

Association of Pacific Islands Public Auditors
APIPA Conference 2001
Executive Committee Meeting
Hyatt Regency Saipan, CNMI
June 20, 2001

MINUTES

1. As APIPA 2001 Chairman, Mr. Michael S. Sablan, CNMI OPA, called the meeting to order at approximately 12:30 p.m. Mike started off by recognizing the representatives of Ernst and Young, host of the Executive Committee lunch meeting. Mr. Sablan informed the committee that he is new to APIPA, having been CNMI Public Auditor only since December 2000. To assist him in his role as APIPA 2001 Chairman, Mr. Sablan introduced Messrs. Ross Zapanta and Rene Cabigao, managers at CNMI-OPA. He also introduced Janet Taitano-Arroyo of his office who would be taking minutes of the meeting.

Present at the APIPA 2001 Executive Committee Meeting were the following APIPA representatives: Michael Sablan, CNMI Public Auditor; Madison Tosie, Kosrae State Public Auditor; Mary Jimmy, FSM Acting Public Auditor; Saturnino Tewid, Palau Public Auditor; Doris Flores-Brooks, Guam Public Auditor; Gertrude Gootinan, Yap State Public Auditor; Francis Sefo, American Samoa Acting Territorial Auditor; Ursula Abalos, Pohnpei Acting State Public Auditor; Atmita Jonathan, Republic of Marshall Islands Audit Manager Trainee; Randall Weigand, Guam OPA Audit Manager; Ernesto Umadhay, Office of the Inspector General(DOI)/Guam Office; Lourdes Perez, Guam Office of the Inspector General (DOI)/Guam Office; Ross Zapanta, CNMI OPA Senior Audit Manager; Rene Cabigao, CNMI OPA Audit Manager; Jack Remke, CNMI OPA Audit Manager; Arnold Jimeno, CNMI OPA Audit Manager; Janet Arroyo, CNMI OPA Intern Auditor/APIPA 2001 Committee Member.

Also present as guests were the following individuals: Mike Crawford, APIPA Instructor; Robert Black, APIPA Instructor; Gerald Shea, USDA Graduate School Pacific Training Initiative Program Manager; Diana Bernardo, Ernst & Young Representative/Executive Lunch Meeting Host; Catherine Chang Neale, Ernst & Young Representative/Executive Lunch Meeting Host.

2. Mr. Francis Sefo, American Samoa-Office of the Territorial Auditor, distributed the

minutes of the APIPA 2000 Executive Committee meeting held in Pago Pago, American Samoa.

Mr. Sablan stated that the APIPA 2001 financial report would be distributed to the APIPA members after all conference collections and expenses have been determined. He added that American Samoa has transferred \$425 from last year's APIPA conference and that, based on the large attendance at this year's conference, CNMI OPA estimates to transfer about \$1,000 of this year's proceeds towards next year's conference.

Mr. Sablan also informed Executive Committee that Mr. Tamaseu Leni Warren, the Chief Auditor in Samoa, has advised that he is unable to attend this year's conference, but that he will send in his 2001 APIPA membership dues. In addition, no Chuuk delegates confirmed to participate in this year's conference.

3. **MATTERS DISCUSSED:**

- a) **APIPA's MOU** - Mr. Sablan informed the committee that he has reviewed the Memorandum of Understanding (MOU) creating APIPA. He noted that the MOU was written about 13 years ago and needs to be updated. He requested the committee members to review the original MOU and submit any suggestions for changes they may have. Mr. Sablan also offered that CNMI OPA would gladly assist in drafting a revised MOU based on committee suggestions and comments. He will present to the Executive Committee members a draft revised MOU for review prior to next year's conference. He hopes that a revised MOU can be presented for adoption at the 2002 conference.
- b) **Invitations to the State of Hawaii & U.S. Virgin Islands** - Mr. Sablan mentioned that several committee members have suggested that APIPA invite the State of Hawaii and the U.S. Virgin Islands to join the organization. Mr. Saturnino Tewid, Palau OPA, advised that both U.S. Virgin Islands and New Caledonia had expressed interest in joining APIPA but he was unable to respond on behalf of APIPA. Mr. Tewid added that he had also received an e-mail from New Zealand asking if they could attend the APIPA conference. Mr. Tewid introduced a motion that APIPA extend invitations to the State of Hawaii to join APIPA as a non-voting member and to the U.S. Virgin Islands as a voting member. Ms. Doris Flores-Brooks, Guam OPA, seconded the motion. After thorough discussion on the matter, the motion was approved by unanimous vote of the committee members. Mr. Sablan stated that CNMI OPA would send the invitations to the

State of Hawaii and U.S. Virgin Islands on behalf of APIPA.

- 3) **USDA Graduate School/Office of Insular Affairs (OIA)** - Mr. Sablan asked about the relationship between USDA Graduate School and OIA. Mr. Gerald Shea, USDA Graduate School, replied that USDA School and OIA are two separate offices, and that USDA Graduate School has a 5 year inter-agency agreement with OIA from which it receives funding for training initiatives. He said that USDA Graduate School provides recommendations on how it will spend OIA's training grants, and OIA usually agrees with their recommendations. Mr. Sablan inquired about how best to contact OIA. Mr. Shea replied that communications could be directed to Mr. Nik Pula, Acting OIA Director, with a copy sent to Mr. James Johnson.

Mr. Sablan also raised member concerns about whether USDA Graduate School and OIA could extend financial assistance to help fund travel expenses in connection with APIPA conferences. Mr. Shea mentioned that OIA had previously paid for some APIPA related travel expenses, and once funded a Peer Review. He said while OIA had extended such assistance previously, he was unaware as to whether they had considered extending financial assistance every year. Mr. Tewid advised the committee members that OIA once also reimbursed Palau OPA for the travel cost of the team conducting a Peer Review of its office.

- 1) **Peer Review** - Mr. Sablan inquired whether any of the APIPA member offices had Peer Reviews conducted on them in 2000. Ms. Flores-Brooks replied that her office had its Peer Review conducted in 1999. She added that since Peer Reviews are conducted every 3 years, her office is not due for another review until 2002. Mr. Sablan asked Mr. Crawford, USDA Graduate School instructor, about how private firms fund Peer Reviews. Mr. Crawford stated that recipients of the reviews pay for them. Mr. Zapanta stated that when the CNMI OPA had its Peer Review conducted in 1997, CNMI OPA paid its own expenses. Mr. Tewid stated that he recalls paying about \$2,000 for his reviewer's travel cost. Ms. Flores-Brooks and Mr. Randall Wiegand from Guam-OPA stated they spent between \$10,000 and \$15,000 for a Peer Review inclusive of per diem, travel and transportation for a one week review.

Mr. Sablan inquired about who can conduct Peer Reviews. Mr. Crawford stated that the general requirement for a Peer Review is governed by the Yellow Book. Mr. Zapanta added that APIPA requires that a Public Auditor be a part of the team

conducting the Peer Review. Mr. Sablan asked for each delegate's Peer Review due date. The results are summarized below.

No.	Delegate	Last Peer Review	Peer Review Due Date
1.	Kosrae	established in 1999	2003
2.	Palau	1998	2001
3.	Guam	1999	2002
4.	FSM	-	2000
5.	Marshalls	-	will check
6.	Yap	never been peer reviewed.	2001
7.	American Samoa	1998	2001
8.	Pohnpei	-	2001
9.	Chuuk	does not have an auditor	will check
10.	CNMI	1997	2001

Mr. Sablan stated that he will communicate with OIA to see what assistance OIA can extend to APIPA for Peer Reviews, and he will inform the committee members of the response.

- 2) **Continuing Professional Education (CPE)** - Mr. Sablan advised that this week's training is important to most of the APIPA members because of the number of CPE hours available for audit staff. He added that the CNMI OPA has established an in-house training program but was unsure whether such training would meet the criteria for qualification as CPE hours. Ms. Flores-Brooks informed the committee that Guam OPA has coordinated a CPE training program with private CPAs on Guam and members of Guam's Association of Government Accountants. Mr. Crawford informed the committee that each auditor is required to have at least 80 hours of CPE every two years, of which 24 hours is to be directly related to

government audits. Further, what is acceptable as CPE credit varies. He stated that he had just finished writing a two-hour course on “What is Acceptable CPE” based on the Yellow Book. He said he earned CPE hours for preparation of this training segment, but he added that any course that will improve an employee’s proficiency should qualify for CPE hours. Ms. Lourdes Perez mentioned that her office has assigned an individual to keep track of its employees’ CPE hours to ensure that employees are complying with the CPE requirements.

- 6) **Development of APIPA Directory** - Mr. Sablan informed the committee that some members have suggested APIPA develop a directory of its members. Mr. Sablan distributed a form to the committee members for information to be compiled into the Directory. He informed the committee that the completed forms could be sent to the CNMI OPA for compilation and distribution to the members. Ms. Flores-Brooks suggested that the APIPA Directory include a summary or brief history of each member office.

- 7) **Public Auditor’s Access to Information in Governments** - Mr. Sablan also surveyed committee members as to how their respective offices obtain information needed for the conduct of government audits, and whether they have statutory authority to obtain such information. He stated that the CNMI OPA is fortunate in that CNMI law provides broad authority to OPA for access to all government information. Mr. Tewid mentioned that Palau OPA has a similar situation as the CNMI. He stated that his office has not encountered much difficulty in obtaining information or documents for audit purposes but his office must ensure that the auditors practice due care when dealing with tax and medical information. Ms. Flores-Brooks stated that the Guam-OPA does not have access to tax documents. She added that while the law appears to indicate that her office has such access to information, the constitutional rights of individuals to confidentiality is a major problem. She added that even when they were doing an investigation of a government vehicle, their request to know the designated driver of that vehicle was denied. Mr. Sefo also shared that his office, like Guam, has encountered difficulty in obtaining information for their audits.

- 8) **Independent Auditors** - Mr. Sablan discussed CNMI OPA’s role in contracting for independent auditor services. He informed the committee that the CNMI is a signatory in all contracts for independent audits. Mr. Sefo stated that just like the CNMI, American Samoa is also a signatory to all independent audits. Mr. Tewid

shared that while Palau OPA is not a signatory, it plays an oversight role by witnessing the selection process for independent auditor services. Ms. Flores-Brooks stated that Guam has the authority to select the auditor but not in signing contracts for independent contract services.

- 9) **GASB 34 Implementation** - Mr. Sablan queried the committee about implementation of GASB 34. He said that his office is assisting the CNMI in implementing GASB 34. A question was brought up as to whether OPA's independence could be affected by it assisting in the GASB 34 effort. Mr. Crawford suggested that OPA set deadlines and administer the implementation of GASB 34, but refrain from being involved in the preparation of details. Ms. Flores-Brooks stated that Guam does not presently have a lead agency to oversee implementation of GASB 34.

4. Mr. Sablan gave the floor to Ms. Ursula Abalos who talked about next year's APIPA conference and workshop. She stated that next year's conference is scheduled by rotation to be hosted by Pohnpei OPA, but since she was just appointed as the acting Public Auditor, she asked Ms. Flores-Brooks if Guam could instead host the conference. Ms. Flores-Brooks stated that she would be happy to host next year's conference on Guam, and discussed several issues with the committee as follows.
 - 1) **Time Frame** - the Committee discussed whether the next APIPA conference should be scheduled on a different time frame to accommodate other agencies who have June 30 deadlines. The committee decided to hold the conference in either late May or early June.
 - 2) **Number of Participants** - Ms. Flores-Brooks inquired about how many participants attended this year's APIPA conference. Mr. Sablan informed the committee that about 135 participants have confirmed attendance. He shared that there were also several non-member participants attending and that their membership fees helped defray part of the cost of hosting the conference.
 - 3) **3rd Track** – Discussion centered on recommending a third training track to cover non-auditors who may want to attend such conference. Mr. Shea stated this was an interesting idea, and suggested they could possibly arrange to have a finance or procurement related course offered during the next APIPA conference.
 - 4) **Lunch During the Conference** - Ms. Flores-Brooks inquired as to whether they

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should provide lunch to the conference participants. Mr. Sefo stated that a lunch would depend on the host, but said that when the conference was held in American Samoa, they provided lunch to the participants for 3 days. Mr. Shea suggested that Guam could look for lunch sponsors similar to what the CNMI did when they obtained sponsors for the executive luncheon meeting, give-away mugs, and mid-week reception.

- 5) Ms. Flores-Brooks also commended Mr. Sablan and his staff for the good turn out at this year's conference, and stated that she is receptive to any assistance that CNMI-OPA could extend her office in hosting next year's conference.
6. Before adjourning the meeting, Mr. Sablan invited all committee members to join him in a courtesy visit to the CNMI Governor shortly after the meeting.
7. Mr. Sablan adjourned the meeting at 3:00 p.m.

Minutes Prepared By:

Janet Taitano-Arroyo, CNMI-OPA

Minutes Approved By:

Michael S. Sablan, APIPA 2001 Chairman