



OFFICE OF THE
CHUUK STATE PUBLIC AUDITOR



STRATEGIC PLAN

2024-2028

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Foreword

The Office of Chuuk State Office of Public Auditor (OCPA) is pushing for a determined effort to help the government become transparent, accountable, and effective. This strategic planning document provides the office with a roadmap for strengthening and improving the office's performance towards service delivery to its stakeholders over the next five years (October 2023 - September 2028).

As part of strategic planning process, the OCPA had a consultation session with key external stakeholders on July 12, 2023, to get their inputs to the strategic plan. We invited key stakeholders that include leadership from the three branches of government, key government officials, and members of media, citizens, and civil society organization. There was good attendance, and the output of the session was distributed to those who attended, including those who were not able to attend. The expectations and expressed support from the stakeholders during the consultation were fully considered in this strategic plan.

The OCPA's Strategic Plan FY 2024-2028 outlines the strategic focus and objectives as well as the corresponding key performance metrics that we would like to achieve, thereby, fulfilling our mandate and accomplishing our vision to be "an effective audit agency that promotes a high performing government." In this strategic horizon, we promote deep understanding of the overall capacity of a fully manned OCPA in promoting accountability and transparency within government, and some of the factors making for an effective OCPA. The office would focus on strengthening its independence, improving the internal governance through planning and implementation, delivering quality and timely audits and investigations thru adequate and competent staff, and engaging with stakeholders to establish respectful relationships. The important key factors to achieving these strategic focus areas would be the strengthening of OCPA's independence and reforming the public auditor's act on which the office operates, sufficient funding for manpower and operational necessities, and investment in training and development to achieve high competencies and capacities of the staff in delivering wider audit scope and high-quality works.

The Strategic Plan has been developed by the OCPA Strategic Planning Team in consultation with stakeholders and will serve as a channel to add value to the OCPA function. This plan has been prepared with technical assistance from a consultant funded by Pacific Association of Supreme Audit Institutions (PASAI).



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Public Auditor, Office of Chuuk State Public Auditor

9 September 2023

Who We Are

The Office of the Chuuk State Public Auditor (OCPA) is an independent agency of the Chuuk State established by Article VIII, Section 9 of the Chuuk State Constitution. The OCPA's constitutional and statutory mandates require an audit of financial transactions of all branches of government, offices, agencies, and instrumentalities of the government and, and all accounts kept by or for them. In addition, the constitution requires that when the OCPA discovers that any public monies have been misused or misappropriated, the OCPA shall report such misuse or misappropriation to the appropriate prosecutor's office. Thus, the OCPA is the frontline defense against fraud, waste, abuse, and corruption.

The OCPA assists the Legislative branch in its oversight role by providing assurance about performance and whether the public money has been spent properly and for the purpose intended by the Legislature.

Our Vision

An effective audit agency that promotes a high performing government.

Our Mission

To conduct audits and investigations that will help the government become responsible and transparent in delivering services for the benefit of the people of Chuuk.

Our Core Values

Independent

We strive to be and are seen to be independent and free from undue influences in the provision of audit services. We maintain independence in mind and in appearance to be able to act with integrity and exercise objectivity and professional skepticism in our responsibilities. We do not allow any form of interference, conflict of interest, threat, or impairment in determining the scope, performing the work and in communicating the results of our work. We take no consideration of any relationship with family, friends, relatives, business partners and associates (current and former) and others when developing and disclosing findings and conclusions resulting from our work. We are taking no instruction from any politician, government official, or from any person regarding the findings that should be reported to the public and any matters that should be pursued during audit and investigation.

Honest

We act in an honest, truthful, authentic, and virtuous manner. We strive for our work to be relied on by stakeholders. We are committed to doing our work with integrity that is, doing what is right even when no one is observing.

Professional

We conduct ourselves in an excellent, competent, and professional manner while upholding our code of ethics and professional standard behavior. We are committed to following auditing standards and all relevant professional standards when performing any professional services. We are committed to following our code of conduct or ethical standards. We strive to produce audit reports that are useful to the users, accurate, clear, complete, relevant, and with unbiased information. And we strive to share these reports in a transparent and efficient (timely) manner.

Accountable

We promote accountability and are committed to using government information, resources, and our positions properly. We are accountable for the use of information that is disclosed to the public in the acceptable practice as true and accurate to the best of our knowledge, and judgment. We also take responsibility for protecting and conserving government resources and information and using them appropriately for authorized activities.

Public-Focused

We are committed to ensuring our audit work to be impactful and for the general good and interest of the public. We strive to honor and contribute to public trust.

Our Workforce

We have a diverse workforce. Our staff has a range of professional certifications, qualifications, and experience well beyond simply auditing and investigating. We are proud of this diversity because it strengthens our capacity and work culture.

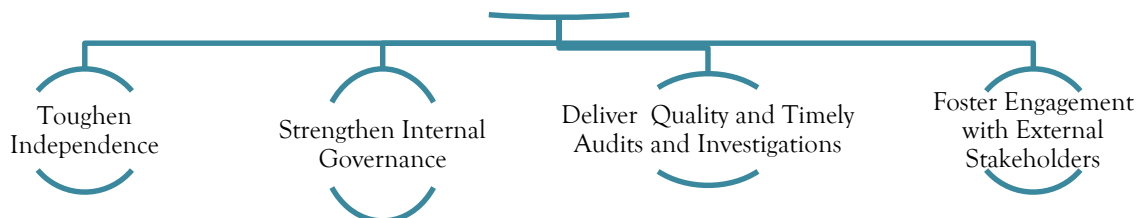
What We Do

The Office of the Chuuk State Public Auditor is responsible for:

- ❖ inspecting and auditing each department in the Executive Branch, the Legislature, the Judiciary, and each authority, commission, bureau, municipalities, and other agency created by the Chuuk State Law.
- ❖ reviewing the system of accounts proposed to be established by any branch, department, office, agency, or instrumentality of the State, including public corporations.
- ❖ auditing any public or private entity receiving state funds
- ❖ investigating any reasonable suspicion of misuse of government funds or other fiscal improprieties
- ❖ informing the Attorney General and other legal entity of all cases of suspected misuse of government funds.
- ❖ monitoring and investigating contracts in which the state is a party to ensure compliance with state bidding laws

Our Strategic Focus Areas

Four pillars form the basis of our strategic focus area:



This strategic plan outlines our strategic focus areas, desired outcomes, and how we plan to achieve them. Based on the results of the OCPA's 2021 Supreme Audit Institution – Performance Measurement Framework Assessment (SAL-PMF Assessment), OCPA has identified four strategic focus areas requiring improvements. In addition, we have identified key performance indicators that will allow us to monitor our progress and know if we have achieved our strategic objectives. In determining the strategic focus areas, considerations are also given to the results of consultation with external stakeholders and to the associated external and internal risks and threats faced by the OCPA.

Our four key strategic focus areas are:

1. Toughen Independence
2. Strengthen Internal Governance
3. Deliver Quality and Timely Audits and Investigations
4. Foster Engagement with External Stakeholders

Strategic Focus Area 1: Toughen Independence

The key factors for an effective public auditor's office are independence and mandate. The OCPA is determined to be able to do its job without interference from politics from any branches of government, without fear of retaliation, and with adequate power and resources to proceed with its plans. The OCPA is determined to protect its independence with clear mandates and adequate personnel and financial resources to audit, investigate and report. This focus area is supported by the following strategic objectives:

- 1.1 Protect organizational independence
- 1.2 Advocate for clearer mandate

Strategic Focus Area 2: Strengthen Internal Governance

The OCPA is determined to continuously improve its foundation by strengthening the internal governance, internal control system as well as its support functions. To progress in this focus area, the following strategic objectives have been identified:

- 2.1 Update and implement the strategic and the annual operation plans
- 2.2 Develop and update the internal control system
- 2.3 Establish and periodically update the management system for support services

Strategic Focus Area 3: Deliver Quality and Timely Audits and Investigations

The OCPA is firm in its commitment to deliver quality and timely audits and investigations of all government departments, agencies, funded government programs, systems, state-owned enterprises, entities receiving funding from the government and others. To be effective, the OCPA subscribed to the principle of independence, employing adequate and qualified staff, and continuous development of staff's competencies, and professional knowledge to ensure high quality of work. We are also determined to encourage subject-matter expertise. To progress in this focus area, the following strategic objectives have been identified:

- 3.1. Employ sufficient staff and remunerate them adequately
- 3.2. Develop staff competencies
- 3.3. Periodically update the internal operating standards, processes and tools for audits and investigations
- 3.4. Enhance the office work planning and control
- 3.5. Periodically update the quality control and assurance systems for audits and investigations
- 3.6. Deliver adequate number of impactful audits and investigations each year

Strategic Focus Area 4: Foster Engagement with External Stakeholders

The OCPA is firm in communicating effectively with its key external stakeholders—all branches of government, autonomous agencies, the media, and the community to ensure transparency and encourage positive changes. The OCPA's communication initiative aims to build professional relationships and stronger alliances with external stakeholders and raise awareness through education about the OCPA's roles and responsibilities while highlighting OCPA's value within the government and the community. This focus area is supported by the following two continuous improvement strategic objectives:

- 4.1 Develop and periodically update strategies, policies, and procedures for engagement with external stakeholders
- 4.2 Fortify engagement and professional relationship with external stakeholders

Key Performance Indicators

The OCPA's performance measurement system helps us communicate and execute our strategies to achieve the objectives of our strategic focus areas. The elements of the performance measurement system consist of key performance indicators, targets, the direction of progress, and timelines that will enable OCPA to measure and monitor its progress and success in implementing its strategic plan. The KPMs for objectives 1.1 and 1.2 below, except for 1.1.1, are not within the control of the OCPA and we recognize the legislative power of the purse; however, we believe we will be able to influence the concerned key stakeholders to enable progress on those KPMs by working effectively on KPM 1.1.1. As mentioned, the key factors for an effective public auditor's office are independence and a clear mandate. Thus, the OCPA is firm in strengthening its financial independence as well as the law on which it operates. Moreover, the OCPA shall be provided with financial means to assert its authority and accomplish its mandated functions.

Strategic Focus Area 1: Toughen Independence

1.1 Protect organizational independence

- 1.1.1 Continuously engage with openness and transparency with leaders both from the legislature and the Executive for purposes of adopting amendments to public auditor's act
- 1.1.2 100% Legislative appropriations to OCPA's budget request.

The following proposed amendments to the law are adopted:

- 1.1.3 All members of the OCPA are immune to any prosecution for any act that results in the discharge of their duties
- 1.1.4 The OCPA submits its annual budget and plans to the Budget Review Committee for budget consolidation and comments but forwards them without revision or deduction to the Legislature for review and approval.
- 1.1.5 The OCPA Head to decide on all human resource matters - recruitment, salary, salary adjustments, promotion, and others
- 1.1.6 The Public Auditor may engage specialists and experts on per project basis (such as lawyer, engineer, and outsource audits) when necessary

1.2 Advocate for a clearer mandate

The following proposed amendments to the law are adopted:

- 1.2.1 The law explicitly provides that the OCPA may conduct engagement, review of financial, performance audit, audit of program results, inspection & evaluation, and investigation and others.

- 1.2.2 The law requires auditees to implement action plans on audit recommendation
- 1.2.3 The law requires the use of standards during the conduct of audit, inspection, and investigation.
- 1.2.4 The law provides for a six-year term of office and not a four-year term for Public Auditor to make it consistent with the term of office for the said position in the constitution.
- 1.2.5 The law broadens the existing provision regarding access to all documents not only within the scope of financial audit but to all types of audits that would be conducted and all parts of the public auditor's mandate.
- 1.2.6 The law provides that the Public Auditor may request assistance of, and assist, the FSM National Public Auditor in relation to any audit, inspection, or compliance examination.

Strategic Focus Area 2: Strengthen Internal Governance

2.1 Update and Implement the Strategic Plan and Annual Operational Plan

- 2.1.1 100% of the Key Performance Metrics (KPMs) are achieved.

2.2 Develop and Update the Internal Control System

- 2.2.1 Internal control assessments are done as per approved cycle of assessment
- 2.2.2 90% reduction of identified weakness in internal control assessment results compared to previous year's results.

2.3 Establish and periodically update the management systems for support services.

- 2.3.1 Periodically (semi-annual) assesses the adequacy of administrative support services.
- 2.3.2 90% reduction of identified weakness in administrative support services assessment results compared to previous year's results
- 2.3.3 Maintaining a fully functional audit application software (e.g., TeamMate - currently, considering seeking funding and implementation)

Strategic Focus Area 3: Deliver Quality and Timely Audit and Investigation

3.1 Employ sufficient staff and remunerate them adequately

- 3.1.1 All approved positions are filled
- 3.1.2 95% of staff required are in position as per needs assessment
- 3.1.3 90% of the employees obtain at least a performance rating of "Satisfactory" in performance evaluation
- 3.1.4 90% of approved projects are completed as per project requirements

3.1.5 All staff have competitive salaries compared to other audit staff in the FSM State audit offices.

3.2 Develop Staff Competencies

3.2.1 All staff attended various trainings on performance auditing, financial auditing, compliance auditing, inspection and evaluation and support services training.

3.2.2 The staff is on track with Employee Development Plans (EDP) and scheduled training.

3.2.3 All audit staff and investigators earned the required 40 hours of Continuing Professional Education (CPE) every year

3.2.4 At least two staff get professional certifications (CPA, CFE, CIA, CGAP, etc.)

3.2.5 At least one staff attends a leadership program

3.3 Periodically Update the Internal Operating Standards, Processes and Tools to Guide Auditing and Investigation Work.

3.3.1 A Manual for Financial and Attestation Audit is in place and periodically updated for new audit standards

3.3.2 A Manual for Performance Audit is in place and periodically updated for new audit standards

3.3.3 A Manual for Compliance Audit is in place and periodically updated for new audit standards. (Note: Compliance Audit under GAGAS is considered a type of Performance Audit)

3.3.4 A Manual for Inspection and Investigation is in place and periodically updated for new inspection and investigation standards.

3.4 Enhance the Engagement Planning and Control

3.4.1 Based on approved schedule for the implementation of all audits and control, there are no critical issue related to non-achievement of tasks

3.4.2 90% of the approved audits and investigations are completed within approved timeframe per project in the plan

3.5 Periodically update the Quality Control and Assurance Systems for audits and investigations

3.5.1 A Manual for Quality Control and Assurance Systems is in place and periodically updated for new requirements

3.5.2 Implemented Internal Assessment Quality Control Checklist Per Engagement shows 90% compliance

- 3.5.3 Based on scheduled external assessment, the OCPA is getting a rating of “pass” in AIPA Peer Review which means that the internal quality control system of the office is adequately designed and operating effectively to provide reasonable assurance of compliance with the US Government Auditing Standards.
- 3.5.4 Maintaining at least a score of three out of four against Supreme Audit Institution Performance Management Framework Assessment (SAI PMF Assessment) indicators on SAI 1, 2, 3, 4, 6, 7, 8, 9, 12, 13, 14, 15, 16, 17, 21, 23, 24 & 25.
- 3.6 Deliver adequate number of impactful audits and investigations each year**
 - 3.6.1 Completed and published six audits and investigations per year that contribute to operational improvement and help in promoting sound financial management.
 - 3.6.2 At least 70% of the structured feedback indicates the key stakeholders’ satisfaction with OCPA’s communication of audit report
 - 3.6.3 At least 80% of the intended recipients send the completed feedback instrument back to OCPA
 - 3.6.4 At least 75% of audit recommendations are resolved.

Strategic Focus Area 4: Foster Engagement with External Stakeholders

- 4.1. Develop and periodically update strategies, policies, and procedures for engagement with external stakeholders**
 - 4.1.1. Manual for strategies, policies, and procedures for engagement with external stakeholders is in place
- 4.2. Fortify Engagement and Professional Relationship with External Stakeholders**
 - 4.2.1. At least 90% of formally planned meetings are held.
 - 4.2.2. At least 70% of the structured feedback received indicates satisfaction with the OCPA and a desire to continue cooperation.
 - 4.2.3. At least 80% of approved OCPA reports are covered by media
 - 4.2.4. At least 80% of the participants feedback received indicates the usefulness of the OCPA’s awareness programs

Implementing OCPA’s Strategic Plan

Operational Plan

The OCPA has developed an operational plan for the fiscal year October 2023 – September 2024, outlining initiatives that need to be implemented to achieve strategic goals. Current and subsequent annual operational plans will ensure certain milestones are met and continue moving in the right direction over

the long term to deliver our strategic objectives.

Strategic Monitoring and Evaluation Framework

The OCPA has developed a strategic monitoring and evaluation framework to aid in monitoring and evaluating its implementation processes and measure its performance. The results of monitoring will provide the OCPA the opportunity to take corrective actions, if measurements indicate that there is risk of not achieving the strategic objectives. The evaluation results will provide a snapshot of the outcomes achieved relative to the targets we established.

Strategic Risks

We have identified threats to our strategic objectives and assessed the risks corresponding to those threats. They have been plotted and assessed in OCPA's Risk Register for consideration of risk management actions. These risks consist of


- proposed amendments to the law are not adopted
- inadequate budget support for manpower, staff training, and operational necessities
- lack of qualified manpower in Chuuk State
- staff retention
- slow learning curve on work-related technical matters
- non-availability of budget for audit software and IT resources

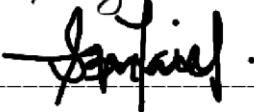
Strategic Planning Team

Staff Affirmation

I have reviewed in detail the eleven (11) pages of the strategic plan. By signing below, I affirm that I understand and fully commit to the mission and the vision contained in the Plan and will work diligently to help the office achieve its goals and objectives.

Manuel San Jose, Jr.  _____

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Contact information

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