

**Association of Pacific Islands Public Auditors
APIPA Conference 2002
Executive Committee Meeting
Marriott Hotel, Guam
May 24, 2002**

MINUTES

1. **Call to Order.** APIPA 2002 Chairman, Doris Flores Brooks, Guam OPA, called the meeting to order at approximately 8:45 a.m. Present at the meeting were the following people:

Public Auditors or Representatives	Office
Doris Flores Brooks	Office of the Public Auditor, Guam
Randall V. Wiegand	Office of the Public Auditor, Guam
Samuel Paul	DOI-OIG, Guam Office
F. Francis Sefo	Office of the Territorial Auditor, American Samoa
Michael S. Sablan	Office of the Public Auditor, CNMI
Jean Marie Tonyokwe	Office of the Auditor General, RMI
Ursula Abalos	Office of the State Auditor, Pohnpei
Satrunino Tewid	Office of the Public Auditor, Republic of Palau
Gertrude Gootinan	Office of the State Auditor, Yap
Steven Van Beverhoudt	Office of the Inspector General, Virgin Islands
Moses W. Russel	FSM National Public Auditor's Office
Florentina de-Lira Suico	Office of the State Auditor, Kosrae
Guests	Office
Walter B. Haught	DOI-OIG, Guam Office
Juliana C. Sandvold	Office of the Public Auditor, CNMI
Gerald Shea	USDA Graduate School
Michael Crawford	USDA Graduate School (Instructor)
James R. Johnson	DOI-Office of Insular Affairs
Chris Duenas	Office of the Public Auditor, Guam
Francis Quinto	Office of the Public Auditor, Guam

2. **Adoption of Agenda.** Doris Flores called for adoption of the Agenda. Michael Sablan proposed that the training schedule for next year's conference to be included in item 15, USDA Graduate School Training issue.
3. **Introduction of members and short presentation by members.** Doris Flores Brooks requested each APIPA member to briefly discuss how their office operates and the obstacles their respective office is facing.

PALAU: Satrunino Tewid's staff consists of 6 auditors, 2 administrative support and 1 investigator. Currently he is recruiting for an audit manager and has opening for 2 entry position auditor. However, it won't be until 3 years when the entry positions will be opened. With regards to his role as public auditor, Satrunino stated that he has no problems dealing with government entities. His office extends assistance to government offices and helps those are in need of it. Satrunino also discussed that he does not retain an in-house legal counsel like the CNMI; instead he obtains legal assistance from the Attorney General's office of Office of the Prosecutor.

VIRGIN ISLANDS:

4. ***Review and adoption of Minutes of APIPA Executive Meeting held in June 20, 2001 in Saipan, CNMI.*** A copy of the Minutes was provided to all attendees. Doris called for the adoption of the minutes and inquired APIPA members if there are changes or amendments that needs to be made. Having no further changes or amendments to the June 20, 2001 APIPA Executive Meeting Minutes, Satrunino moved a motion to adopt the abovementioned Minutes. Ursula Abalos seconded the motion. The motion was carried with no opposition from APIPA members.
5. ***Financial Statements as of September 30, 2001 for APIPA 2001.*** A copy of the APIPA financial statements as of September 30, 2001 was provided to all attendees. Within the financial statements, Doris Flores Brooks pointed to the issue of the Outstanding Membership Dues Receivable from Chuuk Office of the State Public Auditor for \$350. Doris Flores Brooks indicated this receivable has been outstanding for quite some time and there is slight chance the APIPA will be able to collect. Adding problems to collection is that Chuuk has no public auditor, therefore Doris Flores Brooks proposed to write off the receivables. This motion was seconded was Michael Sablan. Motion was passed without any opposition from the APIPA members to write off the receivable from Chuuk for \$350.

Doris Flores Brooks also discussed that she applied for an Employer Identification Number (EIN) for APIPA for dues and fees collection purposes. A copy of the EIN filed with the Guam Revenue and Taxation was provided to all attendees. Michael Sablan pointed a minor correction to the APIPA organization name lacking the word "PUBLIC". Doris Flores Brooks will take care of revising the organization name from "Association of Pacific Islands Auditors" to "Association of Pacific Islands Public Auditors". Doris Flores Brooks will also take care of amending the address to reflect Pohnpei as venue for the 14th APIPA Conference.

6. ***Review and Adoption of Minutes of APIPA Executive Meeting held December 6, 2001 in Honolulu, Hawaii.*** A copy of the Minutes was provided to all attendees. Doris Flores Brooks called for a motion to adopt of the Minutes with a minor change to reflect Satrunino Tewid, Republic of Palau Public Auditor as present during the meeting. Satrunino Tewid moved a motion to adopt Minutes of the December 6, 2001 meeting subject to correction. Jean Marie Tonyokwe seconded the motion. A motion was passed, with no opposition from APIPA members and attendees, to approve the Minutes of the December 6, 2001 meeting subject to correction.

Michael Sablan and Doris Flores Brooks explained to APIPA members, particularly FSM State Public Auditor's Office, that the executive meeting held in Hawaii resulted in an invitation by Ear Devaney, Inspector General to meet the Insular area Public Auditors and discuss their concerns. Michael Sablan explained that not everyone was invited to the meeting due to the misconception FSM states were part of the FSM National Government. However, Michael Sablan had asked others to be invited but cannot impose the invitation to be extended as the Federal government funded the travel and were under budget restrictions. Taking the explanations aside for not being invited, Ursula Abalos indicated her main concern is that information be shared to all APIPA members and should circumstance arise that not all members are invited or present during a meeting.

7. ***Review of Original Memorandum of Understanding; review and adoption of Revised Memorandum of Understanding.*** Copies of the original memorandum of understanding and the revised memorandum of understanding were provided to all attendees. Doris Flores Brooks discussed that it has been a while since the Original Memorandum of Understanding (MOU) was drafted and a revised MOU was proposed to reflect membership changes and policy issues to the APIPA. APIPA members were asked to review the proposed "Revised Memorandum of Understanding". Various APIPA members raised several issues that required amendments to the "Revised Memorandum of Understanding". They are listed below.

1. Revised MOU does not have quorum to adopt changes/amendment to APIPA issues.
2. Yap State indicated their desire to be recognized as one vote and not be included as part of FSM National Government.
3. Pohnpei State also requested for an voting power independent of the FSM National Government.
4. Membership status should be clearly defined as to active and eligible voting member.

5. Signature line of the Public Auditor from Federated States of Micronesia was proposed to indicate "FSM, National Government" to indicate independency of FSM National with the other FSM states.

Doris Flores Brooks tabled the adoption of a "Revised Memorandum of Understanding" at a later date pending clarification of various issues raised by APIPA members. Doris Flores Brooks also asked the help of CNMI legal counsel Juliana Sandvold to modify the draft "Revised Memorandum of Understanding" based on issues raised. Michael Sablan will have an amended draft of "Revised Memorandum of Understanding" available during the December 2002 meeting in Hawaii.

Meanwhile, Satrunino Tewid proposed a motion that members who have not paid membership dues not be counted in quorum and in voting. F. Francis Sefo seconded the motion. The motion was passed without any opposition from the APIPA members.

Additionally, Steven Van Beverhoudt of the Virgin Islands accepted the invitation by the APIPA members to become a non-voting member.

8. **Peer Review**

Schedule Update. A copy of the Peer Review Schedule was provided to all attendees. As discussed during the meeting, APIPA members scheduled for peer review during 2002 confirmed their concurrence of the peer review dates as indicated in the schedule with the exception of Kosrae which will not be peer reviewed at their request. The Virgin Islands as the newest member of the APIPA organization will be placed in schedule for the peer review.

USDA Graduate Consultant Rotation. ??? Chris to add???

Multiple Office Representation versus One Office Representation. Doris Flores Brooks and Michael Sablan discussed that that APIPA as an organization performs the peer review of its members. Thus, team members performing the review should be composed to 2 members from different offices and the third person coming from USDA.

Ursula Abalos also brought up the issue of office conducting the review should have received an unqualified opinion in their peer review. USDA instructor Mike Crawford responded that an office that has not been peer reviewed should be presumed to have received an unqualified opinion until proven otherwise.

9. **Auditor Issues in post Enron Environment.**

Auditor Rotation. Doris Flores Brooks inquired of USDA Instructor Mike Crawford of the applicability of auditor rotation for the Single Audit of the Government of Guam. Doris Flores Brooks has raised a concern that Deloitte and Touche has been the auditor for about 26 years and is exploring the possibility of having another accounting firm perform the audit. Mike Crawford's response indicated that auditor rotation will not apply here in Guam as there is not a large pool of accounting firms qualified to do the job.

Productivity Tools for Auditors. Mike Crawford presented a demo of the productivity software that his accounting firm is utilizing. This software has the capability of storing documents in picture form for subsequent use. The documents/files are stored in a database farm and is globally accessible by users where there is internet access. Security-wise, user can set up passwords within files, folders, etc. The three application software demonstrated were (1) Imaging and Indexing, (2) Keyword, and (3) Snagit. The cost associated with the productivity software is \$4,500 per user/license.

10. **Motion to recess at 11:50 for Lunch.** Motion moved by Michael Sablan and seconded by Steven Van Beverhoudt.

11. **APIPA Executive Meeting reconvened at 1P.M., same day.**

12. **Update of Quality Control Manual.**

NALGA

**NSAA and disk of NSAA Quality Control Manual
Technical Assistance from USDA Graduate School
???Chris, I need your help with the above???**

Internal Quality Control. Doris Flores Brooks raised the issue of what standards to follow in an internal quality control and inquired what is the protocol of other Public Auditor's office. Satrunino Tewid mentioned that Palau goes through internal quality control review. Michael Sablan stated that his office performs a quality assurance review for each audit engagement and suggested to stick with the "Yellow Book" standards on the Internal Quality Control and later adopt a standard for the APIPA members. Johnny Paul and Walter Haught, both of the Office of Inspector General, also mentioned that their office performs a quality assurance review. Johnny Paul recommends the APIPA members to think hard about this issue. Randy Wiegand discussed that USDA consultant Charles Hester recommended a Quality Assurance Review with every audit. Doris Flores Brooks closed this discussion by asking help from the USDA on the appropriateness of Internal Quality Control Review within the islands.

13. **APIPA Directory.** Doris Flores Brooks noted that in previous years there was no existing directory for APIPA members. This year Doris is providing a directory of APIPA members to all attendees. With the directory APIPA members have a way of communicating with other member offices. Doris Flores Brooks also announced the launching of the Guam Office of the Public Auditor (OPA) website in January 2002. Doris Flores Brooks offered to link APIPA member website(s) within the Guam OPA website to decrease the lack of communication among APIPA members. Aside from Guam, CNMI and the Pohnpei State, the other public auditor's office have yet to develop their website. Pohnpei State website address provided by Ursula Abalos: www.opsa.com.
14. **Sharing of Audit Reports.** Doris Flores Brooks addressed the issue of providing other audit reports with other Public Auditor's office for reference. Doris indicated the possibility of sharing reports by accessing other office's reports through website. A problem related to this is that only three public auditor's offices have a website; however, as most offices have internet access and email address, Doris suggested that reports issued by an office be emailed to other public auditor's office. Johnny Paul mentioned that he wanted OIG be linked to the Guam OPA website. Chris Duenas will coordinate with Johnny Paul regarding this issue.
15. **December 2002 meeting with Inspector General Earl Devaney.** Doris Flores Brooks shared the letter from Earl Devaney date May 1, 2002. A copy of the letter was provided to all attendees. In his letter, Earl sends his regrets for not attending the 13th APIPA conference and looks forward to the meeting with the Pacific Islands Public Auditors in Hawaii in December 2002. As discussed early on, Doris and Michael Sablan will further discuss on how other FSM state public auditors will be invited to the meeting.

Michael Sablan and Juliana Sandvold of the CNMI departed at around 1:25 p.m. to catch their flight back to Saipan. However, prior to their departure, Ursula Abalos, Acting Public Auditor of Pohnpei has confirmed her acceptance of hosting the 14th APIPA Conference.

Returning to the issue of the December 2002 meeting, Earl Devaney indicated his desire to collaborate efforts with the public auditor. Earl was quoted saying if he could make the public auditor's office strong, his work will be easier."

16. **USDA Graduate School Relationship with APIPA.** Doris Flores Brooks expressed her appreciation to the USDA Graduate School through Gerry Shea for the technical assistance provided to the APIPA members. Gerry

indicated that his office has always supported audit functions and will continue to support as much technical assistance as possible.

Doris discussed the difficulty in developing an audit manual for all APIPA members and proposes the Guam OPA to pilot the idea of developing the manual.

17. ***Other Issues and Closing Remarks.*** Doris Flores Brooks and Johnny Paul recognized that office resources to perform audit function is getting scarce and thus proposed partnership within the APIPA community towards a common goal: economy and efficiency.

Moses Russel agreed with Doris and Johnny and urges all APIPA members to share information they may have.

Gertrude Gootinan indicated that as the smallest office, she is relying on larger offices to extend communication and help.

Ursula Abalos concurred with other offices that communication lines should be opened to increase the flow of information among members. Ursula encourages smaller offices to voice their concerns and invited everyone to next year's conference in Pohnpei.

Satrunino Tewid reemphasized Johnny Paul's proposal towards achieving economy and efficiency to improve operations within the government. He stated that his office is working on their website and inform other offices once it is developed.

Steven Van Beverhoudt expressed his gratitude to the APIPA for extending invitation to the Virgin Island to become a member. He indicated that once his office website is developed, he will inform other offices. He is also offering to help other offices in any way he can.

Francis Sefo indicated his desire to work towards economy and efficiency within the government. He thanked Doris Flores Brooks and her staff for the successful conference. He also thanked Jim Johnson for all the assistance extended to his office as well as other APIPA members.

Jean Marie Tonyokwe also expressed her appreciation to Doris Flores Brooks and her staff for the organization for this year's conference.

In closing, Doris Flores Brooks expressed her pleasure with the level of professionalism of the instructors and the continued commitment of USDA and the Pacific Islands Training Initiative (PITI) to the APIPA.

18. **Adjournment.** With no other business to be discussed, Doris proposed motion to adjourn the meeting. Satrunino Tewid moved a motion for the executive meeting to be adjourned. The motion was seconded by Ursula. Motion was moved without any opposition from the members. Meeting adjourned at around 1:45 P.M.