill Building for ELDP Success	Virtual	December 11-15, 2022	C Hawkins, A Rias	5	40
Audit	Writing Audit Reports by Objectives (Republic of the Marshall Islands)	RMI	December 13, 2022	D Khan	17	8

## FOURTH QUARTER 2023

ACTIVITY	COURSE TITLE	SITE	DATES	INSTRUCTOR	PARTICIPANTS	CPE's
ELDP	ELDP Pacific - Cohort 8 - The SEED of Perspective - Module 1 & 2: The Big "M" Word & Creating a Culture of Confidence	Virtual	January 11, 2023	G Furuya and D Bacon	24	3
Audit	Assessing Controls for Government Employees"	American Samoa	January 23, 2023	D Kahn	78	8
Audit	Ethical Decision-Making for Government Employees	American Samoa	January 23, 2023	D Kahn	68	8
Audit	Assessing Controls in Performance Audits	American Samoa	January 24, 2023	D Kahn	50	8
ELDP	ELDP Pacific - Cohort 8 - The SEED of Perspective - Module 3: Leading Yourself Through Tough Times	Virtual	January 25, 2023	G Furuya and D Bacon	24	4
ELDP	ELDP Pacific - Cohort 8 - The SEED of Purpose - Module 1: Making a Positive Difference	Virtual	February 8, 2023	G Furuya and D Bacon	24	4
IGFOA	IGFOA Winter Conference Pre-Meeting & Post-Meeting	Hawaii	February 12-17, 2023	D Milks, F Crawford, K O'Keefe	43	2
Grants	Grants Management Overview GUAM	Guam	February 19 - 23, 2023	D Kahn	107	20
ELDP	ELDP Pacific - Cohort 8 - The SEED of Purpose - Module 2: Two Outcomes Every Leader Must Achieve	Virtual	February 22, 2023	G Furuya and D Bacon	24	4
Audit	Assessing Controls in Performance Audits	Palau	February 23-24, 2023	D Kahn	6	16
Grants	Grants Management Overview CNMI	CNMI	February 26 - March 02, 2023	D Rykken	67	20
Grants	Grants Management: Writing Good Goals and Objectives Well	CNMI	March 2 - 3, 2023	D Rykken	78	8
EconMap	Site Visit Pohnpei, FSM	Pohnpei	March 6-11, 2023	M Sturton	11	2
ELDP	ELDP Pacific - Cohort 8 - The SEED of Principles - Module 1: Foundational Patterns of Leadership Success	Virtual	March 8, 2023	G Furuya and D Bacon	24	4
ELDP	Executive Leadership Development Program USVI - Leading at the Next Level	Virtual	March 12-17, 2023	C Hawkins, A Rias	5	40
EconMap	Palau Economic Advisory Group	Washingt. DC	March 13-17, 2023	K O'Keefe	11	2
ELDP	ELDP Pacific - Cohort 8 - The SEED of Principles - Module 2: Why Leaders Fail	Virtual	March 22, 2023	G Furuya and D Bacon	24	4



Ryan Camacho from the CNMI Office of Management and Budget and Wilfredo Guzman from the USVI Department of Finance discussed improving fiscal accountability in their governments at the recent IGFOA Conference. (February 2023)



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 900 Fort Street Mall, Suite 1540  
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