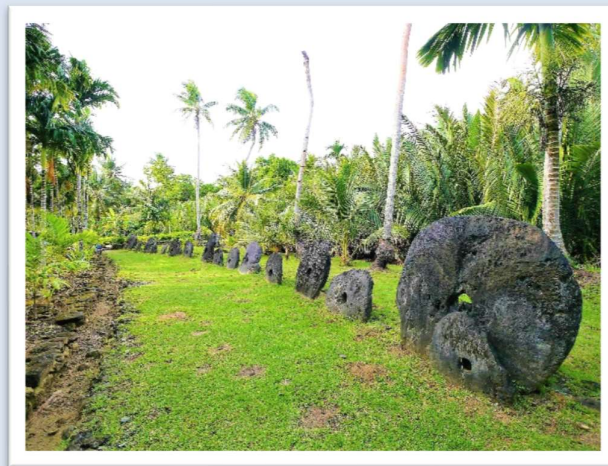


Strategic Plan FY 2020-2024



Office of the Public Auditor



Yap State Government
Federated States of Micronesia

November 2019

Foreword

I am pleased to present the first comprehensive strategic plan for the Office of the Public Auditor (OPA). This Strategic Plan sets out the strategic direction of the OPA for the next five fiscal years 2020-2024. This Plan provides the strategic framework for fulfilling the mandates of the OPA generally through improved audit service delivery and increased support from stakeholders. The OPA is committed to enhancing governance, accountability, transparency, and performance in the public sector through timely delivery of improved independent assurance services.

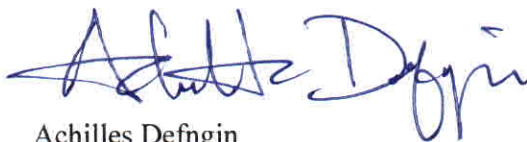
This Strategic Plan provides us the direction forward. Pursuing the two goals identified in this plan has now become the focus of the OPA. This Strategic Plan emphasizes the training efforts, among other things, required to produce quality and timely audit and investigation reports, the core functions of the OPA. It is crucial to equip the employees with the necessary knowledge and capacity as the OPA aims to perform, at the minimum, the required standards of audit and investigation. The OPA commits to strengthening the technical and professional qualification and integrity of its staff.

The success of this Plan will be based on the effective implementation and the commitment of the organization and support from key stakeholders. The OPA looks forward to the continued support and more active collaboration from all esteemed stakeholders for the effective and efficient implementation of the Strategic Plan.

I would like to express my sincere gratitude to everyone who provided invaluable feedbacks and inputs for the preparations of this Plan. I would especially like to express my appreciation to the Pacific Association of Supreme Audit Institutions (PASAI) and the INTOSAI Development Initiative (IDI) for piloting the Strategic Performance Measurement & Reporting (SPMR) program in the Pacific region and for funding and providing technical support and guidance to the OPA and other SAIs throughout the course of the program.

I would also like to recognize the efforts of the OPA Strategic Planning Committee and the whole staff of the OPA for their invaluable inputs and commitment toward the completion of this Strategic Plan.

I am confident that this Strategic Plan will contribute to enhancing the OPA's performance and lead to the fulfilment of the mandates of the OPA and the expectations of the stakeholders.



Achilles Defngin
Yap State Public Auditor

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1 OPA Background

1.1 History

The Office of the Public Auditor was established in 1981 under Yap State Law 1-124, which came to be known as the Public Auditor Act, enacted by the First Yap State Legislature. The office has been at the forefront of the State's efforts to fight government waste, fraud and abuse.

1.2 Mandate

Article IX, Section 8, of the Yap State Constitution states “There shall be regular and independent audits of State agencies and revenues.” Codified under Title 13, Chapter 7 of the Yap State Code, the Public Auditor Act provides that the Public Auditor shall be appointed by resolution, by the Legislature, and may be removed for cause and by the affirmative vote of two-thirds (2/3) of the members of the Legislature.

The Public Auditor Act provides the duties and responsibilities of the Public Auditor, which is to inspect and audit all accounts, books, and other financial records of the State Government, to include but not limited to, every branch, department, office, political subdivision, board, commission and agency, and other public legal entities or non-profit organizations receiving public funds from the State Government. In addition, the Public Auditor shall:

- Inspect and audit financial records of custodians of public funds.
- Cooperate with State agencies and offer advice and assistance as may be requested of the Public Auditor for the establishment or improvement of the accounting system used by the various State agencies.
- Require the aid and assistance of all State officials and custodians of public funds.
- Have access to all financial books and records of State agencies.
- Issue subpoenas duces tecum requiring the production of books, documents and financial records.
- Request the assistance of and assist the National Public Auditor or an independent public accountant.

1.3 Methodology

Yap OPA’s goal is to forge a strong alliance with key stakeholders and identify ways to improve governmental processes using a multi-disciplinary and collaborative approach. Our audits are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), often referred to as “Yellow Book”. We also conduct inspections and evaluations, reviews, investigations, and other analyses, surveys, and studies. We follow the Quality Standards for Inspections and Evaluations issued by the Council of Inspectors General on Integrity and Efficiency (CIGIE) for the inspections and evaluations we conduct and, for investigative activities, the CIGIE Quality Standards for Investigations.

1.4 Challenges

Yap OPA currently faces some challenges in carrying out its mandate, some of which are beyond the control of the office. These include:

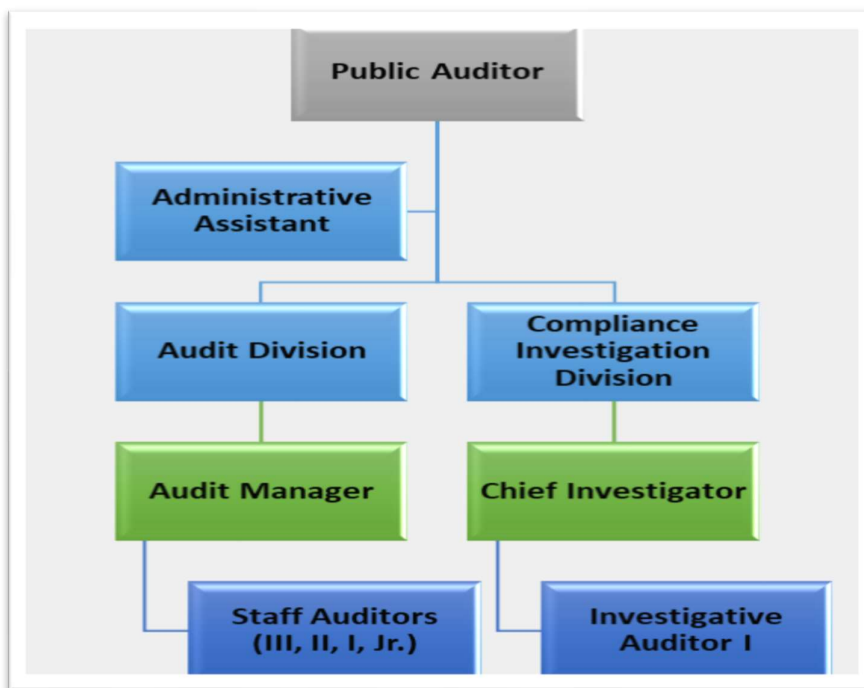
- Shortage of qualified applicants with technical skills, knowledge, and experience
- Budgetary constraints

- Incomplete financial statements and lack of financial records maintained by auditees primarily due to limited qualified accounting personnel
- Limited awareness of Public Auditor’s authority

1.5 Strengths

- Guidelines provided by GAGAS and Generally Accepted Accounting Principles (GAAP)
- The Public Auditor Act that defines the powers and duties of the office
- Stakeholder support
- Staff Commitment
- Teamwork

1.6 Organizational Structure



The office has a total of 10 staff members, consisting of the Public Auditor, an audit manager and five staff auditors whose purpose is to conduct audits, two investigators, and an administrative assistant that provides support to all units.

2 Our Vision, Mission, and Values

2.1 Our Vision

Strong public confidence in a State Government that efficiently, effectively, and economically manages public funds and resources for the people of Yap.

2.2 Our Mission

To provide independent and credible assessments that promote accountability, transparency, and excellence in operations and management of the Yap State Government.

2.3 Our Values

1. **Independence** – independence in fact and in appearance
2. **Good Governance** – Promoting accountability, transparency, effectiveness, efficiency, and economy.
3. **Professionalism** – Maintaining a competent, ethical, respectful, and independent staff that values quality and integrity and continuously aligning practices and processes to international best practices.
4. **Teamwork** – Working together, focusing on the unit as a whole, not on the individual.
5. **Positive Morale** – Promoting self-confidence, safety and job security by challenging, appreciating, respecting, and honoring its personnel.

3 Environment

In addition to the three-branch system of government - the Executive, Legislative and Judicial branches, Yap State has a fourth branch of traditional power - the Councils of Pilung (Yap Proper) and Tamol (Yap Neighboring Islands). The executive power of the State is vested in the Governor who is the head of government. The Executive Branch consists of five departments and three offices: Departments of Education, Health Services, Resources and Development, Public Works and Transportation, Youth and Civic Affairs; and Offices of Planning and Budget, Attorney General, and Administrative Services. The heads of these departments and offices make up the Governor's Cabinet. These individuals are politically appointed by the Governor with advice and consent of the Legislature.

The official website of the Government of Yap –www.yapstategov.org—states that it aims to ensure good governance and fiscal transparency through greater public awareness of the role, structure, responsibilities and functions of government. In addition, freedom of the media and Civil Society Organizations (CSOs) is provided under the FSM Constitution ARTICLE IV, Declaration of Rights Section 1 “No law may deny or impair freedom of expression, peaceable assembly, association, or petition.”

There are limited media outlets in Yap with the main source of information being the Yap State Government News Brief. The news brief is emailed to subscribers and read out over the government radio broadcaster - V6AI.

Yap State has numerous CSOs including faith-based community groups, a community development program, youth groups and sports leagues.

3.1 Budget

The budget process of the Yap State government requires the Public Auditor to prepare and submit a proposed annual budget to the Governor to be included in the annual comprehensive budget presentation to the Legislature. This is required under the Yap State Code *Title 13, Chapter 7, §710: Budget - payment of salaries and expenses: The Public Auditor shall prepare and submit to the Governor for review and inclusion in the State annual budget for submission to the Legislature, an annual budget with supporting justification for the Office of the Public Auditor.*

The comprehensive budget proposal is subject to the review and approval of the legislature. Yap OPA’s annual budget is comprised of five (5) major expense categories as follows: Personnel; Travel; Contractual; Fixed Assets; and Consumables.

3.2 Stakeholders

The Office of the Public Auditor has a responsibility to its stakeholders—external and internal—to be accountable for its work and meet their expectations. The internal stakeholders for the assessment are the Public Auditor and the Yap OPA staff. The key external stakeholders include the audited entities, the State Legislature, the Governor, the citizens of Yap, donors, supporters, and the media.

3.3 External Opportunities and Threats

Opportunities and threats exist outside the control of Yap OPA. With this plan, OPA aims to achieve its objectives and identify the competencies needed to take advantage of these opportunities as well as address the threats.

Opportunities include:

- Trainings provided by regional bodies
- Supplemental funding from regional bodies
- Increased collaboration and communication with key stakeholders
- Increased ways to raise awareness of YAP OPA's benefits and value to Yap State citizens

Threats include:

- Decreasing and eventual ceasing of Compact funding in 2023
- Competing demands for assistance in improvement of accounting systems of auditees
- Lack of financial independence— subject to Budget Act and the FMR
- Auditees not implementing recommendations
- Recruitment process subject to PSS regulations poses threat to expeditious hiring process
- Reduction or non-approval of proposed budget

4 Plan

4.1 Objectives

Within five years, through improving the quality of our audit reports, strengthening our internal governance and enhancing our communication with stakeholders, Yap OPA aims to contribute to the following:

1. Enhanced Accountability in the Public Sector
2. Increased Public Confidence in Yap OPA

4.2 Strategic approach

To achieve its objective of contributing to enhanced accountability in the public sector, OPA will:

1. Propose amendment to Public Auditor Act to include specific mandate for performance audits and special investigations.
2. Conduct and complete quality and timely audits and investigations.
3. Develop and implement a follow-up system for recommendations.

To achieve its objective of contributing to increased public confidence in Yap OPA, OPA will:

1. Prepare and publish quarterly newsletters on office operations.
2. Increase relevant communication with Legislature and other stakeholders.
3. Engage in public awareness activities, programs, and events to demonstrate OPA's relevance to the community.

4.3 Key indicators

Achievement of the objectives will be measured using the following key indicators:

1. Surveyed citizens aware of major improvements in government
2. Surveyed citizens aware of OPA's role and benefits it offers its citizens
3. Audit recommendations implemented
4. Government offices and programs have written policies and procedures in place, and are reviewed regularly
5. Adoption of Teammate audit software
6. Amendment of Public Auditor Act
7. Decline in the number of audit findings by auditees
8. Skilled and qualified workforce
9. Completion of quality timely audits and investigations
10. Maintaining passing grades on external peer reviews
11. Unqualified opinion for the Yap State's financial statements

5 Appendix

5.1 Strategic Plan Timetable

OBJECTIVES	STRATEGIC APPROACH	TIMEFRAME	PERFORMANCE MEASURE	RESOURCES	RISK	RISK MANAGEMENT
Contribute to Enhanced Accountability in the Public Sector	Propose amendment to Public Auditor Act to include specific mandate for performance audits and special investigations	End of CY2020	1. Proposed amendment of PA Act submitted to AG's Office 2. Amended PA Act	1. OPA employees' time 2. Funding 3. Computer and supplies 4. Stakeholders' feedbacks 5. External consultants	1. Budgetary constraints 2. Lack of support for Public Auditor Act amendments 3. Conflicting priorities 4. Limited required skills and expertise 5. Clients not able to submit their financials for audit 6. Limited staff/staff turnover	1. Secure additional sources of funding 2. Research and secure pertinent training opportunities and certifications' enroll staff at COM FSM Yap Campus to take a course in writing. 3. Develop, implement, and enforce a time costing system 4. Develop and utilize criterions for prioritizing audits and investigations 5. Deploy more aggressive procedures to ensure auditees are auditable
	Conduct and complete quality and timely audits and investigations	End of CY2024	1. Completed audits and investigations within timeline 2. Maintaining passing grades on external peer reviews 3. Government offices and programs have written policies and procedures in place, and are reviewed regularly			
	Develop and implement a follow-up system for recommendations	End of CY2020	1. Audit recommendations implemented 2. Decline in the number of audit findings by auditees 3. Follow-ups completed within six months of report issuance.			
OBJECTIVE	STRATEGIC APPROACH	TIMEFRAME	PERFORMANCE MEASURE	RESOURCES	RISK	RISK MANAGEMENT
Contribute to Increased Public Confidence in Yap OPA.	Prepare and publish quarterly newsletters on office operations	End of CY2020	Published quarterly newsletters	1. OPA employees' time 2. Funding 3. Equipment and supplies 4. Stakeholders' feedbacks 5. External consultants	1. Budgetary constraints 2. Allocated time constraints 3. Conflicting priorities 4. Unreciprocated communications with stakeholders 5. Compromised independence 6. Unclear guidelines, laws, regulations, resolutions, policies	1. Secure additional sources of funding 2. Develop, implement, and enforce a time costing system 3. Develop and utilize criterions for prioritizing projects 4. Apply independence impairment mitigation measures 5. Seek clarification for unclear matters
	Increase relevant communication with Legislature and other stakeholders	End of CY2024	1. Submitted timely audit reports 2. Attendance at public hearings			
	Engage in public awareness activities, programs, and events to demonstrate OPA's relevance to the community	Ongoing	1. Surveyed citizens aware of major changes in government 2. Surveyed citizens aware of OPA's role and benefits it offers its citizens 3. Fraud Awareness Briefings conducted			