



**OFFICE OF THE PUBLIC AUDITOR
REPUBLIC OF PALAU**

PERFORMANCE AUDIT REPORT



ON

**JAPAN'S GRANT ASSISTANCE FOR GRASS-ROOTS
HUMAN SECURITY PROJECT**

FOR

**"THE PROJECT FOR PROCUREMENT OF FIRETRUCK
AND AMBULANCE FOR THE REPUBLIC OF PALAU"**



Ministry of Justice
Republic of Palau

Period from September 17, 2019 to September 16, 2020

Performed by the Office of the Public Auditor

JP*MOJ*BPS-20-03P*opa00



REPUBLIC OF PALAU

Office of the Public Auditor

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February 27, 2025
Serial#: opa25-054au

Mr. Curtis Elobt
Director
Bureau of Public Safety
Ministry of Justice
Koror, Republic of Palau

Subject: Revised Final Report on the Audit of Japan's Grant Assistance for Grassroots Human Security Project for "The Project for Procurement of Firetruck and Ambulance for the Republic of Palau"

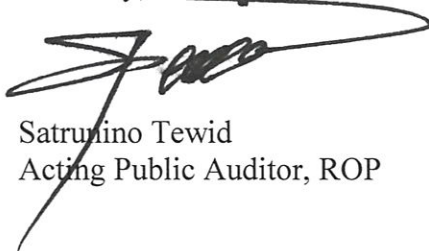
Dear Director Elobt:

Transmitted herewith is a revised final audit of Japan's Grant Assistance for "The Project for Procurement of Firetruck and Ambulance for the Republic of Palau". The revision was necessary to report project expenditures.

The revised final report recalls and replaces the Office of the Public Auditor's (OPA) earlier report dated February 21, 2025.

If you have any questions regarding the report or subject matters discussed therein, the OPA will be available to discuss such matters at your request.

Sincerely,



Satruilino Tewid
Acting Public Auditor, ROP

**Japan's Grant Assistance for Grass-Roots
Human Security Project:
"The Project for Procurement of Firetruck and
Ambulance for the Republic of Palau"**

**Ministry of Justice
Republic of Palau**

For the Period September 17, 2019 to September 16, 2020

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Office of the Public Auditor

February 27, 2025

Mr. Curtis Elobt
Director, Bureau of Public Safety
Ministry of Justice
Koror, Republic of Palau

Dear Director Elobt:

At the request of the previous administration of Bureau of Public Safety, the Office of the Public Auditor initiated an audit of Japan's Grant Assistance for Grassroots Human Security Project (GGP) for "The Project for Procurement of Firetruck and Ambulance for the Republic of Palau."

The Embassy of Japan in the Republic of Palau awarded the sum of \$90,800 to the Bureau of Public Safety's Division of Fire and Rescue, Ministry of Justice, for the project for the Procurement of Firetruck and Ambulance for the Republic of Palau. The grant was to be used to cover the costs of recondition/remodeling two used vehicles, an ambulance and a firetruck, the transportation/shipping expenses from Japan to Palau, and the cost of operational & mechanical training of the vehicles in Palau pursuant to the Grant Contract executed between the Embassy of Japan and Bureau of Public Safety, Ministry of Justice on September 17, 2019, as shown below:



Signing Ceremony at Embassy of Japan-ROP on September 17, 2019

The objective of the audit is to determine whether the Bureau of Public Safety (1) administered the grant funds in compliance with the terms and conditions of the Grant Contract, (2) adhered to the GGP procurement guidelines in the execution of the project's procurements and (3) took action to ensure the fixed assets were properly recorded into the Republic of Palau's accounting records.

The Office of Public Auditor reviewed the administration of the grant funds, including procurement procedures, receipt and disbursements of funds, reporting mechanism and other related requirements pursuant to the Grant Contract and GGP Procurement Guidelines.

Based on our audit, the Office of the Public Auditor determined that the Bureau of Public Safety administered the GGP grant in compliance with the terms and condition of the Grant Contract and that the procurement process was in accordance with the GGP Procurement Guideline. In addition, the fixed assets (ambulance and firetruck) acquired were properly tagged as properties of Palau Government and recorded into the ROP National Government accounting records. Therefore, there are no audit findings.

Background

The Division of Fire and Rescue is a division under the Bureau of Public Safety (BPS) of the Ministry of Justice (MOJ). The Division is responsible for combating fires and investigating the cause of fires, promoting fire safety standards and hazardous materials mitigation, dispatching ambulances in response to medical emergencies, and provide other emergency services necessary to the Republic of Palau. The Ministry of Justice is one of the eight (8) Ministries of the Executive Branch of the Republic of Palau national government established by PNC Title 2, Section 105, responsible for promoting and maintaining public safety, peace and order, among other duties and responsibilities.

On February 18, 2020, in partnership with the Embassy of Japan in the Republic of Palau, the Division of Fire and Rescue, BPS, MOJ, was officially granted one (1) Firetruck and one (1) Ambulance through the Government of Japan's Grant Assistance for Grassroots Human Security Project (GGP). The Embassy and the Division of Fire and Rescue entered into a Grant Contract for \$90,800 for "The Project for Procurement of Firetruck and Ambulance for the Republic of Palau." The Grant Contract was signed on September 17, 2019 by the Ambassador of Japan and the Vice President/Minister of Justice of the Republic of Palau.

Objective, Scope, and Methodology

The objective of the audit is to determine whether the Bureau of Public Safety (1) administered the grant funds in compliance with the terms and conditions of the Grant Contract, (2) adhered to the GGP procurement guidelines in the execution of the project's procurements and (3) took action to ensure the fixed assets were properly recorded into the Republic of Palau's accounting records.

The scope of the audit covered the period from September 17, 2019 to September 16, 2020, and other periods as necessary. The focus of the audit was primarily on the procurement of the firetruck and ambulance.

As this is a performance audit, we did not conduct audit procedures to assess the fairness of the financial statements of the Bureau of Public Safety or the grant or any component or account within those financial statement and, therefore, express no opinion on the financial statement.

The Government of Japan's Grant Assistance for Grassroots Human Security Project imposes and requires recipients to follow the GGP procurement policies and therefore the Office of the Public Auditor (OPA) did not assess compliance with the Republic of Palau's Procurement Law and Regulations. In addition, because the Japan Embassy maintains control and approval processes over the funds, we did not assess compliance with the national treasury laws of the Republic of Palau.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Furthermore, the Public Auditing Act of 1985 empowers the Office of the Public Auditor to specifically act to prevent fraud, waste, and abuse in the collection and expenditure of public funds. The Public Auditor may make recommendations on the prevention and/or detection of fraud, waste, and abuse of public funds.

To accomplish our objective, we reviewed the Project's documents maintained at the Bureau of Public Safety, Division of Fire and Rescue, as well as project's records at the Ministry of Finance, and records maintained at the Japan Embassy in the Republic of Palau. Project records included, but not limited to, the Grant Contract, Side Letter, GGP procurement guidelines, Bank statements, and other related documents. Moreover, the OPA discussed the project with officials at the Bureau of Public Safety, the Division of Fire and Rescue, as well as the Grants Coordinator at the Embassy of Japan in the Republic of Palau. Finally, OPA conducted a site visit to the Division of Fire and Rescue to inspect the Firetruck and the Ambulance.

Grant Contract

In accepting the grant from the Embassy of Japan in the ROP (Donor), the Division of Fire and Rescue, Bureau of Public Safety, Ministry of Justice (Recipient), agreed to the following terms and conditions of the Grant Contract:

- A. To provide the Donor with an official receipt for the grant received;
- B. To provide the Donor with documents relevant to the Project such as procurement contracts for the products and/or services upon request by the Donor;
- C. To use the grant properly and exclusively for the purchase of such products and/or services necessary for the execution of the Project as enumerated in the Annex of this contract and not to use those products and/or services purchased with the grant for purposes other than the execution of the Project, without acquiring any prior written approval from the Donor;
- D. To provide the Donor with the following reports on the progress of the Project;
 - 1. One (1) project completion report to be provided upon the completion of the Project. (The above report should outline achieved results in the light of the original goals and objective as stated in the application proposal for the Project. The report

- should include a clear accounting report of the allocation and disbursement of the grant.)
2. Any other reports on the Project to be provided upon the request of the Donor, in accordance with the Donor's instructions;
- E. To complete the Project within one year after the contract date;
 - F. To consult with and receive instructions from the Donor in case the Recipient wishes:
 1. To change how the grant is spent from the original plan in the application
 2. To change the contents of the Project
 3. To suspend and/or terminate execution of the Project
 4. To extend the completion date of the Project;
 - G. To keep accounting documents that verify how the grant was spent for at least five years after the completion of the Project;
 - H. To bear all responsibilities for deaths, injuries, diseases, and any other damages to the members of the Recipient in the course of the execution of the Project, and that the Donor will not be responsible for anything that happens during the execution of the Project;
 - I. To consult with the Donor promptly on all matters which may have any influence on the execution of the Project;
 - J. To recognize that the Donor reserves the right to claim a refund of a portion or the whole of the grant if:
 1. A part or the whole of the grant remains unused when the execution of the Project is suspended or terminated;
 2. The Recipient breaches this contract; and
 - K. That this contract shall be governed by and construed and interpreted in accordance with the laws agreed to by the Donor and the Recipient.

In addition to the above terms and conditions, the MOJ agreed to use the grant for the purchase of the products and/or services enumerated below:

Item	Quantity
Reconditioning of Equipment	1
Transportation of Equipment	1
Short-term training on operation and maintenance of Equipment	1

Side Letter

In addition to the Grant Contract, The Ministry of Justice also agreed to additional terms and conditions contained in a “Side Letter” of commitment with the Embassy of Japan stipulating the following:

1. Ministry of Justice will open an account with Bank of Hawaii exclusively for the purpose of the aforementioned project.
2. Ministry of Justice will not withdraw any amount from the said account without prior written consent from the Embassy of Japan.
3. Ministry of Justice will shoulder any excess amount necessary to complete the project, if the cost of the project surpasses the Government of Japan’s grant.
4. Ministry of Justice will be responsible for parking two vehicles at either the fire station in Koror or Ngardmau sub-station premises.
5. Ministry of Justice will be responsible for the fuel expenses, daily inspection and the fee for any maintenance of the items granted.
6. Ministry of justice will keep an operating log book for driving the vehicles in order to prevent personal or other usage aside from their intended purpose.
7. Ministry of Justice will submit an audit report on the Government of Japan’s grant issued by the Public Auditor upon the completion of the project.

Partnership Agreement

To procure the needed equipment the Ministry of Justice (MOJ) entered into a “Recycled Equipment Acquisition Project Partner Agreement” with the Society of Japanese Diplomacy (SPJD) for the purpose of acquisition of the two vehicles, a firetruck and an ambulance, with a local partner organization in Japan. The SPJD is a non-profit organization, approved by the Ministry of Foreign Affairs of Japan, affiliated with various overseas aid programs including the Recycled Equipment Provision Program (REPG), where equipment such as Fire engines, ambulances, refuse collection trucks, etc., are provided as second-hand equipment from Japan, to promote international exchange. SPJD requests and collects equipment from cooperating local (Japan) governments and private sector businesses, prepares and ships them to overseas counterparts for humanitarian and developmental projects. For funding, SPJD and counterpart organizations co-apply for Japan’s ODA -Grant Assistance for Grassroots Programs funds administered by localized Embassy of Japan, which for this grant is the Embassy of Japan in the Republic of Palau.

Through this arrangement, the Society for Promotion of Japanese Diplomacy (SPJD) was providing the Firetruck and the Ambulance to the Ministry of Justice (MOJ), Republic of Palau, as a donation; therefore, both parties agreed to the Recycled Equipment Acquisition Project Partner Agreement’s terms and conditions listed below, for the implementation of this project:

1. Responsibility of SPJD:

- a. Receive one (1) unit of ambulance and one (1) unit of firefighting truck (pumper modified with tank) as secondhand donated by Zao Town in Japan.
- b. Recondition the ambulance and transport it to Koror, Palau immediately after collecting the vehicle from Zao Town, for which the donor local government will conduct a short-term training for the operation of the vehicle/equipment.
- c. Recondition the firefighting truck, modify it with a water tank and transport it to Koror, Palau after receiving the bank remittance from MOJ, after which the SPJD will arrange to conduct a short-term training for the operation of the vehicle/equipment by experts from Zao Town.
- d. Conduct a short-term training on operation and maintenance of the donated vehicle/equipment by a senior mechanic from a workshop in Japan.
- e. Fully cooperate with MOJ to obtain required permissions and documents from Japan, where necessary, in relation to this project.

2. Responsibility of MOJ:

- a. Obtain necessary permits and approvals in advance to import the used vehicle/equipment to Palau for the prompt and earliest custom clearance.
- b. Undertake import custom clearance and arrange for domestic transportation upon arrival of each vehicle.
- c. Provide adequate staff for the proper operation and maintenance of the vehicle, for longer and more appropriate use.
- d. Accept the short-term training and have the appropriate staff fully participate in the courses.
- e. Issue a "Letter of Receipt" upon receiving the vehicles and send it to SPJD with several photographs of the vehicles at use.
- f. Report the status and use of the vehicle/equipment to either SPJD or the Embassy of Japan upon their requests for 5 years after the reception of the vehicle/equipment.

3. Funding:

- a. MOJ applied for the GGP funding from the Embassy of Japan to fund this particular project, which was approved. When funding was granted, the MOJ, via the partnership agreement, remitted USD \$90,800 directly to the SPJD.

Project Expenditure

The SOCIETY for Promotion of Japanese Diplomacy (SPJD) reported the “Actual Cost Detail” following project implementation as shown at Table 1 below:

Table 1: Cost Detail (After the project implementation)

<i>Item</i>	<i>Actual Price (JP ¥)</i>	<i>Price (US \$)</i>
1. Reconditioning	¥5,435,935	\$51,771
2. Transportation	¥2,864,475	\$27,281
3. Short term Training	¥1,575,572	\$15,006
Total	¥9,875,982	\$94,058

Note: see APPENDIX 1 for cost details of each Item.

Table 2: Project Expenditure Report

<i>Description</i>	<i>Amount (US \$)</i>
Grant Remitted to SPJD	\$90,800
Actual Project Cost	\$94,058
Total (excess)	\$(3,258)

As shown at Table 2 above, there was an excess cost of U.S. \$3,258; however, the SPJD reported after project implementation that it accepted/covered the excess cost and did not request for reimbursement.

Handover Ceremony

On September 27, 2019, Ambassador Akira Karasawa of the Embassy of Japan in the Republic of Palau formally handed over the ambulance to the Division of Fire and Rescue, Ministry of Justice. The handover ceremony was held at the fire station in Koror, attended by the Vice President/Minister of Justice, The Honorable Raynold B. Oilouch, the Mayor of Zao town, Mr. Hideto Murakami, and other officials, as shown below:



Ambulance Handover Ceremony on September 27, 2019

Following the handover of the ambulance, on February 18, 2020, Ambassador Akira Karasawa of the Embassy of Japan formally handed over the firetruck to the Division of Fire and Rescue, Ministry of Justice. The handover ceremony was held again at the fire station in Koror, attended by the Vice President/Minister of Justice, The Honorable Raynold B. Oilouch, and other personnel from the Vice President's office and MOJ.



Firetruck Handover Ceremony on February 18, 2020

Finding on Compliance

Based on our audit, the Office of the Public Auditor found that the Ministry of Justice administered the Japan's Grant Assistance for Grassroots Human Security Project (GGP) in compliance with the terms and conditions of the Grant Contract. Moreover, the OPA determined that the project's procurement process was executed in accordance with the GGP Procurement Guideline, as MOJ partnered with SPJD for the acquisition of the vehicles. Finally, the OPA found that the fixed assets (ambulance and firetruck) acquired were properly tagged as properties of Palau Government and properly recorded into the Republic of Palau's accounting records. Therefore, there are no findings in this report.

MOJ's Comment: The Bureau of Public Safety did not provide written comments.

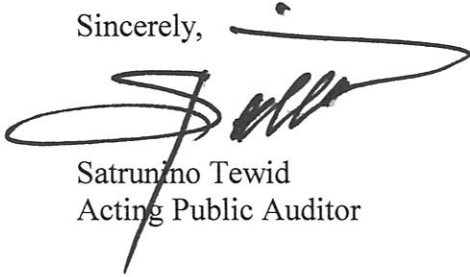
Conclusion

In conclusion, the Partnership forged between the Palau Ministry of Justice and the Society of Japanese Diplomacy (SPJD) facilitated the collaboration essential to ensure that the vehicles were properly reconditioned, shipped to Palau, and the Division of Fire and Rescue personnel received the proper training to operate and maintain the Ambulance and the Firetruck. The GGP grant provided the essential funding to enable the partnership to carry out the project. The two equipment, ambulance and firetruck, are vital towards ensuring that the Ministry of Justice, Bureau of Public Safety, Division of Fire and Rescue is properly equipped to deliver health and fire safety services to the people of Palau.

Office of the Public Auditor

Finally, The Office of the Public Auditor would like to thank the staff and management of the Division of Fire and Rescue, Bureau of Public Safety, Ministry of Justice, the Ministry of Finance, and the Embassy of Japan in the Republic of Palau for their professional courtesies and cooperation during the audit.

Sincerely,

A handwritten signature in black ink, appearing to read 'Satrunino Tewid', with a large, sweeping flourish extending to the right.

Satrunino Tewid
Acting Public Auditor

The SOCIETY for Promotion of Japanese Diplomacy
Kikai Shinko Kaikan 1F, 3-5-8 Shibakoen,
Minato-ku, Tokyo 105-0011 JAPAN
Tel: 81-3-5401-2121, Fax: 81-3-5401-2124

Cost Detail
(After the project implementation)

FEB 2020

Project: Recycled Equipment Acquisition
- Ministry of Justice, Republic of Palau

TOTAL: US\$94,058

- Total 2 units of vehicles (Pumper with tank (modified): 1, Ambulance: 1), used, right side wheel
- To be shipped from Yokohama to Koror, Palau
- To be reconditioned before shipment from Japan for possible operation for about 5 years
- Unloading, import custom clearance and domestic transportation within Palau is to be undertaken by consignee
- Upon arrival, short-term training is conducted for fire truck and maintenance

Exchange rate: US\$=JPY105

Item	Actual Price (JPY)	Price (US\$)	Note
1 Reconditioning	5,435,935	51,771	
1-1 vehicle reconditioning	831,046	11,124	includes: parts change, internal and external cleaning, marking & insignia
1-2 tank modification	2,790,000	26,571	tank capacity 2,500 L
1-3 spare parts	472,680	4,502	for chassis (tires)
1-4 equipment purchase	288,400	2,747	fire gloves x 10 pcs, boots x 10 pairs
1-5 translation	239,765	2,283	reference manual (Japanese - English)
1-6 vehicle relevant expenses	477,090	4,544	requesting and receiving donation, directive and examination on reconditioning, related documentation
2 Transportation	2,864,475	27,281	
2-1 domestic transportation (Japan)	112,454	1,071	from donor gov'l - stockyard - repair shop
2-2 storage	120,000	1,143	JPY20,000 x 3months x 2 unit
2-3 shipment	2,343,630	22,322	loading charge, export custom, ocean freight
2-4 maritime insurance	27,784	265	through to Koror
2-5 transport relevant expenses	260,407	2,480	shifting vehicle registration (temporary deletion, export certificate), packing arrangement, related documentation
3 Short term training	1,575,572	15,006	Firefighting: 2 firefighters from Zao Town, 6 days Maintenance: Instructor 1, facilitator 1; 7 days
3-1 travel expenses	930,338	8,860	total 2 trips, flight + airport transfer + accommodation
3-2 fee & per diem	238,000	2,267	Senior mechanic @33,000, Facilitator @10,000 x 7 days
3-3 Interpreter fee	264,000	2,700	For firefighting training, to be locally hired, US\$900x 3days
3-4 program relevant expenses	143,234	1,364	plan and organize the content of training, liaison between the trainer and trainees, administration of the training program
TOTAL		US\$94,058	

The Society for Promotion of Japanese Diplomacy
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**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO:**

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