



OFFICE OF THE PUBLIC AUDITOR
REPUBLIC OF PALAU

PERFORMANCE AUDIT REPORT

ON

Japan Grant Assistance for Grassroots Human Security Projects

FOR THE
PROJECT FOR IMPROVING COMMUNITY HEALTH
CARE OF BELAU NATIONAL HOSPITAL



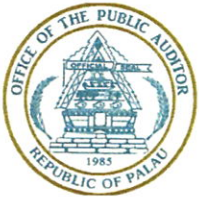
MINISTRY OF HEALTH
REPUBLIC OF PALAU

Period from December 02, 2016 thru December 01, 2017

Performed by the Office of the Public Auditor

JPMOH-17-P03*00

REPUBLIC OF PALAU



Office of the Public Auditor

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September 18, 2018
Serial#: opa18-162au

Honorable Emais Roberts, MD FACS
Minister
Ministry of Health
Koror, Republic of Palau

Subject: Final Report on the Audit of Japan's Grant Assistance for Grassroots Human Security Project for the Project for Improving Community Health Care of Belau National Hospital

Dear Minister Roberts:

This report presents the result of our audit of Japan's Grant Assistance to the Ministry of Health for Improving Community Health Care.

The Office of the Public Auditor (OPA) received your response to the Draft Audit Report. The response is published in the final report.

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,

A handwritten signature in black ink, appearing to read "Satrunino Tewid". The signature is fluid and cursive, with a large loop at the end.

Satrunino Tewid
Public Auditor, ROP

**Japan's Grant Assistance for Grass-Roots
Human Security Project for
"The Project for Improving Community Health Care
of Belau National Hospital"**

**Ministry of Health
Republic of Palau**

For the Period December 02, 2016 thru December 01, 2017

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Office of the Public Auditor

September 18, 2018

Honorable Emmais Roberts, MD
Minister
Ministry of Health
Koror, Republic of Palau

Dear Minister Roberts:

On November 29, 2017, the Office of the Public Auditor received a request to audit Japan's Grant Assistance for Grass-Roots Human Security Project (GGP) awarded to the Belau National Hospital (BNH), Ministry of Health, for the BNH's Community Health Unit's Home Health program. The Grant award was in amount of \$25,109. The BNH used the funds to procure one (1) Suzuki Vehicle and program-related medical equipment and supplies for a total cost of \$25,109.00. The Grant Contract between the Embassy of Japan and the BNH was executed on December 02, 2016 at a signing ceremony shown below:



Signing Ceremony

Pictured:
Former Minister of Ministry of Health, Mr. Gregorio Ngirmang
Director of Public Health, Ms. Sherilynn Madraisau
Ambassador of Japan to Palau, Hon. Toshiyuki Yamada
Senate Representative, Senator Sandra Sumang Pierantozzi and
House of Delegate, Representative, Delegate Gibson Kana

The Objective of the audit was to determine whether the MOH: (1) Administered the grant in compliance with the terms and conditions of the Grant Contract, (2) complied with the grant's GGP procurement guidelines, and (3) had established internal controls to ensure the proper safeguarding of the fixed assets and that transactions were properly recorded.

The Office of the Public Auditor audited the administration of the grant funds pertaining to the procurement procedures, receipt and disbursements of funds, reporting mechanisms, and other related requirements pursuant to the Grant Contract and GGP procurement guidelines.

Background

On November 29, 2017, the Office of the Public Auditor received a written request from the Ministry of Health of the Republic of Palau (ROP) National Government to conduct an audit on The Project for Improving Community Health Care of Belau National Hospital. The Community Health Unit of the BNH provides medical services to homebound patients by visiting their homes and providing care and treatment. Recently, the Home Health Unit had seen a decline in health care services to homebound patients due to the breakdown of its vehicles and limited medical equipment and supplies. Consequently, the BNH applied for the Government of Japan's GGP and was awarded U.S. \$25,109 for the procurement of a vehicle and medical equipment and supplies to support the program.

Objective Scope and Methodology

The Objective of the audit is to determine whether the Ministry of Health: (1) Administered the grant fund in compliance with the terms and conditions of the Grant Contract, (2) complied with the grant's GGP procurement guidelines and (3) had established internal controls to ensure the proper safeguarding of the fixed assets and that transactions were properly recorded.

The scope of the audit covered the period beginning December 02, 2016 through December 01, 2017 to coincide with the term of the Grant Contract.

As this is a performance audit, we did not conduct audit procedures to determine the fairness of the financial statements of the Ministry of Health, the grant or any other component or accounts within those financial statements and therefore express no opinion on the financial statements.

Further, the audit did not cover compliance with national treasury laws of the Republic of Palau as the grantor imposed a requirement that the funds be deposited into a bank account separate from and independent of the ROP National Treasury, and which funds were administered and controlled by the grantor. Similarly, the audit did not cover the applicability of the Republic of Palau Procurement Law and Regulations as the grantor imposed the use of the GGP procurement guidelines.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States*. 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.

Office of the Public Auditor

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 expenditures 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 audit objective, the OPA reviewed project expenditures and related documentation maintained at the Ministry of Health's Budget and Finance Office. The OPA also collaborated with the Embassy of Japan in the Republic of Palau to obtain other needed documents as necessary. Further, the OPA met with the Budget and Finance Administrator of the MOH responsible for the project's finances to discuss the details of the project and other related issues.

Grant Contract

In accepting the grant from the Embassy of Japan, the Belau National Hospital 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 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 objectives 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 request of the Donor, in accordance with the Donor's instruction;
- E. to complete the project within one year after the contract date;
- F. to consult with and receive instruction 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 content 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 project;

Office of the Public Auditor

- 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.

Side Letter

In addition to the Grant Contract, the BNH also agreed to additional terms in a “Side Letter” of Commitments from the Embassy of Japan stipulating the following:

- 1. The Belau National Hospital will open an account with Bank of Hawaii exclusively for the purpose of the aforementioned project.
- 2. Belau National Hospital will not withdraw any amount from the said account without written prior consent from the Embassy of Japan.
- 3. Belau National Hospital will shoulder any excess amount necessary to complete the project, if the cost of the project exceeds the Government of Japan’s grant.
- 4. Belau National Hospital will be responsible for the fuel expenses, and regular inspection of the item granted and the fee for any maintenance shall be covered by the Belau National Hospital
- 5. Belau National Hospital will be responsible for submitting an audit report on the grant issued by the Public Auditor to be provided upon the completion of the Project.

Project Expenditures

The schedule below shows grant expenditures for The Project for Improving Community Health Care for the Ministry of Health:

Date	Vendor Name	Item Description	Check No.	Check Amount
1/09/2017	WCTC Car Sales	2016 Suzuki SX GLX	1001	\$ 24,000.00
2/09/2017	MEDPHARM.	Equipment and Supplies		75.00
2/09/2017	United Airlines	Airway Bill		88.90
3/10/17	Royal Media Network Inc.	Equipment and Supplies	1002	1,187.38
	Total Expenditures			\$ 25,351.28
	Total Japan GGP Grant			\$ 25,109.00
	Variance			242.28

Payment to Royal Media Network, Inc. in Check #1002 was for \$1,109, Invoice amount was \$1,187.38.

Japan’s GGP grant to the BNH was for \$25,109.00 and total project expenditures was \$25,351.28, a difference of \$242.28, which was paid for by the BNH, as agreed to in the “Side Letter” of commitment by the BNH.

On February 01, 2017, the vehicle and medical equipment and supplies were turned over to the BNH.

Project Activity: The picture below shows the vehicle and medical equipment and supplies:



Finding of Compliance

Based on our audit, the Office of the Public Auditor found that the Belau National Hospital, Ministry of Health, administered Japan's Grant Assistance for Grass-Roots Human Security Project (GGP) in compliance with the Grant Contract and GGP procurement guidelines. Therefore, there are no findings in this report.

Conclusion

As a result of the Government of Japan's GGP grant, the procurement of a vehicle, medical equipment and supplies has led to increased number of home visits for approximately 200 homebound patients. Further, it has facilitated improved home healthcare services and expanded program coverage throughout Koror and Babeldaob.

The Office of the Public Auditor would like thank the staff and management of the Belau National Hospital, Ministry of Health, and the Embassy of Japan for their professional courtesy and cooperation extended to us during the audit.

Sincerely,

A handwritten signature in black ink, which appears to be "Satrunino Tewid". The signature is written in a cursive style and is positioned above the printed name and title.

Satrunino Tewid
Public Auditor, ROP



Republic of Palau

Ministry of Health

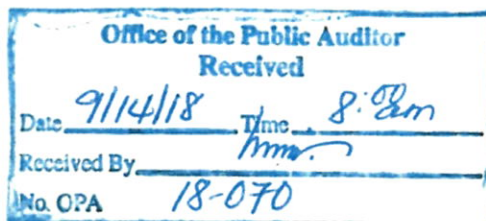
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September 13, 2018
MOHodw: 258-18

Mr. Saturnino Tewid
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Office of the Public Auditor
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Re : Draft Audit Report on Japan's Grant Assistance for Grass-Roots Human Security Project (GGP) for the "Project for Improving Community Health Care of the BNH"

Dear Public Auditor:

In response to your letter dated 10th September 2018, our leadership and relevant personnel have reviewed the DRAFT AUDIT REPORT you provided to us for the aforementioned project and hereby confirm that the report is accurate and need no further changes. Therefore, you may proceed to the issuance of a final report.

Furthermore, the Ministry would like to express its gratitude to the Office of the Public Auditor for its exceptional services and assistance. At times we instill much pressure with your office to rush our reports and we apologize as we truly understand the complexity of the work you do and would like to continue to maintain our good working relationship.

We look forward to receiving the final report at your earliest that we may finally submit it to the Embassy of Japan to conclude the past projects and for them to allow us in submitting new applications.

Respectfully,

A handwritten signature in blue ink, appearing to read "Emais Roberts".

Emais Roberts, MD FACS
Minister of Health



**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO:**

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