



OFFICE OF THE PUBLIC AUDITOR
REPUBLIC OF PALAU

Calendar Year 2009 ANNUAL REPORT

"Fiscal Accountability and Transparency is a Foundation of Good Governance"

Message from Acting Public Auditor

The Office of the Public Auditor plays a vital role in overseeing the implementation of transparency and accountability in the management and use of public resources in the government of the Republic of Palau. This responsibility is carried out by way of conducting audits to ensure the effective and efficient use of public resources and conformance to established public policy.

Calendar year 2009 was a slow year for the Office of the Public Auditor (OPA) in terms of number of audits completed. This was primarily due to the untimely departure of a very senior (over 20 years of service) member of OPA's professional staff in August 2008. His sudden departure necessitated reassignment of audits that had already been initiated or midway to completion. In addition, in November 2009 the OPA also lost a Junior Auditor staff who resigned to take up a higher-paying position in a semi-autonomous government agency, again prompting the OPA to reassign ongoing audits. The loss of a senior staff, however; took away years of audit experience critical for in-house on-the-job training and staff development.

The OPA is grateful to the U.S. Department of the Interior (DOI) for availing it training grants in 2009, which the OPA used to send its professional staff to attend regional conferences and trainings as well as On-The-Job trainings with DOI's Office of the Inspector General's regional offices in mainland U.S. The OPA, however, is unable to take full advantage of the grant due to limited number of professional staff to send to training.

Calendar 2009 also saw the OPA actively working with Asian Development (ADB) and Organization for Economic Cooperation and Development (OECD) in working to develop measures on anti-corruption initiative. We will continue to work with these organizations in implementing these measures for the Republic of Palau

The Single Audit of the Republic of Palau for Fiscal Year 2009 got off to a slow start as funding for the audit was slow and frustrated by miscommunication to execute a Memorandum of Agreement to authorize the funding. The OPA will continue to address the funding issues with the U.S. Department of the Interior's Office of Insular Affairs.

Calendar year 2010 will be a challenging year for the OPA as it strives to fill the two (2) professional positions and assign audits to a limited number of auditors, which is presently down to four (4). The challenges of filling these two vacancies come from two fronts: (1) availability of qualified Palauans and (2) sufficient funding to offer competitive compensation packages. These two issues are inter-connected as availability of qualified Palauans has a direct correlation to compensation package offerings. If the OPA cannot offer attractive or competitive salaries and benefits packages, graduating university students will be lured into other government or private sector jobs, within or outside of Palau.

In addition, because the Office of the Public Auditor's budget for Fiscal Year 2010 was slashed by 10%, it is highly unlikely that the OPA will have sufficient funding to fund the aforementioned vacancies. Likewise, yearly increments, which the OPA has not been able to implement for the last three (3) years, will most likely be by-passed this year, once again. Without the yearly pay level step increases, the professional staffs are susceptible of being lured out of the OPA from attractive job opportunities within the government or the private sector, putting at risk seasoned auditors with long years of institutional knowledge.

Faced with pressing demands for more accountability and transparency from the media and the public, the OPA simply cannot meet these demands without adequate resources. To neglect additional funding to the Office of the Public Auditor tantamount to denying the OPA the capacity to carry out its mandate under the law. And unless salary and benefit structures are realigned to make compensation for professional staff more attractive or competitive, the OPA will continue to lose seasoned auditors to competing job opportunities.

As the Office of the Public Auditor strives to provide audit services to the National and State governments, semi-autonomous government agencies, and non-profit organizations receiving financial assistance from the National Government, its resources are spread extremely thin. The OPA's ability to effectively carry out its mandate requires the support of the leadership of the Republic of Palau to ensure it is sufficiently funded to carry out the task.

The Constitution of the Republic of Palau under Article XII, Section 2, prescribes the duties and responsibilities of the Public Auditor, which without adequate funding the Public Auditor is essentially incapacitated to carry out.

As we move forward in these times of economic tribulations, the Office of the Public Auditor will continue to work with the administration of President Toribiong and the leadership of the Olbiil Era Kelulau to address the funding needs of the Office of the Public Auditor.

I look forward to working with the leadership in this respect and other related issues pertaining thereto.

Sincerely,

A handwritten signature in black ink, appearing to read 'Satrunino Tewid', with a large, stylized flourish above the name.

Satrunino Tewid
Acting Public Auditor

Introduction

The Office of the Public Auditor (OPA) is established pursuant to Article XII, Section 2 of the Constitution of the Republic of Palau and the Public Auditing Act of 1985. The first Public Auditor, Thomas Bostwick, was appointed on or about November 1985 and resigned before serving his full six-year term. On October 15, 1990, Mr. James Kinchen was appointed as the second Public Auditor and served his full six-year term ending October 14, 1996. Mr. Satrunino Tewid, a Senior Auditor with the OPA then, was designated Acting Public Auditor until November 14, 1999 when Mr. Tewid was appointed Public Auditor. Mr. Tewid served as the Public Auditor until the end of his six-year term on November 17, 2005. Mr. Tewid was appointed Acting Public Auditor by the Chief Justice of the Palau Supreme Court pending the appointment of a Public Auditor.

Mission Statement

The mission of the Office of the Public Auditor (OPA) is to conduct audits to institutionalize economy, efficiency, accountability, and transparency in government operations, programs, activities, and functions.

The OPA endeavors to fulfill this mission by providing management with tools (audit reports) to improve operations. This is accomplished by conducting audits in an objective, impartial, and unbiased manner and providing management with findings and recommendations for improvement. The quality of audits the OPA conducts is guided by Generally Accepted Government Auditing Standards (GAGAS) promulgated by the United States Government Accountability Office. In accordance with the Standards, the OPA undergoes an External Quality Control Review every three years to ensure the OPA is conducting its audits in accordance with GAGAS.

In the conduct of audits, the OPA acts to prevent and detect fraud, waste and abuse in the expenditure of public funds. Any suspected cases of fraud, violations of laws, or other irregularities uncovered during audits are reported to the Office of the Attorney General or the Office of the Special Prosecutor for further investigation and prosecution. The successful prosecution of financial crimes against the Republic creates an environment of deterrence to prevent future incidents.

Other OPA Duties mandated by Public Law(s)

Palau Board of Accountancy, RPPL 3-71

The Public Auditor serves as the Chairman of the Palau Board of Accountancy. The purpose of the Board is to regulate and oversee the practice of accountancy and audits in the Republic of Palau. This is carried out by screening applications and licensing and permitting only those individuals and firms who meet the qualification requirements set forth in RPPL 3-71 to practice accountancy in the Republic of Palau. The Board does not receive any appropriations to fund its operations; thus, the OPA absorbs all administrative costs of the Board. Since 2002, the Board has not had a quorum to conduct its business; however, in 2009 the President of the Republic of Palau appointed three (3) new Board members, who were confirmed by the Senate, enabling the Board with a quorum to conduct its business. In 2009, the Board received three (3) applications, one individual (CPA) and two (2) accounting firms, showing interest in practicing in Palau. The Board met, and with a quorum present, approved the three applications.

Budget Reform Act of 2001, RPPL 6-11, Section 372. Attestation

The RPPL No. 6-11, The Budget Reform Act of 2001, under Section 372, requires the OPA to perform attestation audits of government agencies' performance reports. Although the OPA had started conducting the attestation audits; the effort was suspended due to insufficient manpower. With a professional staff of only four (4) auditors, the OPA simply cannot assign auditors to conduct performance and financial audits and still have available resources to perform attestation audits. Eventually, when funding becomes available, the OPA plans to hire additional (2) auditors in order to have sufficient manpower to conduct

attestation audits. Performing attestation audits is an integral part of the Budget Reform Act as the process serves as a mechanism to verify an agency's performance, performance measures, and methods of data collection. However, at this point in time the OPA does not have sufficient funding (budget) to hire additional auditors.

Code of Ethics Act, RPPL 5-32, Section 11. Duties of the Public Auditor

The OPA has not conducted mandatory audits of campaign statements as it lacks the manpower to do so. This would not be a regular and ongoing activity as the audits will occur only after an election and during the periods that campaign statements are required to be filed.

Setting the Direction for OPA

To facilitate setting the direction for the OPA, the OPA will partner with the Pacific Islands Training Institute (PITI) to hire consultants (facilitators) to help formulate a strategic plan for the OPA. The strategic plan will set the direction for the OPA and establish long-term goals for the office. From audits to office management to human resource development, the strategic plan will enable the OPA to prioritize the use of its resources towards achieving its goals. The strategic plan will enable the OPA to fulfill its mandate in a more efficient and effective manner. The OPA plans to initiate discussions on the project in March 2010.

Office Space

The OPA has been leasing office space since the office first opened for operation in 1985. And after nearly twenty-five (25) years of operation, and spending well over \$500,000 for office space rental, the Republic still has no permanent building to house the OPA. If the Republic was to negotiate a debt-financing scheme to construct a permanent building for the OPA, then perhaps the money used for office space rental can be used instead to service the debt requirements.

Funding for the OPA

Local Funding

The operation of the OPA is funded via annual appropriations by the Olbiil Era Kelulau (Palau National Congress). The schedule below shows the level of funding for each fiscal year since fiscal year 2000:

FY2000	\$344,000
FY2001	\$350,000
FY2002	\$320,000
FY2003	\$320,000
FY2004	\$320,000
FY2005	\$315,000
FY2006	\$350,000
FY2007	\$375,000
FY2008	\$373,000
FY2009	\$373,013
FY2010	\$335,700

Due to the global economic downturn, that brought a decline in local revenues, the annual unified budget for the Republic of Palau for fiscal year 2010 saw a 10% cut across the board, resulting in a 10% reduction in the OPA's budget. The reduction prevented the OPA from recruiting and hiring a Senior Auditor to fill a vacancy resulting from the resignation of a Senior Auditor who resigned to run for a seat in the Senate

during the last General Election. In addition, the budget cut prevented the implementation of periodic salary increments for OPA staff, which, as a result, the OPA lost one of its Junior Auditors, lured by higher pay by another government agency.

The local funding is primarily used for payroll, office space rental, utilities, and other operating expenses. The schedule below shows the breakdown of OPA’s 2009 operating expenses:

1000 Personal Services	\$ 252,000
1200 Purchased-Property Services	23,000
1300 Other Purchased Services	16,000
1400 Supplies	29,000
1600 Other	4,000
Total	\$ 324,000

Grants and Other Funding Sources

In addition to local funding, the OPA also receives technical assistance grants from the U.S. Department of the Interior to fund the annual Single Audits of the Republic of Palau National Government and capacity building of the OPA. The schedule below shows the amounts of grants the OPA has received over the years to pay for the cost of the ROP Single Audit since fiscal year 2000.

<u>Fiscal Year</u>	<u>Grant Amount</u>
2000	\$385,000
2001	\$385,000
2002	\$385,000
2003	\$385,000
2004	\$385,000
2005	\$385,000
2006	\$385,000
2007	\$385,000
2008	\$420,000
2009	\$420,000

The Single Audit funding covers the audit of the National Government and its component units, namely; (1) Public Utilities Corporation (PUC), (2) Palau National Communications Corporation (PNCC), (3) National Development Bank of Palau (NDBP), (4) Palau Housing Authority (PHA), (5) Palau Community Action Agency (PCAA), (6) Palau Visitor’s Authority (PVA), (7) Palau International Coral Reef Center (PICRC), (8) Civil Service Pension Plan (CSPP), (9) Social Security Administration (SS), and (10) Palau Community College (PCC). The grant is a reimbursable grant and therefore the grantee pays for the cost of the audit and is reimbursed by the grant.

In addition, the OPA received capacity-building grants from the U.S. Department of the Interior, which included the following grants:

08 Supplemental Audit Grant (GR870119) \$45,000 Exp. Date 03/31/2010

The objective of this grant is to provide supplemental funding in support of single audit costs; more specifically supplemental funding for FY2006 Single Audit, pay outstanding billings of FY2003 and 2004 audits; and to purchase duplicating machine for OPA. DOI approved OPA's requests to use remaining balance of the grant to establish its website, which will be used primarily to publish audit reports.

OPA Auditor and Investigator Training Program, ROP - 3rd Cycle (TA-ROP-OPA-2008-1) \$55,000 Exp. Date 03/31/2010

This grant is to provide funding for the OPA to support training programs for auditors and investigators. The grant provides for both short and extended (OJT) training programs with the Department of the Interior's Office of the Inspector General (OIG). More specifically, this grant pays for the per diem and travel expenses of OPA resident auditors and investigators to receive training from the OIG and to attend training courses in Denver, Colorado; Albuquerque, New Mexico; and Sacramento, California.

External Quality Control Review

In accordance with Generally Accepted Government Auditing Standards (GAGAS), the OPA undergoes an External Quality Control Review (Peer Review) every three (3) years. The first Peer Review was conducted in February 1998, which the OPA received a Qualified Opinion report, but otherwise in compliance with GAGAS. The second Peer Review was conducted in October 2002. The OPA received an opinion report which states that the office was conducting its audits in accordance with GAGAS. July of 2005 saw the third time that Palau OPA was Peer Reviewed. The Peer Review Team concluded in its report that the Palau OPA was conducting its audits in compliance with Government Auditing Standards. The most recent Peer Review was conducted in July 2008 and, again, the OPA received an opinion report stating that it was in compliance with GAGAS. In all of these Peer Reviews, copies of the reports were provided to the President of the Republic, the President of the Senate (Olbiil Era Kelulau, Palau National Congress), and the Speaker of the House of Delegates. (Copies of any of these Peer Review reports are available upon request.) The next round of Peer Review is scheduled for July 2011.



Peer Review Team with Acting Public Auditor, July 2008



Acting Public Auditor, Staff Auditor and Kosrae State Auditor conducting the Republic of Marshall Islands OPA Peer Review, May 2009

Reporting to Promote Improvement

Audit Reports issued by OPA in 2009

In fiscal year 2009 (October 1, 2008 - September 30, 2009), the OPA did not complete and issue as many audits as it normally does. This was primarily due to the fact that one of its Senior Auditors (with over 20 years of service) resigned to run for the Olbiil Era Kelulau during the last General Election. In addition, in November 2009, one (1) Junior Auditor, attracted by higher pay, resigned and hired by a government agency as an accountant. The departure of these two (2) employees essentially reduced OPA's audit capacity by thirty three percent (33%). Despite the reduced capacity, the OPA managed to issue the audit reports summarized below:

Hatohobei State

The OPA's audit of Hatohobei State covered the fiscal year from October 1, 1999 through September 30, 2006. The audit found several major deficiencies, among other findings, including the following: (1) The Governor expended \$11,807 of State funds to purchase supplies and materials for a Dispensary project from an off-island vendor without competitive bidding and proper supporting documents (such as invoices/receipts to evidence the purchases), (2) the Governor expended \$79,473 in fiscal year 2001, \$64,638 in fiscal year 2004, and \$65,204 in fiscal year 2006 to repair and dry dock a State Boat, (3) the Governor and Lieutenant Governor expended a total of \$16,429 on travel together the majority of which to the Philippines in connection with the repair and dry docking of a State Boat, (4) the Governor procured goods and services costing \$5,000 or more without competitive bidding, (5) the Governor wire transferred \$3,219 to a bank account in the Philippines without supporting documents to justify the transfer, (6) the Governor spent \$4,954 supposedly to purchase boat parts without supporting documents to substantiate the purchases, (7) the Governor spent \$6,355 for contingency expenses, reimbursements, and boat inspection fees without supporting documents to substantiate the official purpose of the expenditures, and (8) the State spent \$1,602 to send the Governor to a one-day training in Fiji on Vessel operations and maintenance rather than State Vessel crews. For more detailed findings and recommendations, refer to the complete report of Hatohobei State dated May 11, 2009.

Angaur State

The audit of Angaur State covered the period from October 1, 2001 to September 30, 2006. Some of the major findings in the report include the following: (1) the State did not issue cash receipts to support revenue collections and their deposit, (2) the Governor operated a petty cash fund without established policies and procedures, (3) the Governor purchased goods and services costing \$5,000 or more without competitive bidding, (4) the State did not classify expenditures in accordance with the breakdown of the State's appropriation budget, (5) the State was unable to locate and provide documentation to sustain an audit for fiscal years 1998 through 2001, (6) the Governor approved his own salary increase from \$450.00 bi-weekly to \$1,371.09 without the approval of Angaur State Legislature, (7) in fiscal year 1997 the State obtained two (2) separate loans totaling \$31,559 without prior approval from the Olbiil Era Kelulau, and (8) during the period of the audit we found \$154,705 of disbursements without adequate supporting documents (invoices, receipts, etc.). For more detailed findings and recommendations, refer to the complete report of Angaur State dated June 30, 2009.

Palau Severely Disabled Assistance Fund Program

The Palau Severely Disabled Assistance Fund Program audit covered the period from October 1, 2003 through May 31, 2008. The audit contained six (6) findings including the following: (1) the Bureau of Community Services did not obtain and retain in files documented evidence containing termination dates for recipients who are no longer eligible for the program, (2) check signature log sheets used to evidence check disbursements to recipients were sometimes not signed by recipients or his/her guardian/representative upon picking up check, (3) income verification forms for applicants were not in file or were not performed, (4) a recipient received financial assistance totaling \$1,210 who was not eligible for disability assistance as she was receiving Social Security benefits, and (5) some participants were identified with illnesses that cannot be classified under the definition of homebound, wheelchair-bound and/or blind. For more detailed findings and recommendations, refer to the complete report of Palau Severely Disabled Assistance Fund Program dated April 15, 2009.

Ngaremlengui State

The audit of Ngaremlengui State covered the period from October 1, 2001 to September 30, 2007. The audit contained twelve (12) audit findings, the more significant of which are as follows: (1) the State's unified budgets for fiscal years 2002 through 2007 did not accompany a funds availability analysis, (2) savings account transfers totaling \$29,668 to the State's checking account lacked supporting documents as well as \$7,500 of withdrawals supposedly used to make purchases, (3) procurement of professional services were not properly supported and documented by a written contract to clearly state the types of services to be provided, cost, billing process, payments, etc., (4) due to absence of bank reconciliation, the State incurred bank overdraft charges totaling \$30,962, (5) \$92,000 of goods and services were purchased without competitive bidding, (6) \$153,965 of revenues lacked cash receipts to support their collection and classification in the State's accounting records, (7) \$16,005 of expenditures lacked proper supporting documents such as invoices and receipts to justify their official purpose, and (8) disbursements files for \$87,748 of expenditures were missing. For more detailed findings and recommendations, refer to the complete report of Ngaremlengui State dated December 18, 2009.

OPA Performance Audits on-going in 2009 and 2010

In addition to the above-issued reports, the OPA commenced or will commence the following performance audits in fiscal year 2009-2010:

Code of Ethics
 Ngarchelong State
 Ngardmau State
 Peleliu State
 Ngchesar State
 Bureau of National Treasury, Missing Receipts
 Procurement of Medical Supplies and Drugs
 Travel
 Fuel Usage

Financial Statement Audits Conducted by Independent CPA firms

The OPA, through Compact of Free Association between the Republic of Palau and the United States of America, receives annual grants from the U.S. Department of the Interior to conduct Single Audits of the National Government and its Component Units and other agencies. The OPA out-sources these financial statement audits to Independent Certified Public Accounting Firms but still maintain its oversight responsibilities over the conduct of the audits. As of December 31, 2009, the following Single Audits of the National Government and its Components Units and agencies have been completed and issued.

Agency	Period	Performed By	Final
CIVIL SERVICE PENSION PLAN	9/30/08	DELOITTE & TOUCHE	5/14/2009
NATIONAL DEVELOPMENT BANK OF PALAU	9/30/08	DELOITTE & TOUCHE	4/14/2009
PALAU COMMUNITY ACTION AGENCY	9/30/08	DELOITTE & TOUCHE	11/06/2009
PALAU COMMUNITY COLLEGE	9/30/08	J. SCOTT MAGLIARI & COMPANY	3/31/2009
PALAU DISTRICT HOUSING AUTHORITY	9/30/08	J. SCOTT MAGLIARI & COMPANY	4/30/2009
PALAU INTERNATIONAL CORAL REEF CENTER	9/30/08	DELOITTE & TOUCHE	11/10/2009
PALAU NATIONAL COMMUNICATIONS CORPORATION	12/31/08	DELOITTE & TOUCHE	5/7/2009
PUBLIC UTILITIES CORPORATION	9/30/08	DELOITTE & TOUCHE	8/3/2009
PALAU VISITOR'S AUTHORITY	9/30/08	DELOITTE & TOUCHE	5/13/2008
REPUBLIC OF PALAU	9/30/08	DELOITTE & TOUCHE	7/1/2009
SOCIAL SECURITY ADMINISTRATION	9/30/08	DELOITTE & TOUCHE	3/11/2009

The Fiscal Year 2009 Audits are ongoing and should all be completed, finalized, and issued by June 30, 2010.

Joint Program Initiatives with Regional Organizations

Anti-Corruption Action Plan

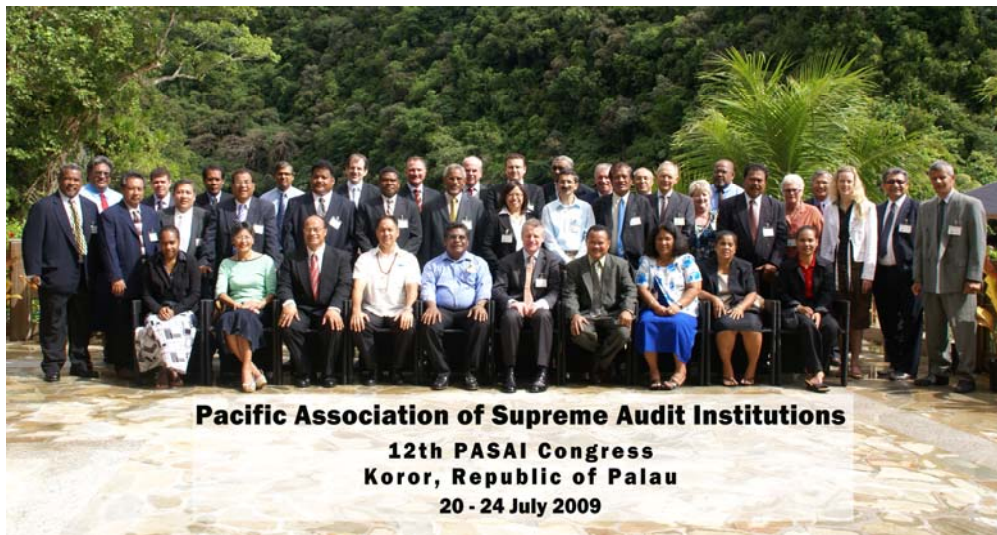
In June of 2004, the Republic of Palau became an endorsing member to the Asian Development Bank (ADB)/Organization for Economic Cooperation and Development (OECD)-sponsored Initiative on Anti-Corruption Action Plan for Asia and the Pacific. In 2009, the OPA sent a representative to a meeting in Manila, Philippines. As an endorsing member, the Palau OPA prepares and submits stocktaking reports identifying the measures (Pillars) taken to combat corruption. The ADB/OECD follows up on these stocktaking reports and, during meetings, representatives of the respective endorsing member countries report progress of implementation of anti-corruption measures.



Acting Public Auditor attended on behalf of the Republic the 14th Steering Group Meeting in Manila on September 9 – 10, 2009

Pacific Regional Audit Initiative (PRAI)

Under the overall coordination of the Pacific Association of Supreme Audit Institutions (PASAI), with support from the Asian Development Bank (ADB) and Australian Agency for International Development (AUSAID), the Pacific Regional Audit Initiative (PRAI) is being established. The PRAI is one of the major components of the Pacific Plan, which was endorsed by the Pacific Islands Forum Leaders. The overarching objective of the PRAI is to raise Pacific public auditing to uniformly high standards. In turn, uniformly high public auditing standards are expected to contribute to good governance through improved transparency, accountability, and efficiency in managing and using public resources. The initiative involves each Public Auditor's or Auditor General's office of the PASAI to undergo diagnostic assessment by a team of consultants to assess the structure, audits, standards used, and overall operation of the office. The Office of the Public Auditor of the Republic of Palau hosted the first PASAI Congress, which took place on July 20-24, 2009. In this Congress, the PASAI agreed to initiate the first cooperative performance audit on the topic of **Solid Waste Management**. Under this project, each member office would assign two (2) Auditors to undertake an audit of Solid Waste Management in their respective country with a plan by the PASAI to issue a comprehensive audit report on solid waste management embracing the reports from each Public Auditor's or Auditor General's Office.





Staff auditors, Romana Blailes and Caryn Koshiba, participated in SWM Phase I on October 19 – 26, 2009, in Fiji.



PASAI GOVERNING BOARD MEETING (9th & 10th November 2009)
 PORT MORESBY, PAPUA NEW GUINEA



(L – R): Dr Pohiva TUIONETOA (Tonga), Bruce ROBERTSON (New Zealand), Raimon TAAKE (Kiribati), James SWEETING (AusAID), George SULLIMANN (PNG), Hayden EVERETT (ADB), Lyn PROVOST (New Zealand), Robert BUCHANAN (ADB – Legal Consultant), Satrunino TEWID (Palau), Eroni VATULOKA (Executive Director / Ex Officio PASAI), Paul ALLSWORTH (Cook Islands), Haser HAINRICK (FSM)

Acting Public Auditor, current Chairperson of PASAI Congress, attend the 1st PASAI Governing Board Meeting in Port Moresby, Papua New Guinea on November 9 – 10, 2009.

OIG and APIPA Annual Meetings and Training Initiatives

The Insular Area Act of 1982 requires the Office of the Inspector General (OIG) of the U.S. Department of the Interior to maintain a satisfactory level of independent audit oversight of the governments of the Insular Areas. The Annual Conference/Meeting assembles the Public Auditors and the Inspector General to determine how the OIG can best fulfill that responsibility and, at the same time, assist the Public Auditors with their responsibilities. Presently, the OIG, with funding from the DOI, and in collaboration

with OPA offices, assesses the existing capabilities and limitations of each OPA office and develops training programs to address those limitations and improve the capabilities of the offices. This is accomplished by sharing new audit and investigative tools and techniques and providing On-The-Job Training for OPA auditors and Investigators at the various OIG regional offices in the U.S. In 2008 one (1) Investigator from the OPA and one (1) from the Special Prosecutor's office attended a 45-days training at OIG headquarters office in Washington D.C. The next meeting of the Public Auditors and OIG is scheduled for February 2010.

OPA Initiatives

Training

In accordance with Generally Accepted Government Auditing Standards (GAGAS), auditors who perform government audits must comply with Continuing Professional Education (CPE) requirements. GAGAS require a minimum of 80 hours of CPE every two (2) years, 20 hours of which must be acquired in any one year. The OPA audit staff acquires most of its CPE through the Association of Pacific Islands Public Auditors (APIPA) annual conference, USDA Graduate School - Pacific Islands Training Institute (PITI), and training grants from the U.S. Department of the Interior. The most recent APIPA Conference was hosted by the Public Auditor of the U.S. Territory of Guam in July 2009. The OPA was able to send six (6) of its staff auditors to the conference via a training grant from the U.S. DOI. In addition, the OPA also obtains training via the Pacific Association of Supreme Audit Institutions (PASAI) and other regional conferences sponsored by regional audit and accounting professional bodies.



Picture above is the Palau delegation to the 2009 APIPA Annual Conference in Guam (OPA travel expenses were covered by Training Grant 3rd Cycle)

Audit Follow-Up System

In fiscal year 2007, the OPA implemented an audit follow up system. On a semi-annual basis (June 30 and December 31), calendar year basis, the OPA issues follow up letters to agencies with outstanding audit recommendations to determine the status of the recommendations. The agency's responses are evaluated and compiled into a report entitled "Report on Agencies' Implementation of Audit Recommendations" and transmitted to the President of the Republic, the Presiding Officers of the Olbiil Era Kelulau and IACAG

members apprising them of agencies efforts to implement OPA’s audit recommendations. However, due to continuing efforts to refine and implement the process, the OPA was unable to issue reports for the period ended December 31, 2007 and June 30, 2008. The OPA plans to issue a report for the period ended December 31, 2009 before June 30, 2010.

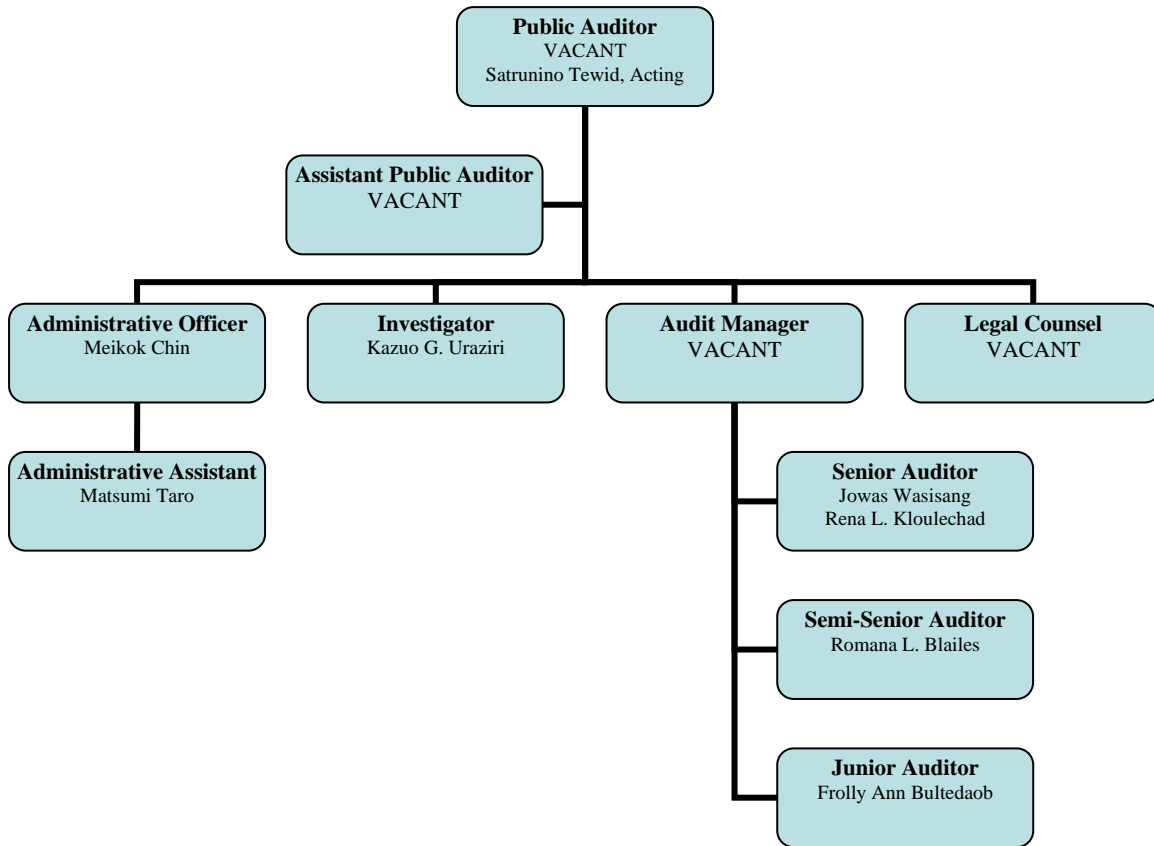
Personnel

At present, the OPA’s personnel is comprised of an Acting Public Auditor, 2 Senior Auditors, 1 Semi-Senior Auditor, 1 Junior Auditor, 1 Investigator, and 2 Administrative support staff. In August of 2008, a very senior staff auditor (over 20 years of service) resigned to run for the Senate in the last General Election. Most recently, November 2009, a Junior Auditor, lured by higher pay, resigned to take an accounting position with the Palau International Coral Reef Center. Due to budget constraints, the OPA has not been able to fill these two (2) positions; thus, its capacity to conduct audits has been greatly diminished. Similarly, the OPA has not been able to raise salaries of professional staff to maintain competitiveness of salary levels with other government agencies.

Employees	Title	Years of Service
Satrunino Tewid	Acting Public Auditor	24
Jowas Wasisang	Senior Auditor	22
Rena L. Kloulechad	Senior Auditor	17
Romana L. Blailes	Semi-Senior Auditor	12
Frolly Ann Bultedaob	Junior Auditor	3
Kazuo G. Uraziri	Investigator	12
Meikok Chin	Administrative Officer	19
Matsumi Taro	Administrative Assistant	14

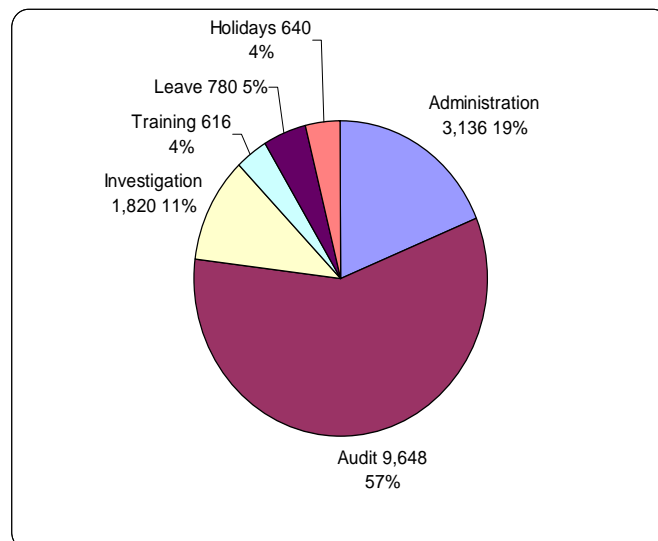
OPA employees as set forth in 40 PNC § 225 Employees of office

ORGANIZATIONAL CHART



OPA Staff Hour Distribution

As previously mentioned, the OPA has a total of 8 staff, including the Acting Public Auditor, who account for a total of 16,640 hours in fiscal year 2009. Illustrated below is a chart showing the distribution of staff hours:



**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO:**

OFFICE OF THE PUBLIC AUDITOR
REPUBLIC OF PALAU
P. O. BOX 850
KOROR, REPUBLIC OF PALAU 96940

GROUND FLOOR
ORAKIRUU PROFESSIONAL BUILDING
MADALAI, KOROR

TELEPHONE: (680) 488-2889 or 488-5687
FACSIMILE: (680) 488-2194
E-MAIL: palauopa@palaunet.com

MONDAY THRU FRIDAY
7:30 a.m. - 4:30 p.m.
Closed on Legal Holidays