



**OFFICE OF THE PUBLIC AUDITOR
REPUBLIC OF PALAU**

PERFORMANCE AUDIT REPORT



ON

**JAPAN'S GRANT ASSISTANCE FOR GRASS-ROOTS
HUMAN SECURITY PROJECT**

FOR

**"THE PROJECT FOR FACILITATING HAND-WASH STATIONS
TO SCHOOLS IN BABELDAOB AND OUTLYING STATES"**



**MINISTRY OF EDUCATION
REPUBLIC OF PALAU**

Period from February 24, 2021 thru February 23, 2022

Performed by the Office of the Public Auditor

JPMOE-22-PhaseII-01P*opa00

REPUBLIC OF PALAU



Office of the Public Auditor

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November 14, 2023

Serial#: opa24-017au

Honorable Dale Jenkins
Minister
Ministry of Education
Koror, Republic of Palau

Subject: Final Report on the Audit of Japan's Grant Assistance for Grassroots Human Security Project for "The Project for Facilitating Hand-Wash Stations to Schools in Babeldaob and Outlying States"

Dear Minister Jenkins:

This report presents the result of our audit of Japan's Grant Assistance for the Project for Facilitating Hand-Wash Stations to Schools in Babeldaob and Outlying States.

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,

Satrunino Tewid
Acting Public Auditor, ROP

**Japan’s Grant Assistance for Grass-Roots
Human Security Project for
“The Project for Facilitating Hand-Wash Stations
to Schools in Babeldaob and Outlying States”**

**Ministry of Education
Republic of Palau**

For the Period February 24, 2021 to February 23, 2022

Table of Contents

Performance Audit Report on Japan Grant Assistance – Ministry of Education* *Page No.

I.	Introduction	1
II.	Background	2
III.	Objective, Scope and Methodology	2-3
IV.	Grant Contract	3-4
V.	Side Letter	4
VI.	Project Expenditures	4-5
VII.	Finding of Compliance	5
VIII.	Conclusion	5-6
IX.	Appendix A	7-9
X.	Auditee’s Response	10



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Office of the Public Auditor

November 14, 2023

Honorable Dale Jenkins
Minister
Ministry of Education
Koror, Republic of Palau

Dear Minister Jenkins:

The Office of the Public Auditor at your request initiated an audit of Japan's Grant Assistance for Grassroots Human Security Project (GGP) for "The Project for Facilitating Hand-Wash Stations to Schools in Babeldaob and Outlying States".

The Embassy of Japan in the Republic of Palau awarded the sum of \$135,580.00 to Ministry of Education for the facilitation of hand-wash stations pursuant to a Grant Contract executed between the Embassy of Japan and Ministry of Education on February 24, 2021, as shown below:



*Signing of the Grant Contract on February 24, 2021
Source: Embassy of Japan Website*

The objective of the audit was to determine whether Ministry of Education: (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) properly recorded the fixed assets (hand-wash stations), as appropriate, into the Republic of Palau's accounting records.

The Office of the Public Auditor reviewed the administration of the grant fund 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

The Ministry of Education (MOE) is one of the eight (8) major ministries under the executive branch. It is responsible for managing, operating and delivering the public school system, including developing and implementing educational curricula, standards, and facilities throughout Palau.

The MOE, through the Government of Japan’s Grant Assistance for Grassroots Human Security Project was able to construct twenty-seven (27) hand-wash stations in school campuses in Babeldaob and Outlying States. The facilities are easy to access, readily available, sheltered, and strategically located in school campuses to encourage hand-washing and good hygiene practices, especially during epidemic and pandemic outbreak of diseases. In addition, such preventive measures will provide and promote safer and cleaner school environment for students, teachers, staff and the whole community while on school grounds. The purpose of the grant was to procure products and/or services below:

Item	Quantity
Installation of new sinks	1
Roofing and Flooring	1
Plumbing	1

Objective, Scope and Methodology

The objective of the audit is to determine whether Ministry of Education (1) administered the grant funds in compliance with the terms and conditions of the grant contract, (2) complied with the grant’s GGP procurement guidelines, and (3) properly recorded the fixed asset (hand-wash stations), as appropriate, into the Republic of Palau’s accounting records.

The scope of the audit covered the period from February 24, 2021 through February 23, 2022. Phase 2 of the Project covered schools in Babeldaob and Outlying States.

As this is a performance audit, we did not conduct audit procedures to assess the fairness of the financial statements of Ministry of Education or any other component or accounts within those financial statements and therefore express no opinion on the financial statements. The audit did not cover compliance with national treasury laws of the Republic of Palau as the grant funds were administered and controlled by the Donor. Similarly, the audit did not cover the applicability of the Republic of Palau Procurement Law and Regulations as the Donor 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 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.

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 objectives, we reviewed relevant project documents maintained at the Ministry of Education, Bureau of National Treasury and the Bureau of Public Works. We also reviewed the applicable GGP procurement policies and procedures. In addition, we discussed the project with the MOE's Bureau of Education Administration Director, National Treasury Director and conducted on-site visit of the project to inspect the school hand-wash stations.

Grant Contract

In accepting the grant from the Embassy of Japan, Ministry of Education 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 the products and/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 objective 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 the request of the Donor, in accordance with the Donor's instructions;
- E. To complete the Project within one year after the contract date;
- F. To consult with and receive instructions 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 contents 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 execution of the Project;
- 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, Ministry of Education also agreed to additional terms contained in a “Side Letter” of commitment with the Embassy of Japan stipulating the following:

- 1. Ministry of Education will open an account with Bank of Hawaii exclusively for the purpose of the aforementioned project.
- 2. Ministry of Education will not withdraw any amount from the said account without written prior consent from the Embassy of Japan.
- 3. Ministry of Education will shoulder any excess amount necessary to complete the project, if the cost of the project exceeds the Government of Japan’s grant.
- 4. Ministry of Education will be responsible for the regular inspection and the fee for any maintenance of the items granted.

Project Expenditures

On behalf of the Ministry of Education (recipient), the Director of Bureau of Public Works (contracting officer for the ROP) entered into a construction contract with HBO Construction for the Project. As stipulated in such the contract agreement, the Contractor shall request progress payments that indicate the percentage of work completed in the requested period. The following disbursements by the National Treasury were based upon the Contracting Officer’s approval of the Contractor’s applications for progress payment.

Payment No.	File Date	File No.	Project Invoice Amount	Amount of Grant Awarded
				\$ 135,580
1 st Payment	10/14/2021	66896	\$ 44,100	
2 nd Payment	11/22/2021	70650	\$ 52,740	
3 rd Payment	1/06/2022	75637	\$ 44,160	
Total			\$141,000	

Office of the Public Auditor

As the National Treasury used local funds to expedite the payment process, the MOE, upon project completion, requests and, with approval from the Embassy of Japan, the grant is used to reimburse the National Treasury for the cost of the project. In addition, as agreed in the Side Letter, the MOE paid the excess amount necessary for the project’s completion.

The hand-wash stations were turned over to Ministry of Education in a formal handover ceremony on December 10, 2021, as shown below:



Handover Ceremony on December 10, 2021

Source: Embassy of Japan Website

Finding on Compliance

Based on our audit, the Office of the Public Auditor found that the Ministry of Education administered the GGP grant for “The Project for Facilitating Hand-Wash Stations for Schools in Babeldaob and Outlying States” in compliance with the terms and conditions of the Grant Contract and the GGP procurement guidelines. Furthermore, the Ministry of Education with assistance from the Bureau of National Treasury and Bureau of Public Works maintained proper controls over the accounting records and activities surrounding the construction project, respectively. The total cost of the project was \$141,000, which is \$5,420 more than the amount of the Grant of \$135,580. The Ministry of Education settled the excess amount. Therefore, there are no findings in this report.

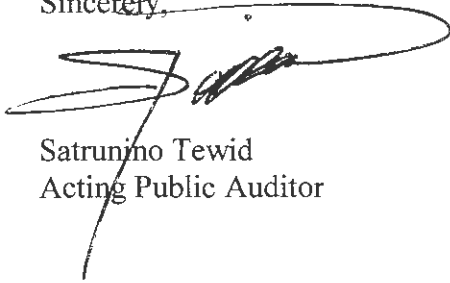
Conclusion

Ministry of Education was awarded a grant from the Government of Japan’s Grant Assistance for Grass-Roots Human Security Project (GGP) for the Project for Facilitating Hand-Wash Stations to Schools in Babeldaob and Outlying States. The hand-washing stations are readily available and accessible to students, faculty, staff and community members all around the school campuses to encourage hand-washing and good hygiene practices. The Hand-Wash Stations provide a safe and clean school environment as well as prevent and/or control the spread of infectious disease, such as Coronavirus and other diseases. The regular use of the hand-wash stations will help all users to practice a healthy lifestyle and good hygiene.

Office of the Public Auditor

The Office of the Public Auditor would like to thank the staff and management of the Ministry of Education and the Embassy of Japan in the Republic of Palau for their professional courtesy and cooperation during this audit.

Sincerely,

A handwritten signature in black ink, appearing to read 'Satrunjio Tewid', with a large, sweeping flourish extending to the right and a vertical line extending downwards from the end of the signature.

Satrunjio Tewid
Acting Public Auditor

Appendix A

Appendix A: Pictures of students using hand-wash stations in Babeldaob and Outlying schools



Melekeok Head Start



Ngeremlengui Head Start



Aimeliik Elementary School



Angaur Elementary School



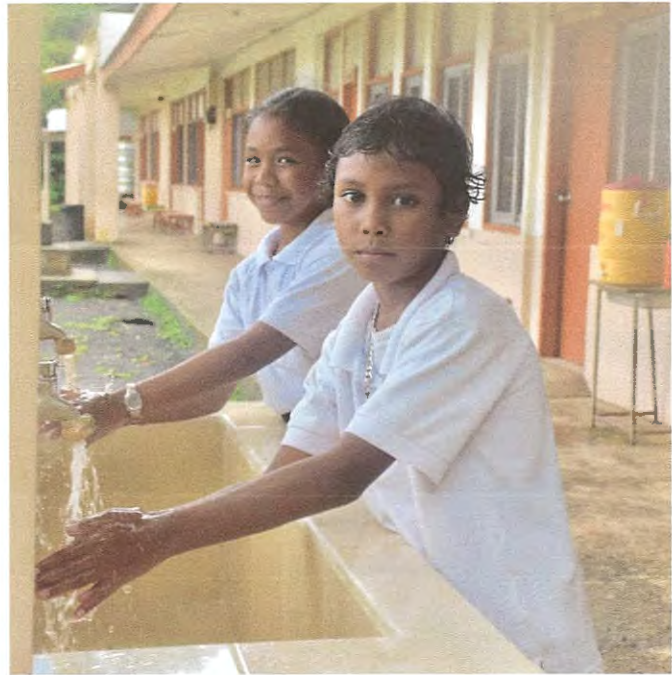
Belau Modekngai School



Ibobang Elementary School



JFK Kayangel Elementary School



Melekeok Elementary School



Ngaraard Elementary School



Ngarchelong Elementary School



Ngardmau Elementary School



Ngeremlengui Elementary School



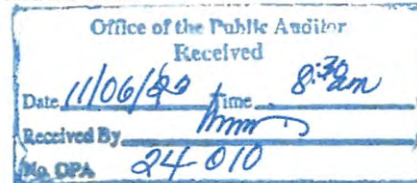
Peleliu Elementary School



REPUBLIC OF PALAU
MINISTRY OF EDUCATION
BUREAU OF SCHOOL OPERATIONS

November 6, 2023

Mr. Satrunino Tewid
Public Auditor
Office of the Public Auditor
Koror, Palau 96940



Subject: Draft Audit Reports for the Projects for Facilitating Hand-Wash Station to Schools in Babeldaob and Outlying States, and Schools in Koror and Airai States

Dear Public Auditor Tewid:

The Ministry of Education has reviewed the draft audit reports for the "Projects for Facilitating Hand-Wash Station to Schools in Babeldaob and Outlying States, and Schools in Koror and Airai States.

The Ministry of Education concurs with the audit reports along with the findings. Hence, the Ministry of Education requests the Office of the Public Auditor to finalize the audit reports for submission to the Japan Embassy to comply with reporting requirements for the two Japan GGP grant projects.

Your unwavering assistance as always is gratefully appreciated.

Respectfully,

Raynold Mechol
Director of School Operations



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

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