

Office of the Public Auditor
Republic of Palau

Annual Report 2025





Republic of Palau

OFFICE OF THE PUBLIC AUDITOR

"MENGKAR A UDUD BUAI"

An Independent Agency of the
PALAU NATIONAL GOVERNMENT

Annual Report

In accordance with the Constitution of the Republic of Palau and the Public Auditing Act, the Public Auditor is mandated to report the results of audits and inspections to the President and the Olbiil Era Kelulau at least once each year.

To fulfill this requirement, the Office of the Public Auditor (OPA) elects to present its Annual Report based on the calendar year, covering the period January 1, 2025, through December 31, 2025, except where specifically stated otherwise.

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Foreword

As Acting Public Auditor for the Republic of Palau, I am pleased to submit this Annual Report and to highlight the activities of the Office of the Public Auditor (OPA) for Calendar Year 2025.

During the year, the OPA conducted audits and oversight of high-priority programs in the National Government, its Component Units, Agencies, State Governments, and Development Partner Grants. These efforts centered on our core mandate: promoting effective management of public funds, accountability, transparency, and compliance with laws and regulations.

The statutory requirement to perform annual audits of the National Government and its instrumentalities compels the OPA to secure funding, procure professional audit services, provide oversight on outsourced audits, and conduct performance audits of high-risk programs and requested audits. These responsibilities place significant demands on the office's resources and require diligent planning to ensure that outsourced audits are completed on time, OPA completes its performance audits, and audits are conducted in accordance with applicable standards.

While compliance with the laws and regulations of the Republic of Palau and U.S. federal financial assistance remain a key driver, these audits also serve a broader purpose: advancing fiscal responsibility, strengthening accountability and transparency, and fostering a culture of excellence, integrity, and sound financial management across all levels of government.

This report summarizes:

- The **Single Audits** of the National Government, Component Units, and Agencies
- **Ongoing financial audits** of State Governments
- **Audits of Development Partner Grants**
- **Performance audits** conducted by the OPA

In addition to audit work, this report outlines the operational challenges the OPA continues to face, including the shortage of qualified professional staff. Furthermore, we report on the status of our **capacity-building efforts**, including ongoing training and professional development, and the **Peer Review** conducted to evaluate our system of internal quality control. We also report on the work of the Palau Board of Accountancy to license and permit CPAs who apply to practice in Palau. Finally, we address the OPA's **infrastructure needs**, particularly office space, and

highlight statutory mandates we remain unable to fulfill due to limited resources.

Beyond our core auditing functions, OPA staff actively participate in training on auditing standards and best practices, engage in capacity-building initiatives to strengthen the OPA's system of quality control, and meeting our obligations to regional and international auditing bodies. Our commitment to professional development helps ensure that we maintain high standards of audit quality and continue to grow as a professional institution.

Acknowledgements

In closing, I would like to express my sincere gratitude to the OPA staff for their continued dedication and professionalism. The OPA also thank the management and staff of the entities we audit for their cooperation and responsiveness, and extend our appreciation to the citizens and stakeholders of the Republic of Palau for their trust and confidence in our work.

We are especially grateful for the **financial assistance provided by the U.S. Department of the Interior's Office of Insular Affairs** and for the **training and technical support from the U.S. Department of the Interior's Office of the Inspector General**. I also wish to acknowledge the ongoing support of the **Association of Pacific Islands Public Auditors (APIPA)**, the **U.S. Graduate School's Pacific Islands Training Initiative-Virgin Islands Training Initiative (PITI-VITI)**, **Pacific Association of Supreme Audit Institutions (PASAI)**, and the **International Organization of Supreme Audit Institutions (INTOSAI)**, all of whom remain instrumental to our capacity building efforts.

Finally, and most importantly, I would like to recognize and thank the **Office of the President** and the **Olbiil Era Kelulau** for their continued support and commitment to good governance.

Mesulang,

Satrunino Tewid
Acting Public Auditor
Republic of Palau

May 19, 2026



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1. Organizational Overview

1.1. Enabling Legislation

The Office of the Public Auditor (OPA) is an independent agency of the Government of the Republic of Palau (ROP or Republic), established by Article XII, Section 2, of the Constitution and the Public Auditing Act of 1985 (PNCA 40 (2)).

1.2. Executive Summary

The OPA is appointed the authority and power by law to inspect and audit accounts in every branch, department, agency, or statutory authority of the national government, state governments and in all other public legal entities or nonprofit organizations receiving public funds from the National Government. In addition, the Palau National Congress (Olbiil Era Kelulau (OEK)) broadened the OPA's mandate to audit campaign financial disclosure statements of candidates for public offices, conduct attestation audits of performance reports of every government agency and other related mandates. The Public Auditing Act specifically directs the OPA to act to prevent and detect fraud, waste, and abuse in the collection and expenditure of public funds, exercising the highest degree of professionalism and with strict avoidance of any degree of partisanship and bias.

1.3. Mission, Vision, and Core Values

We carry out our activities guided by our Mission, Vision, and Core Values:

Mission

As guardians of public trust, we champion accountability and transparency in the use of public resources by providing quality and timely audits and raising public awareness.

Vision

Better lives through impactful audits and proactive education

Core Values

Integrity - we conduct our business in an independent, impartial, and ethical manner. We apply an open, honest, and fair approach to our clients and users.

Professional - we carry out our work with competence and continuously strive to deliver high-quality and timely audits in accordance with established standards.

Respectful - we value the contributions of our people, our clients, and the community.



2. Audits & Inspections

We are responsible for conducting, coordinating, and overseeing audits of National and State Governments, Development Partner Grants, State-owned Enterprises, and performance audits either by request or as part of the OPA's annual audit plan.

Types of Audits	
Performance Audit	Performance Audits are driven by the objective(s) of the audit, whether they are compliance with laws and regulations, economy and efficiency of operations, or achieving desired results.
Financial Audit	Financial Audits assess whether entities financial statements (e.g., Statement of Net Assets, Statement of Activities, Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance, etc.) is presented fairly, in all material respects, in accordance with recognized criteria. A single audit combines the annual financial statement audit of the national government with the audit of Statement of Expenditures of U.S. Federal Awards (SEFA) in accordance with the U.S. Single Audit Act. The financial statement audit is conducted in accordance with GASB 34 reporting framework and other applicable GASB requirements. The single audit is intended to meet the basic audit needs of both the ROP and the U.S. Federal Government.
Attestation Audit	Attestation Audits measure or evaluate a subject matter or an assertion by a party other than the auditor in accordance with suitable criteria.

2.1. Performance Audits

Performance Audits are driven by the objective(s) of the audit, whether they are compliance with laws and regulations, economy and efficiency of operations, or achieving desired results.

During the reporting period January 1, 2025 - December 31, 2025, the OPA conducted and issued nine (9) Performance Audits as follows:

- **Ministry of Finance (MOF) – ADB-KASP Loan Payments**

This audit was by request from the Senate Committee on Ways and means and Financial Matter. In summary, the MOF complied with RPPL No. 11-31, Section 36, by suspending KASP loan payments until statutory conditions were satisfied. However, the FY 2024 Annual Unified National Budget did not disclose the KASP borrowings and related debt service as required by RPPL No. 11-13, resulting in noncompliance with statutory budget disclosure requirements, although funds were later appropriated by law. We recommended that the MOF ensure all borrowings and related debt service, including loans relented to sub-agencies, are fully reflected in future budget submissions. MOF concurred with the finding and expressed support for improved debt disclosure in future budgets.

- **MOF – Stablecoin Pilot Project**

This audit was also by request by the Senate Committee on Ways and Means and Financial Matters. In summary, the MOF acted within its legal authority in entering into a services agreement with Ripple Services, Inc. to implement the Palau Stablecoin Pilot Project. The \$25,000 investment from Ripple was properly deposited into the National Treasury and appropriated prior to disbursement, and employee participation did not violate public service rules. However, the Ministry did not obtain the required certification of funds under the law. The agreements were not certified by the Attorney General for form and legality, and the Services Agreement was not certified by the National Director of Program, Budget, and Management for funds availability prior to execution, although certification occurred at the time of disbursement. We recommended that the MOF ensure all future contracts involving public funds obtain the required legal and funds availability certifications before execution. The MOF concurred with the findings and acknowledged the need for improved compliance with statutory certification requirements.

Government of Japan's Grant Assistance for Grassroots Human Security Project (GGP)

The Government of Japan provides developmental financial assistance for various grassroots projects through the Embassy of Japan in the ROP. The terms and conditions of the grant require, among other requirements, the OPA to audit the grant after completion of the project. The OPA has been providing the service for the past many years out of concern that the assistance may be terminated if audits are not completed, as communicated to the OPA by the Japan Embassy. During the reporting period, the OPA completed and issued seven (7) GGP audit reports as follows:

- **George B. Harris Elementary School (GBH) – The Project for the Renovation of School Buildings**
Finding of Compliance: GBH administered the Project in compliance with the grant terms and conditions, as well as the GGP procurement guidelines, and recorded the fixed asset in its accounting records.
- **Bureau of Public Safety (BPS) – The Project for the Procurement of Firetruck and Ambulance for the Republic of Palau**
Finding of Compliance: BPS administered the Project in compliance with the grant terms and conditions, as well as the GGP procurement guidelines, and recorded the fixed asset in its accounting records.
- **Ngardmau Elementary School (NES)– The Project for the Renovation of School Buildings**
Finding of Compliance: NES administered the Project in compliance with the grant terms and conditions, as well as the GGP procurement guidelines, and recorded the fixed asset in its accounting records.
- **Belau National Hospital (BNH)– The Project for the Procurement of ICU Vital Signs Monitors**
BNH administered the project in compliance with grant terms and conditions, GGP procurement guidelines, and recorded the equipment in its accounting records except for the following:
Finding No. 1-Non-compliance with Agreed-upon products and services
Finding No. 2-Untimely submission of Project Completion Report
- **Bureaus of Marine Resources (BMR)¹ – The Project for the Procurement of a Fishing Vessel**
BOF administered the project in compliance with grant terms and conditions, GGP procurement guidelines, and recorded the equipment in its accounting records except for the following:
Finding No. 1-Untimely submission of Interim Report
- **Airai Elementary School (AES) – The Project for the Procurement of a School Bus**
Finding of Compliance: AES administered the Project in compliance with the grant terms and conditions, as well as the GGP procurement guidelines, and recorded the fixed asset in its accounting records.
- **Maris Stella School (MSS) –The Project for the Reconstruction of the Auditorium**
MSS administered the project in compliance with grant terms and conditions and GGP procurement guidelines, except for the following:
Finding No. 1- Lack of Consultation Prior to Project Modification
Finding No. 2- Lack of Fixed Asset Record

2.2. Oversight on Outsourced Financial Audits

Financial Audits assess whether entities' financial statements (e.g., Statement of Net Assets, Statement of Activities, Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance, etc.) are presented fairly, in all material respects, in accordance with recognized criteria. A single audit combines the annual financial statement audit of the national government with the audit of the Statement of Expenditures of U.S. Federal Awards (SEFA) in accordance with the U.S. Single Audit Act. The financial statement audit is conducted in accordance with GASB 34 reporting framework and other applicable GASB requirements. The single audit is intended to meet the basic audit needs of both the ROP and the U.S. Federal Government.

¹ BMR renamed and restructured to Bureau of Fisheries (BOF). Current name is used in the report.

For the Single Audit of the ROP, the OPA prepares and issues a Request for Proposal and is a member of the evaluation committee that evaluates all proposals received. The Procurement Officer awards the contract, taking into consideration the recommendation of the evaluation committee. The OPA conducts oversight by coordinating and facilitating the single audit of the ROP National Government, 11 Component Units, 1 Agency, and 16 State Governments. The primary activities surrounding oversight are ensuring that entities provide records and documents to the auditors on a timely basis to facilitate the timely completion of audits. In addition, the OPA intervene on issues between the auditor and the auditee that can potentially delay the audit.

Following are reports issued in the reporting period covering January 1, 2025 – April 8, 2026 as follows:

National Government, Component Units and Agencies	Fiscal Year	Issued Date
ROP National Government	FY2022	10/2/2025
Belau Submarine Cable Corporation	FY2024	2/28/2025
Civil Service Pension Trust Fund (CSPTF)	FY2022 FY2023	7/31/2025 3/24/2026
CSPTF Schedule of Employer Allocation, Schedule of Pension Amounts by Employer and Other Pension Schedules	FY2021 FY2022	2/28/2025 3/23/2026
National Development Bank of Palau	FY2024	8/29/2025
Palau Community Action Agency	FY2021	8/12/2025
Palau Community College	FY2024	6/12/2025
Palau District Housing Authority	FY2023	1/28/2026
Palau International Coral Reef Center	FY2022 FY2023	4/8/2025 3/5/2026
Palau National Communications Corporation <i>Note: FY2023 issued 9/12/2024; FY2024 is ongoing</i>		
Palau Visitor’s Authority	FY2022 FY2023	8/6/2025 4/6/2026
Protected Areas Network Fund	FY2023	3/7/2025
Palau Public Utilities Corporation	FY2022 FY2023	4/8/2025 3/26/2026
Social Security Administration <i>note: FY2023 report dated 8/12/2025 was issued 4/8/2026</i>	FY2022 FY2023	6/10/2025 4/8/2026

2.2.1. The status and results of the Republic of Palau National Government’s financial audits (Single Audits):

- **FY 2023:**
Types of Opinion: Two (2) opinions are rendered on the Single Audit of the ROP for FY 2023: (1) an opinion on the fairness of financial statements presentation and (2) an opinion on Internal Control and on Compliance for Each Major U.S. Federal Financial Assistance Program. The opinions rendered for FY 2023 are explained below:

Report on the Financial Statements: We were unable to determine the type of opinion rendered on the financial statements as the Single Audit report, Report on the Financial Statements and Report on Internal Control and on Compliance, is targeted for issuance by April 30, 2026.
- **FY 2022:**
Types of Opinion: Two (2) opinions are rendered on the Single Audit of the ROP for FY 2021: (1) an opinion on the fairness of financial statements presentation and (2) an opinion on Compliance for Each Major Federal Program. The opinions rendered for FY 2021 are explained below:



Report on the Financial Statements: ROP National Government received a modified opinion on governmental activities and an unmodified ("clean") opinion of Aggregate Discretely Presented Component Units, General Fund, Grants Fund, Permanent Fund, and the Aggregate Remaining Fund Information for the Fiscal Year ended September 30, 2022.

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards: Independent auditors found four material weaknesses relative to internal control over financial reporting, and no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance: ROP received a modified opinion on compliance for three major federal programs. Independent auditors identified four material weaknesses, one significant deficiency, and other instances of noncompliance that are required to be reported in accordance with the Uniform Guidance.

Findings: Independent auditors identified four material weaknesses findings (2022-001 to 2022-004) and six federal award findings (2022-005 to 2022-010).

Questioned Cost²: The Fiscal Year 2021 Single Audit reported a total cumulative unresolved Questioned Cost of \$1,409,382 at September 30, 2021.

2.2.2 The results of the Component Units and Agencies' financial audits issued in 2025-2026:

- **Belau Submarine Cable Corporation, FY 2024:**
Type of Opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors did not identify any deficiencies in internal control over financial reporting that they consider to be material weaknesses. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).
Number of Findings: 0
- **Civil Service Pension Trust Fund, FY 2022:**
Type of Opinion: Received an unmodified (clean) opinion on the report on the financial statements. Independent auditors identified a deficiency in internal control over financial reporting that is considered to be a material weakness and found one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards (GAS).
Number of Findings: 1
- **Civil Service Pension Trust Fund, FY 2023:**
Type of Opinion: Received an unmodified (clean) opinion on the report on the financial statements. Independent auditors identified a deficiency in internal control over financial reporting that is considered to be a material weakness and also found no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards (GAS).
Number of Findings: 1
- **National Development Bank of Palau, FY 2024:**

² Questioned Costs are expenditures questioned by the auditor due to noncompliance with procurement law and lack of supporting documents such as invoices, contracts, bid documents, etc. To resolve questioned costs, management must provide appropriate supporting documents to justify expenditures.



Type of Opinion: Received a modified opinion on its financial statements. Independent Auditors did not identify any deficiencies in internal control over financial reporting that they consider to be material weaknesses. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).

Number of Findings: 0

- **Palau Community College, FY 2024:**

Type of Opinion: Received an unmodified (clean) opinion on its financial statements, and independent auditors did not identify any deficiencies that they consider to be material weaknesses in internal control over financial reporting. PCC also received an unmodified opinion on the Report on Compliance for Each Major Federal Program, and independent auditors did not identify any deficiencies in internal control over compliance that they consider to be material weaknesses.

Number of Findings: 0

- **Palau International Coral Reef Center, FY 2022:**

Type of Opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors identified one deficiency in internal control that they consider to be a material weakness. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).

Number of Findings: 1

- **Palau International Coral Reef Center, FY 2023:**

Type of Opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors identified one deficiency in internal control that they consider to be a material weakness. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).

Number of Findings: 1

- **Palau Visitor's Authority, FY 2022:**

Type of Opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors did not identify any deficiencies in internal control over financial reporting that they consider to be material weaknesses. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).

Number of Findings: 0

Palau Visitor's Authority, FY 2023

Type of opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors did not identify any deficiencies in internal control over financial reporting that they consider to be material weakness. Independent Auditors also found instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).

Number of Findings: 0

- **Protected Areas Network Fund, FY 2023:**

Type of Opinion: Received a modified opinion on its financial statements. Independent Auditors found deficiencies in internal control over financial reporting that they consider to be material weaknesses. Independent Auditors found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).

Number of Findings: 1

- **Palau Public Utilities Corporation, FY 2022:**

Type of Opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors did not identify any deficiencies that they consider to be material weaknesses in internal control over financial

reporting. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).
 Number of Findings: 0

Palau Public Utilities Corporation, FY 2023:

Type of Opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors did not identify any deficiencies that they consider to be material weaknesses in internal control over financial reporting. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).

- **Social Security Administration, FY 2022:**

Type of Opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors did not identify any deficiencies that they consider to be material weaknesses in internal control over financial reporting. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).
 Number of Findings: 1

Social Security Administration, FY 2023:

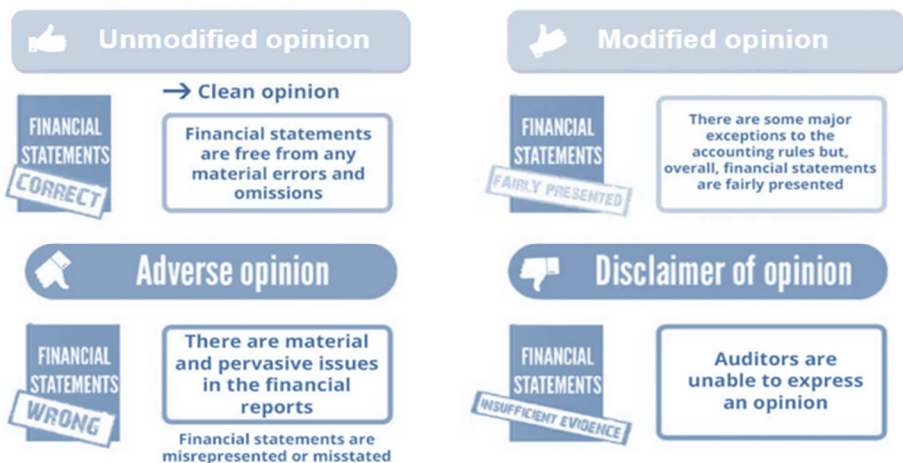
Type of Opinion: Received an unmodified (clean) opinion on its financial statements. Independent Auditors did not identify any deficiencies that they consider to be material weaknesses in internal control over financial reporting. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).
 Number of Findings: 0

- **Palau Housing Authority, FY 2023:**

Type of Opinion: Received an unmodified (clean) opinion on the financial statements. Independent auditors identified one deficiency in internal control that they consider to be a material weakness. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).
 Number of Findings: 1

- **Palau Community Action Agency, FY 2021:**

Type of Opinion: Received an unmodified (clean) opinion on the financial statements. Independent auditors identified one deficiency in internal control that they consider to be a material weakness. Independent Auditors also found no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards (GAS).
 Number of Findings: 0



2.2.3. State Governments’ Financial Audits: State Government audits have a significant backlog due to the lack of available CPAs or CPA firms bidding on the audits. Be that as it may, the OPA plans to address the backlog by completing audits of most-recently completed fiscal year and working back. This approach ensures that policymakers are availed of most current audits affecting State Government operations to inform policy decisions.

Hence, the OPA will outsource State audits beginning with Fiscal Year 2024, followed with Fiscal Year 2025, 2023, 2022, and so on and so forth until the backlogs are completed, as explained below:

2.2.3.1. Fiscal Year 2024 Financial Audits: The OPA was able to outsource the Fiscal Year 2024 State audits to two (2) CPA firms, Ramon F. Garcia & Company and Burger, Comer, & Magliari LLP, with the status of audits below:

State Government	Audit Firm	Audit Status
1. Hatohobei	Ramon F. Garcia & Company, CPAs	Ongoing, targeted completion 4/30/2026
2. Melekeok	Ramon F. Garcia & Company, CPAs	Ongoing, targeted completion 4/30/2026
3. Ngaraard	Ramon F. Garcia & Company, CPAs	Ongoing, targeted completion 4/30/2026
4. Ngarchelong	Ramon F. Garcia & Company, CPAs	Ongoing, targeted completion 4/30/2026
5. Ngatpang	Ramon F. Garcia & Company, CPAs	Ongoing fieldwork
6. Ngiwal	Ramon F. Garcia & Company, CPAs	Ongoing, targeted completion 4/30/2026
7. Sonsorol	Ramon F. Garcia & Company, CPAs	Ongoing, targeted completion 4/30/2026
8. Aimeliik	Burger, Comer, & Magliari LLP	Ongoing
9. Angaur	Burger, Comer, & Magliari LLP	Ongoing
10. Kayangel	Burger, Comer, & Magliari LLP	Ongoing
11. Ngardmau	Burger, Comer, & Magliari LLP	Ongoing
12. Ngchesar	Burger, Comer, & Magliari LLP	Ongoing
13. Ngeremlengui	Burger, Comer, & Magliari LLP	Ongoing
14. Peleliu	Burger, Comer, & Magliari LLP	Ongoing

2.2.3.2. Fiscal Year 2025 Audit: Upon completion and issuance of the 2024 audits, the OPA will outsource and commence the 2025 audits for State Governments.

2.2.3.3. Backlog of State Audits for Fiscal Years 2018, 2019, 2020, 2021, 2022, and 2023

The OPA plans to outsource these audits with a specific scope of work: to conduct a focused and specific procedures audit: Testing of revenues, expenditures, and preparation of schedule of questioned costs.

2.2.3.4. Status of Koror and Airai State Audits

Koror and Airai States independently outsource their financial audits, and we report the status of their audits below:

- Koror State: Koror State has completed its audit for fiscal year 2020 and is presently undergoing Fiscal Year 2021 audit.
- Airai State: Airai State has just completed the Draft Audit report for Fiscal years 2020 and 2021, proceeding to finalize the report and moving on to the FY 2022 audit.

2.3. Causes of Audit Delays

Shortage of Independent Auditors: The shortage of independent CPA firms to engage in conducting financial audits of the National Government, State-owned Enterprises (Component Units), Development Partner Grants, and State Governments, can delay and potentially create a backlog of audits. Only two (2) CPA firms, Ernst & Young (EY) and Burger, Comer, & Magliari (BCM) are responsible for the audit of the ROP (Single Audit) and eleven (11) State-owned Enterprises. The audit of the ROP, State-owned Enterprises, and State Governments have the same due date, June 30. When EY and BCM are

engaged in the ROP and Component Units audits, their preoccupation with these audits gives them little room to take on State Government audits. And even if they were able to do so, their availability would already be very close to the deadline to complete the State audits. The only viable way to fix this problem is to invite more CPAs to bid on these government audits. Only one CPA firm operating out of the Philippines, Ramon F. Garcia & Company, has applied for and received a license and permit from the Palau Board of Accountancy to practice in Palau. This is one of the firms awarded 7 of the State audits, the other 7 awarded to BCM.

2.4. Possible Solutions

Possible Solution to Eliminate Backlog State Audits: In light of the legal opinions rendering the Board of Accountancy the authority to license and permit CPAs in other jurisdictions to practice in Palau, the Board will continue to invite CPAs from other jurisdictions to apply to practice in Palau, hopefully to attract more CPAs into a pool of locally registered CPAs to compete in government audits.

3. Other Duties & Responsibilities

The following legislations mandate additional duties and responsibilities of the OPA:

3.1. Code of Ethics Act (RPPL 5-32) - Audits of Financial Disclosure Statements

To conduct audits of campaign statements of candidates for the Offices of the President and Vice President of the Republic and random audits of other campaign statements filed under this chapter.

Audits of financial disclosure statements are a critical part of the Code of Ethics Act as it ensures that candidates who run for public office are filing the required financial disclosures and, more importantly, are properly reporting financial contributions and expenses of their election campaigns and account(s) from which a campaign is funded and administered.

The OPA has not conducted these audits since the enactment of the law due to lack of manpower.

3.2. Budget Reform Act of 2001 (RPPL 6-11) – Attestation Audits of Performance Reports

It is the OPA's position that Attestation Audits are a critical component of this law as they verify the credibility, accuracy, and reliability of an agency's performance report, data collection and measurement methodologies. Without attestation audits, the leadership and relevant stakeholders cannot reasonably gauge the performance of an agency, or determine the credibility, accuracy and reliability of data collection and measurement methodologies.

The OPA has not conducted these audits since the enactment of the law due to lack of manpower.

3.3. Board of Accountancy (RPPL 3-71)

The Public Auditor serves as an Ex-Officio member and Chairman of the Palau Board of Accountancy (PBOA or Board), the regulatory authority responsible for overseeing the practice of accountancy in the Republic of Palau.

The PBOA plays a vital role in maintaining the integrity and professionalism of public accountancy by screening applications, licensing qualified practitioners, and issuing permits to individuals and firms that meet the statutory requirements to practice accountancy in the Republic. Through these regulatory functions, the Board helps ensure that only competent and qualified professionals are authorized to offer audit and other assurance services in the Republic of Palau.

This oversight function is critical to safeguarding the quality and reliability of financial reporting, audit services, and other assurance and accounting-related practices. Without the licensing and permitting functions of the PBOA, the service would

be unregulated and the practice of public accountancy and related assurance services would suffer quality and exposure to fraudulent practices.

Importantly, the Board operates without a dedicated budget or appropriation from the National Government. As a result, the OPA absorbs all administrative and operational costs associated with supporting the Board’s activities.

The OPA remains committed to fulfilling this statutory responsibility and continues to provide logistical and administrative support to ensure the Board continues to carry out this important function.

In calendar year 2025, the board issued a total of 16 permits to 4 Accounting Firms, 1 Sole-Proprietorship and 11 Certified Public Accountants and collected and deposited \$1,000 into the National Treasury therewith.

CPA Firms	Payment	Permit
Burger, Comer, Magliari LLC	\$100.00	F25-01
Ernst & Young, (CNMI), Inc.	\$100.00	F25-02
Ramon F Garcia & Company, CPAs (Crowe Philippines)	\$100.00	F25-03
Ernst & Young (Fiji)	\$90.00	F25-P01

CPA Individuals	Payment	Permit
Edmund E Brobesong	\$50.00	25-01
James N Whitt	\$50.00	25-02
John R Onedera	\$50.00	25-03
Rizalito Gino F Paglingayen	\$50.00	25-04
Wei-Li Tung	\$50.00	25-05
Arata Ichikawa	\$50.00	25-06
David J Burger	\$50.00	25-07
Steve Pickering	\$150.00	25-P01
Minay Prasad	\$150.00	25-P02
Vernice M. Stefano (Sole-Proprietorship)	\$150.00	25-08
Ramon F. Garcia	\$150.00	25-09
Christopher C. Alcantara	\$150.00	25-10

4. Non-Audit Services

4.1. Comments on Proposed Bill

Occasionally, the National Congress solicits the Public Auditor’s comments on proposed Bills, which the Public Auditor accommodates, as appropriate, when the subject matter raises issues that affect the governments public financial management system.

4.2. Advisory and Technical Assistance Services on Procurement, Accounting Procedures, and Financial Management

The OPA also provides advisory services to various government entities and state governments when technical issues arise that cause confusion on how to treat or resolve issues. Often, the issues relate to procurement, accounting treatment, audits, ethics, and other issues.

In addition, the OPA also assists the Ministry of Finance in preparing the Request for Proposal and related specifications for the annual Single Audit of the Republic of Palau, and the financial audits of the State Governments.

4.3. Local Governance Strengthening Project

4.3.1. Standard Operating Procedures (SOP): The ROP-funded project is administered by the Ministry of State, Bureau of Domestic Affairs, in partnership with the OPA. The capacity-building program focuses on enhancing State Governments' Public Financial Management Systems and complementary Financial Management Information Systems (FMIS). The objective of the project is to develop Standard Operating Procedures (SOPs) for each State Government to support a uniform and consistent process for administering financial transactions. The FMIS is designed to ensure that finance staff follow standard operating



procedures for capturing financial transactions, processing, verifying, recording, and preparing accurate and timely financial reports. The system and related procedures would support the preparation of timely and accurate financial statements and the maintenance of essential audit trails and supporting documents to support an audit.

The project commenced with five (5) Pilot States; namely Aimeliik, Hatohobei, Kayangel, Melekeok, and Ngeremlengui. Following completion of the pilot phase, the Project expanded in two subsequent phases. Phase 2 commenced on May 13, 2024, with the selection of the next cohort of States: Airai, Hatohobei, Kayangel, Ngaraard, Ngatpang, and Sonsorol to receive SOP and QuickBooks training and support toward SOP finalization and adoption. Phase 3 commenced on December 8, 2025, following the initial coordination meeting with the final cohort of States: Angaur, Ngarchelong, Ngardmau, Ngchesar, Ngiwal, and Peleliu, which are currently participating in QuickBooks training and drafting of their SOPs.

We also assist by conducting Clinics for States' Leadership on the importance of public financial management system, the FMIS, standard operating procedures, and the preparation of timely and accurate financial statements to support policy decisions, formulation of the State budget, support the audit process, and other functions.

4.3.2. QuickBooks: The other important component of the capacity-building is training the finance staff on the use of the QuickBooks Accounting software to record financial transactions. QuickBooks is a multi-function system that supports not only the recording of financial transactions but also verification processes, reconciling of accounts, cash management, special reports, and other important functions. The Ministry of State in partnership with the Palau Community College is sponsoring a QuickBooks 2024 training in April 2026, inviting all State Finance officers to participate in the latest upgrade of QuickBooks, 2024 version. This will upgrade the skills of State finance officers to the latest version of QuickBooks in the market today.

4.4. Assistance to State Governments

We also assist the State Governments in preparation for their annual financial audits and provide advisory services in the areas of procurement, budgeting, personnel, and other matters.

4.5. Internship and Hosting Services to Schools

The OPA is also registered as a qualified agency by the National Scholarship Board to provides accounting and auditing internships to college students who require a practicum as part of their studies. From time to time, the OPA also participates in high school practical employment programs (Job Shadow) whereby it hosts students interested in auditing or accounting professions. The OPA routinely conducts employment recruitment visits with Palauan accounting and business students at the University of Guam.



The Acting Public Auditor and staff auditors host students annually whenever requested to support educational engagement and awareness of public auditing practices. (left: Mindszenty High School, right: Palau High School)

5. Standards & Compliance

5.1. Quality of OPA's Work and Compliance with Standards

The Public Auditing Act requires the OPA to comply with U.S. Generally Accepted Government Auditing Standards (GAGAS) and accounting principles generally accepted in the United States of America in conducting its audits. The OPA follows these standards, and its Audit Manual is designed to follow the same.

5.2. Peer Review

The Office of the Public Auditor triennially undergoes an External Quality Control Review (Peer Review) as required under GAGAS. The purpose of the Peer Review is to assess the system of quality control of the OPA to determine compliance with GAGAS.

We are proud to report that the OPA received a rating of "Full Compliance" in its latest Peer Review Report dated March 8, 2024, affirming that the OPA's system of quality control is suitably designed and operating effectively to ensure compliance with GAGAS. The full report is available on our website at <https://palauopa.org/peer-review.html>.

6. Capacity Building

Professional development is an ongoing commitment by the OPA to ensure that professional staff maintain their proficiency in the field of auditing and the standards and other requirements that apply to the profession. In addition, the auditors must stay up-to-date with technological developments (tools) in the field of auditing. Accordingly, training is an indispensable part of operations to make sure that professional staff meet the minimum requirements of CPE to maintain their qualifications to conduct audits in accordance with U.S. GAGAS. The OPA benefits through its affiliations and memberships with regional and international professional bodies and development partners.

6.1. International Organization of Supreme Audit Institutions (INTOSAI) Development Initiative (IDI)

Audit Quality Management System Specialist Certificate-Junior Auditors Dilrae Mechol and Sumch Chin are participating in the IDI's Audit Quality Management System Specialist Certification program to support the office's implementation of a structured quality management framework. Through this initiative, they aim to tailor quality management principles to the office's existing operations, including human resource capacity, organizational structure, and operational culture, while ensuring alignment with the revised U.S. Government Accountability office Government Auditing Standards (Yellow Book). Assessment exams are scheduled for September 2026.

SAI Sustainable Development Goals (SDG) Auditor Initiative: Junior Auditors Dilrae Mechol and Sumch Chin are engaging in IDI's Supreme Audit Institution (SAI) SDG Auditor Initiative to enhance the office's capacity to conduct performance audits related to the implementation of the SDG. Participation in this program strengthens the office's ability to assess national preparedness, implementation, and monitoring of SDG-related programs, thereby promoting accountability, transparency, and results-based governance in connection with SDG programs and projects.

6.2. Pacific Association of Supreme Audit Institution (PASAI)

As one of the regional bodies of INTOSAI, PASAI offers capacity-building programs to each regional SAI to enhance and strengthen audit capacities and capabilities with the aim to achieve audit quality to uniform high standards across the Pacific.

6.2.1. Strategic Plan

The Palau OPA in collaboration with PASAI developed its Strategic Plan 2023-2028. The Strategic Plan directs the OPA to focus its resources towards achieving its strategic priorities and objectives, such as *improving audit quality; establishing human resource management systems; enhancing financial independence; and strengthening relationships with external stakeholders.*

With additional support from PASAI, the OPA identified priority areas and initiated the development of a Communications Strategy and a Human Resources Strategy:

6.2.1.1 Communications Strategy: this strategy is to strengthen communication with stakeholders, including the Executive Branch, Olbilil Era Kelulau, State Governments, citizens, and the media. The Communication Strategy project was launched in December 2023, and successfully completed, in line with Strategic Priority No. 4, building relationships with external stakeholders, and formally adopted in July 30, 2024. The OPA is recruiting for a qualified person to the position of Public Relations and Information Officer to take on this responsibility

6.2.1.2. Human Resource Strategy: Human Resource (HR) Strategy is aimed at strengthening Human Resources Management (HRM) capabilities. The objective of this initiative is to establish a position within the OPA who will serve as HR specialists, responsible for managing the complete HRM cycle, including recruitment, performance appraisal, employee well-being, and professional development. The HR Strategy project was formally initiated in person on October 28–31, 2024, and is scheduled for completion by the end of 2026. The OPA is also recruiting for a qualified candidate to take charge of the HR position.

6.2.2. Other Capacity Building Programs

6.2.2.1. Performance Audit Webinars

Auditors have participated in PASAI's series of Performance Audits webinars throughout the year. The webinars focused on various aspects of conducting high-quality performance audits, including Project Management, Report Writing, Evidence Collection and Analysis, and related areas, which aligns with the OPA's Strategic Plan priorities.

6.2.2.2. Compliance Audit Webinars

Throughout the year, auditors actively participated in a series of Compliance Audit webinars hosted by the PASAI, covering audit planning, execution, and reporting. This targeted capacity-building initiative strengthened technical competencies, reinforced adherence to professional standards, and enhanced the office's ability to deliver high-quality audits, aligning with the OPA's Strategic Plan priorities.

6.2.2.3. Ethics: The Guiding Principle

Junior Auditors Dilrae Mechol, Sumch Chin, and La-Arnie Lucky attended virtual ethics training from February 4-13, 2025, designed to help auditors uphold the integrity, objectivity, and credibility of their profession, which is the foundation of trust for stakeholders. This training was essential for navigating complex, evolving regulatory environments and identifying potential conflicts of interest or fraudulent activities.

6.2.2.4. In-person Technical Assistance - Performance Audit

PASAI Program Director Mike Scott graced Palau OPA with his presence on August 4-9, 2025, and provided assistance covering matters ranging from quality audit delivery to OPA internal governance. He also advised various audit teams on how to approach and complete audits.



Acting Public Auditor, staff auditors, and Mr. Mike Scott

6.2.2.5. PASAI-Chartered Accountants Australia and New Zealand Data Analytics

Junior Auditor Dilrae Mechol participated in an online Data Analytics program from October 3-15, 2025. The program aimed to enhance data analytics skills and knowledge that enable auditors to identify anomalies and patterns in real time, focus on high-risk areas, reduce manual errors, and provide deeper, more proactive insights to enhance audit quality, efficiency, and risk detection.

6.2.2.6. Stakeholder Engagement Workshop

Acting Public Auditor, along with Junior Auditors Dilrae Mechol and Sumch Chin, participated in a comprehensive four-day Stakeholder Engagement Workshop from 17–20 November 2025, hosted at the Guam Office of Public Accountability. The regional training brought together audit professionals from across the North Pacific to strengthen communication and stakeholder engagement practices essential to SAIs.

6.3. Association of Pacific Islands Public Auditors (APIPA) was formed in January 1988 through a Memorandum of Understanding (MOU) that was executed by the heads of the audit organizations of five Pacific Island nations. APIPA was formed to achieve the following objectives:

- To establish an organized body to act as one voice in support of the goal of promoting efficiency and accountability in the use of public resources of emerging nations of the Pacific;
- To provide a forum for the exchange of ideas, experience, problems, and the identification of solutions which are often unique to the Public Auditors in the Pacific;
- Sponsor auditing and accounting training workshops, in cooperation with established associations of the staff of member offices;
- Identify scholarship sources for Pacific Islanders in need of financial assistance to study auditing and accounting at a post-secondary level;
- and promote public awareness for the purposes of conducting audits of public resources.

In partnership with **Graduate School USA (GSUSA)** and financial assistance from the USDOT’s Office of Insular Affairs (OIA):

6.3.1. Annual APIPA Conference and Workshop: The APIPA and GSUSA, working together with the host Public Auditor’s office, organize and sponsor **Annual Conferences**, which deliver 40 hours of CPE courses in Audit, Finance, and Grants Management to the U.S.-affiliated Insular Area governments. Public Auditor Satrunino Tewid, along with Junior Auditors Reggie Mabel, Dilrae Mechol, and Sumch Chin, participated in the APIPA Conference from September 8-12, 2025, hosted by the CNMI Office of the Public Auditor.



Acting Public Auditor with APIPA Principals in the APIPA 2025 Opening Ceremony.



6.3.2. Peer Reviews: The APIPA also organizes and coordinates, through a grant from the OIA, Peer Reviews of the member offices, which is required under GAS. The OPA undergoes an external quality control review (Peer Review) once every three years. The purpose of the Peer Review is to assess the OPA's system of quality control to determine its compliance with GAGAS.

Refer to Section 5. Standards/Compliance for OPA's result.

6.3.3. Other Training: New Yellow Book Standards on Quality Management: What You Need to Know by Michael Bingham

On January 22, 2025, all auditors attended a virtual training on revisions of Yellow Book standards for Audit Quality Management, in preparation for their effective date, December 15, 2025.



Acting Public Auditor and staff with Palau Delegation attending APIPA 2025.

6.4. Office of Inspector General (OIG)

The OPA is grateful for the training and assistance provided by the USDOJ OIG. From time to time, the OIG provides on-site training for the audit staff. Additionally, the OPA seeks the OIG's support on matters requiring technical expertise that may not be available in-house.

6.5. Other Trainings and Programs

13th Biennial Association of Government Accountants (AGA) Guam Professional Development Conference 2025

Acting Public Auditor Tewid and Junior Auditors Dilrae Mechol and Sumch Chin participated in the 13th Biennial AGA Guam Professional Development Conference 2025, with the theme "Leading Change: Empower, Innovate & Excel," from March 12-14, 2025.



Photographed with AGA 2024-2025 President Frank E. Petersen, III, CGFM

6.6. Auditors Professional Development

Certifications in Government Financial Manager

In line with the OPA’s Human Resources Strategy on professional development, Junior Auditors Dilrae Mechol and Sumch Chin sat for and passed the Certified Government Financial Manager (CGFM) examination, earning their professional designations as Certified Government Financial Managers.



The CGFM certification, among other professional certifications, strengthen the office’s capacity and capability to plan and perform audits, enhancing the depth and quality of audits.

“Learning is the lifelong process of acquiring new knowledge, skills, understanding, behaviors, and attitudes, resulting in relatively permanent changes through experience.”

6.7. Implementing HR Strategy

6.7.1. HR Position

The OPA has been recruiting for a qualified person to take charge of its Human Resources function. We recruited and hired an individual however after a rather short stint, the individual resigned. The HR position is important as the OPA needs to finalize and adopt its HR policies and procedures and formulate an independent pay scale structure separate from the Public Service System, as intended by law. The OPA continues its search for a qualified candidate to fill its HR position.

6.7.2. Hiring of Audit Manager

After many years of searching for an Audit Manager, the OPA has finally hired Mr. Ikeda Lieb Ngiraelbaed, CPA, to fill the long-vacant position of Audit Manager. This is a key position within the office, responsible for overseeing audit engagements, ensuring the quality and timeliness of audit work, managing and training audit staff, among other duties.

Filling this position enables the Public Auditor to focus more on the OPA’s Strategic Plan, Communications Strategy, Audit Quality Management, Employees’ Professional Development, and such other critical management functions important to the OPA achieving its mandate.

Mr. Ngiraelbaed is not new to our office, having previously served as a Junior Auditor from April 2013 to August 2016. He later left to further his education and has since earned a Master’s Degree in Accountancy, as well as certification as a Certified Public Accountant with the Washington State Board of Accountancy. We are pleased to welcome him back and look forward to his contributions toward the continued development of the OPA.

7. Infrastructure/ Office Space

The OPA has been in discussion with Koror State Government of possible use of the former Weather Office, behind the Belau National Museum, for office space. The OPA was appropriated funds by the Olbiil Era Kelulau to fund the renovation.

Unfortunately, there are multi-claimants to the land in question, including Koror State, so the OPA decided that it was a risky investment and opted to abandon the venture. The OPA is currently looking at the prefabricated facility located behind Civic Center in Ngesekes as a possibility and is in discussion with Koror State and the National Government regarding use of the facility.

OPA: The Driving Force Behind the Team



Ikeda Lieb Ngiraelbaed

AUDIT MANAGER

Employment Date: April 6, 2026 - present

MA in Accountancy
University of Nevada, Reno
BBA in Finance
University of Nevada, Reno

✦ Certified Public Accountant (CPA), licensed by Washington State Board of Accountancy



Reggie Jay Mabel

JUNIOR AUDITOR IV

Employment Date: October 2, 2014 - present

BBA in Finance
California State University, Chico

✦ GRADUATE of Graduate School USA Executive Leadership Development Program



Dilrae Ucherriang Mechol

JUNIOR AUDITOR III

Employment Date: September 4, 2018 - present

MA in Educational Leadership
San Diego State University
BBA in Accounting and Business Administration
University of Hawaii, Hilo

✦ Certified Fraud Examiner
✦ INTOSAI-IDI PESA-P SAI Certified Performance Auditors
✦ Selected as INTOSAI-IDI PESA-P Founding Member
✦ Certified Government Financial Manager



Sumch Ramona Chin

JUNIOR AUDITOR II

Employment Date: March 8, 2021 - present

BBA in Finance and Economics
University of Guam

✦ INTOSAI-IDI PESA-P SAI Certified Performance Auditors
✦ Certified Government Financial Manager



La-Arnie Lucky

JUNIOR AUDITOR I

Employment Date: October 25, 2023 - present

BBA in Accounting
University of Hawaii, Hilo



Samuel Peace Estepha Rivera

JUNIOR AUDITOR I

Employment Date: January 19, 2026 - present

BS in Management Accounting
University of Cordilleras, Baguio, Philippines



Ochebir Tarah Ngiraingas

JUNIOR AUDITOR I

Employment Date: February 2, 2026 - present

BBA in Accounting
University of Hawaii, Manoa

OFFICE OF THE PUBLIC AUDITOR

Mengkar a Udoud Buai

“As guardians of public trust, we champion accountability and transparency in the use of public resources by providing quality and timely audits and raising public awareness...”

Report Illegal or Wasteful Activities

The fight against corruption requires a strong partnership between the Office of Public Auditor and the community. As a critical ally, the community acts as an essential second set of eyes, helping to identify and expose wrongdoing. For this reason, the Public Auditor encourages the community to report any suspected cases of corruption. Together, we can promote transparency, accountability, and integrity in public service.

