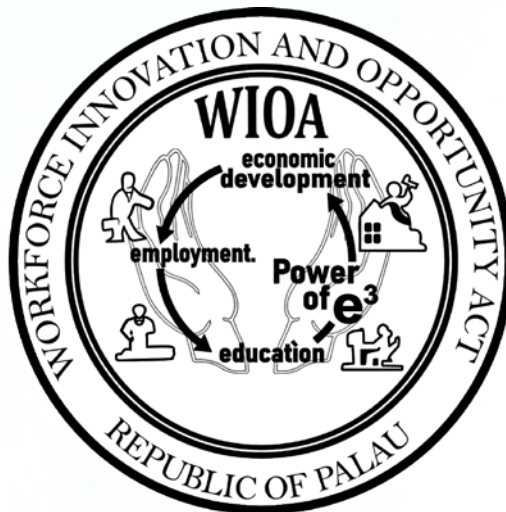




**OFFICE OF THE PUBLIC AUDITOR**  
**REPUBLIC OF PALAU**

**AUDIT REPORT**

**PANDEMIC UNEMPLOYMENT ASSISTANCE PROGRAM  
(PUA)**



**WORKFORCE INNOVATION AND OPPORTUNITY ACT  
(WIOA)**  
**REPUBLIC OF PALAU**

**FOR THE PERIOD FROM FEBRUARY 02, 2020 THROUGH JUNE 16, 2021**

*Performed by the Office of the Public Auditor*

WIOA-PUA-21-P03\*opa01



REPUBLIC OF PALAU

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Office of the Public Auditor

January 12, 2023  
*Serial#: opa23-029au*

Ms. Glendalynn Ngirmeriil  
Executive Director  
Workforce Innovation and Opportunity Act (WIOA)  
PCC Keskas Building  
Koror, Republic of Palau

**Subject: Final Report on the Audit of WIOA's PUA Program**

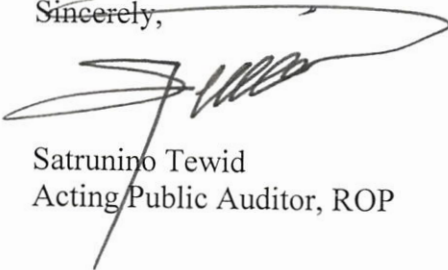
Dear Executive Director Ngirmeriil:

Transmitted herewith is the final audit report of the Workforce Innovation and Opportunity Act's (WIOA) Pandemic Unemployment Assistance Program (PUA).

The Office of the Public Auditor (OPA) received your response to the Draft Audit Report, the essence of which 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 them at your request.

Sincerely,



Satrunino Tewid  
Acting Public Auditor, ROP

Pandemic Unemployment Assistance Program (PUA)  
Workforce Innovation and Opportunity Act (WIOA)  
Republic of Palau

February 02, 2020 through June 16, 2021

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Office of the Public Auditor

## EXECUTIVE SUMMARY

January 12, 2023

Ms. Glendalynn Ngirmeriil  
Executive Director  
Workforce Innovation and Opportunity Act (WIOA)  
PCC Keskas Building  
Koror, Republic of Palau

Dear Executive Director Ngirmeriil:

This final report presents the results of the Office of the Public Auditor's (OPA) audit on the Pandemic Unemployment Assistance (PUA) Program administered by the WIOA Title I Office. The scope of the audit covers the period of February 02, 2020 to June 16, 2021.

The objective of the audit of the WIOA's Pandemic Unemployment Assistance (PUA) program was to determine whether the WIOA complied with the CARES Act and related guidelines issued by the Department of Labor governing the administration of the PUA program. To make that determination, the objective is further divided into sub-objectives as follows:

To determine whether:

- 1) WIOA implemented adequate internal controls, including essential policies and procedures, to comply with the PUA guidelines,
- 2) WIOA established and enforced the PUA eligibility requirements in accordance with the UIPL requirements, and
- 3) WIOA calculated benefits accurately and in accordance with the guidelines established by the US Department of Labor.

As a result of the audit, the Office of the Public Auditor found a number of weaknesses/deficiencies noted on page 3 (Finding No. 1 to Finding No. 6) relating to the administration of the PUA Program, which we believe should be brought to the attention of management for appropriate corrective action. We also propose recommendations which, we believe, if implemented, will rectify these weaknesses/deficiencies.

## Findings

**First,** WIOA did not develop and implement critical administrative processes and internal controls essential to ensure the proper review and approval of PUA and FPUC applications and claims,

**Second,** WIOA did not follow the PUA and FPUC guidelines with regards to program eligibility and related requirements,

**Third,** WIOA did not maintain and retain in claimants' file the proper documents to support benefits calculations and payouts,

**Fourth,** WIOA issued some improper payments to PUA and FPUC beneficiaries due to miscalculations,

**Fifth,** WIOA lacked an adequate financial management information system with which to capture, process, record, and report information regarding the financial activities of the PUA and FPUC, and

**Sixth,** the WIOA did not maintain the proper records and documents to support actions taken and the expenditure of the PUA and FPUC funds.

To rectify the above weaknesses/deficiencies, we recommend the following:

## Recommendations

**First,** we recommend that the WIOA develop and implement administrative processes (internal controls) and hire sufficient number of qualified staff to ensure the proper processing, review, and approval of PUA and FPUC applications and claims,

**Second,** we recommend that the WIOA evaluates its administrative controls (internal controls) processes and procedures to ensure that the processes, including application processing, review, approval, etc., align with the PUA guidelines respecting eligibility, claims applications, level of assistance, period of eligibility, etc.,

**Third,** we recommend the WIOA develop and implement administrative controls and hire sufficient number of qualified staff to support proper review to ensure that claimants' files contain the proper documents and information to support claims payouts,

**Office of the Public Auditor**

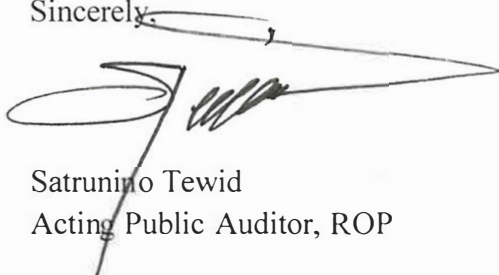
**Fourth**, we recommend the WIOA develop and implement administrative controls to support the proper reviews of benefits calculations to ensure their accuracy based on period of eligibility, income level and other requirements to comply with the PUA and FPUC guidelines,

**Fifth**, we recommend that the Ministry of Finance exercise more diligence in its oversight responsibilities by evaluating and monitoring sub-recipients' operations to ensure they have the capability and capacity to administer U.S. Federal Financial Assistance programs in compliance with the grants requirements, and

**Sixth**, we recommend that the WIOA conduct self-assessments to determine its capability and capacity to administer U.S. Federal Financial Assistance Programs in compliance with the program requirements.

Finally, the Office of the Public Auditor would like to extend our appreciation to the management and staff of the WIOA Title I Office for their cooperation and professional courtesy extended to us during the audit.

Sincerely,

A handwritten signature in black ink, appearing to read 'Satrunino Tewid'. The signature is stylized with a large, sweeping initial 'S' and a long horizontal stroke extending to the right.

Satrunino Tewid  
Acting Public Auditor, ROP

## INTRODUCTION

Under the provisions of the Workforce Innovation and Opportunity Act, U.S. Public Law 113-128, the Republic of Palau Workforce Innovation and Opportunity Act (WIOA) program, formerly known as JTPA and its successor WIA, was established, through an Agreement between the President of the Republic of Palau and the U.S. Department of Labor. Under Executive Order 453, parallel to U.S. Public Law 113-28, the President of the Republic of Palau (ROP) appoints eleven (11) members of the State Workforce Development Board and nine (9) members of the Local Workforce Development Board, to oversee the operations of the WIOA. The primary purpose of the WIOA is to assist job seekers access employment, education, training, and support services to succeed in the local and regional labor market and to match employers with the skilled workers they need to compete in the global economy.

On March 27, 2020, the President of the United States of America signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, which underpins the Relief for Workers Affected by Novel Coronavirus (COVID-19) Act, set out in Title II, Subtitle A. Shortly thereafter, on March 31, 2020, the President of Palau, The Honorable Tommy E. Remengesau, Jr., signed an Agreement between the Republic of Palau and The Secretary of the U.S. Department of Labor (USDOL), implementing the Relief for Workers Affected by Coronavirus Act. This was followed by the President of the Republic of Palau delegating the authority and responsibility for executing the agreement with the USDOL to the Chairman of the State Workforce Development Board.

Pursuant to the CARES Act, the Act extends financial assistance to the Republic of Palau, specifically, to workers impacted by the COVID-19 Pandemic. The Act requires the Republic of Palau to administer the Pandemic Unemployment Assistance (PUA) program in accordance with the requirements of CARES Act and related statutes, program regulations and guidelines, and related grant terms and conditions. According to the USDOL guidelines, the maximum PUA Weekly Benefit Amount is \$397, payable weekly within the pandemic assistance period of January 27, 2020 through December 26, 2020. In addition, according to CARES Act, the number of weeks of benefits an individual may claim is 39 weeks. In addition, the agreement also extends the Federal Pandemic Unemployment Compensation (FPUC) in amount of \$600 to supplement the \$397 PUA benefit, based on eligibility. The FPUC is payable weekly for weeks of unemployment beginning after the date of the Agreement and ending on or before July 31, 2020.

On December 27, 2020, the President of the United States signed into law the Consolidated Appropriations Act of 2021, which include the provisions of the Continued Assistance Act (CAA) that extended the PUA program and restored the Federal Pandemic Unemployment

Compensation (FPUC) program. Under the CAA, the PUA amount remained at \$397 but is extended to March 13, 2021, and allows individuals receiving benefits as of March 13, 2021 to continue through April 10, 2021, as long as the individual does not exceed the maximum number of weeks. Thus, the CAA increases the number of weeks an individual may claim from 39 to 50. The Act also restores the FPUC benefits but at a reduced level at \$300 per week starting after December 26, 2020 and ending March 13, 2021.

Subsequently, on March 11, 2021, the President of the United States signed the American Rescue Plan Act (ARPA) of 2021 into law that further extended the PUA program to September 04, 2021, increasing the maximum number of weeks an individual may file a claim of unemployment from 50 weeks to 79 weeks. Additionally, the ARPA extends the FPUC program at \$300 per week through the week ending on September 04, 2021. Please refer to Table 1, below, for a graphic illustration of the PUA and FPUC program timeline.

**Table 1: Graphic Illustration of PUA and FPUC Timeline**

Pandemic Unemployment Assistance and Federal Pandemic Unemployment Compensation Program Timeline																							
2020												2021											
JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP			
CARES ACT March 27, 2020-December 26, 2020												CAA December 27, 2020-March 13, 2021			ARP Act March 14, 2021-September 04, 2021								
PUA 1 February 02, 2020-December 26, 2020 (\$397) 39 WEEKS PAYABLE												PUA 2 December 27, 2020-March 13, 2021 (\$397) 50 WEEKS PAYABLE			PUA 3 March 14, 2021-September 04, 2021 (\$397) 79 WEEKS PAYABLE								
												PUA 2 Phase Out Period March 14, 2021-April 10, 2021 Claimants entitled to remaining PUA, must meet certain requirements.											
FPUC (\$600) April 01, 2021-July 31, 2021												FPUC \$300 December 27, 2020-March 13, 2021			FPUC \$300 March 14, 2021-September 04, 2021								

Although the PUA program ended on September 06, 2021, the WIOA requested and received approval from the USDOL to allow filing of new claims (those affected by the pandemic and never filed), which must be filed by the October 6, 2021 deadline. In addition, the same deadline applies to applicants who applied for financial assistance, but did not receive a “Notice of Determination” to follow up on reconsideration of their application.

At the beginning and throughout the implementation of the PUA and FPUC Programs, the WIOA had undergone major transitions, including changes to membership in the State Workforce Development Board and the Local Workforce Development Board, Executive Director, and those charged with the accounting functions. An Interim Director was put in place to oversee operations until the hiring of a new Executive Director on August 30, 2021. With a new management team, the WIOA continued efforts to provide assistance and process claims for individuals in Palau, whose unemployment was affected by the COVID-19. Simultaneously, during program delivery, the WIOA had to keep abreast of new guidelines and regulations issued by the USDOL to align with the purpose of the CARES Act and complementary statutes.



The WIOA is a subrecipient of the Republic of Palau (ROP). Accordingly, at the outset of the program, the ROP's Bureau of National Treasury received the PUA and FPUC funds and allotted the funds to the WIOA to administer. Sometime in June 2021, however, due to administrative concerns, the National Treasury repossessed control and administration of the PUA and FPUC funds. As of September 30, 2021, the WIOA and MOF have collectively disbursed approximately \$27,206,930.87, comprising of PUA and FPUC benefits and administrative expenses.

## **AUTHORITY TO AUDIT**

Article XII, Section 2(b) of the Constitution of the Republic of Palau declares, in part, "The Public Auditor shall inspect and audit accounts in every branch, department, agency, or statutory authority of the national government and in all other public legal entities or nonprofit organizations receiving funds from the national government." This mandate is implemented through the Public Auditing Act of 1985 (40 PNCA § 200 *et seq.*), which charges the Public Auditor to "act to prevent and detect fraud, waste and abuse in the collection and expenditure of all public funds." (*Id.*, §224.)

## **OBJECTIVE**

The objective of the audit of the WIOA's Pandemic Unemployment Assistance (PUA) program was to determine whether the WIOA complied with the CARES Act and related guidelines issued by the US Department of Labor governing the administration of the PUA program. To make that determination, the objective is further divided into sub-objectives as follows:

- 1) To determine whether:
  - (1) The WIOA has implemented adequate internal controls, including the essential policies and procedures, to comply with the PUA guidelines,
  - (2) The WIOA established and enforced the PUA eligibility requirements in accordance with the UIPL requirements, and
  - (3) The WIOA calculated benefits accurately and in accordance with the guidelines established by the Department of Labor.

## **SCOPE AND METHODOLOGY**

The audit focused on the WIOA's implementation of the Pandemic Unemployment Assistance (PUA) program. The PUA program provides temporary relief to workers (including self-employed, independent contractors, and gig workers) impacted by the COVID-19. Although the PUA program

was extended to October 6, 2021, the audit only covered the period from February 02, 2020 through June 16, 2021.

As this is a performance audit, we did not conduct audit procedures to assess the fairness of the financial statements of the WIOA or the PUA and therefore express no opinion on the financial statements.

We conducted this audit in accordance with the *Generally Accepted Government Auditing Standards*. 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 conclusion based on our audit objectives.

To accomplish our audit objective, we examined the enabling U.S. Public Laws governing the COVID-19 Pandemic unemployment financial assistance, including the CARES Act, the Relief for Workers Affected by Coronavirus Act, Continued Assistance Act (CAA), and American Rescue Plan Act (ARPA), among other laws and regulations. In addition, we reviewed grant agreements and related amendments, operating guidelines and instructions issued by the USDOL. We also obtained an understanding of the roles and responsibilities of the WIOA, the local and state boards, and the Ministry of Finance, as they relate to the implementation of the PUA program. Furthermore, we examined program applications, claims, benefits and administrative payments, accounting records, and other related documents maintained at the WIOA office and the Ministry of Finance. Moreover, we obtained an understanding of the WIOA's internal control system by conducting a walk-throughs and testing of the PUA's system of internal controls. Finally, we conducted interviews with the WIOA's and Ministry of Finance's management and key finance staff.

## **PRIOR AUDIT COVERAGE**

The latest Single Audit of the Republic of Palau that included the WIOA was for Fiscal Year ended September 30, 2009. The audit reported on the former WIA U.S. Federal Financial Assistance cluster as a major program. The report contained four (4) findings concerning the WIA program. Since then, there has been no other audit of the entity as the WIOA grants did not meet the threshold to require an annual single audit.

## FINDINGS AND RECOMMENDATIONS

### Finding No. 1: Weaknesses in Internal Control

**Criteria:** A proper system of internal control is essential to ensure that the WIOA administers the PUA and FPUC programs effectively and efficiently by securing: (1) that policies and procedures are in place for processing, reviewing, and approving applications and claims, (2) that applications and claims are complete and contain the proper supporting documents, and (3) that the program is administered in compliance with the PUA rules and regulations and related guidelines.

**Condition:** The audit revealed that the WIOA did not develop and implement critical administrative processes and controls for reviewing and approving PUA and FPUC applications and claims. The most apparent weaknesses were noted in the review of applications and claims to ensure their completeness, accuracy, and that they contain the proper supporting documents. As such, we found weaknesses and inconsistencies in the review and approval of applications and claims as shown below:

- **Review of Applications** ~ Review of applications is the most critical part of the application process as it determines an applicant’s eligibility and subsequent enrollment into the program. In addition, the review determines the amount of financial assistance to award based on information provided by the applicant, as required by the PUA guidelines. However, of the 125 applications we reviewed, we noted the following flaws: (1) Several applications and claims lacked evidence of review and approval by appropriate WIOA officials, (2) some applicants did not sign the basic PUA application, (3) many of the claims did not identify the “affected period” for which the claim is being filed, and (4) several payouts were issued even though the applicant signed and dated the “weekly benefit claims form” before the actual date of the affected weeks. Table 2, below, shows the type and frequency of problems found due to weaknesses in the review process:

**Table 2: Review of Applications**

Review of Applications	
Missing Signature of WIOA Interviewer (1)	34
Missing Signature of Applicants (2)	6
Unidentified affected date (3)	71
Inaccurate date on weekly benefit claim form (4)	5

- **Notice of Determination** ~ Notice of Determination is equally critical, and is required by PUA guidelines, as it informs applicants of their eligibility and amount of award. In addition, for those applicants determined ineligible, the Notice of Determination provides a “due process” mechanism to appeal the decision of the WIOA for reconsideration of their application. Furthermore, the process also allows applicants to contest the amount of award, if they feel inequity in the process. The audit revealed that out of the 412 payments that we reviewed, we found 284, or 69%, that were not issued “Notice of Determination”, 99 were basic PUA applications and 185 were weekly or bi-weekly claims. Hence, the “Notice of Determination” was largely removed from the process, essentially denying applicants the opportunity for reconsideration of their application or amount of award.
  
- **Documentation** ~ The PUA guidelines require specific documents that are essential and should accompany an application to facilitate processing. We found that in many instances, the required documents were either missing or incomplete. Of the 412 payouts that we reviewed, we found 32 applications/claims missing essential supporting documents and 185 applications/claims with incomplete documentation. Table 3 below shows the type and frequency of problems found with documentation:

**Table 3: Missing or Incomplete Documentation**

Documentation		
	<b>Missing</b>	<b>Incomplete</b>
Verification of Income	2	0
Initial return to self-employment plan form	9	43
Verification of Separation of employment	4	56
Verification of reduced hours	5	52
VOS & WIOA Signature Page	7	17
Weekly Benefit Claim Form	5	17
Total	32	185

**Cause:** The cause of the above condition is failure of the WIOA to develop and implement a proper internal control structure to support the proper review of PUA applications, weekly claims, and hiring adequate number of staff necessary to carry out the process.

**Effect:** Without a strong administrative structure with sufficient internal controls and support staff to process and review applications and claims, the PUA program was susceptible to non-compliance, fraud, waste and abuse. In addition, since a “Notice of Determination” was not issued for both eligible, which would have also stipulated the amount of the award, and ineligible applicants, applicants were denied due process to appeal the amount of their award (eligible) and reconsideration of their application (ineligible).

**Recommendation:** The OPA recommends the WIOA develop and implement administrative controls and hire sufficient number of qualified staff to support proper review of PUA applications and claims. The review process is a critical part of administrative controls that screens applications and claims to ensure they are complete, accurate, contain the proper supporting documents, and comply with the program rules, regulations, and related guidelines.

**WIOA's Response & Corrective Action:**

*In February of 2022, Director Ngirmeriil determined that WIOA staff had not been apprised of UIPL Change 2 to Change 6; therefore, she requested that WIOA staff receive a refresher training session from U.S. Department of Labor in order to properly determine the claims that had been left behind. Beginning March 16, 2022, U.S. D.O.L. conducted a weekly "Back Log" session with the staff and Director. Two more staff members were then added in March of 2022. As of 09/25/22, Palau WIOA staff found 30 claims that applied in 2020 that were misfiled, and considered as inactive, but without any indication as to why they were considered inactive. Therefore, Palau WIOA is continually redetermining claim. Palau WIOA continuously meets with U.S DOL representatives every Tuesday for "Back Log" sessions. Palau WIOA has been and will continuously physically search through the files for claims and properly determine these claims. Palau WIOA will be reviewing the 1,271 previous claims that completed their claims weeks on 09/04/21. If any are found to be missing weeks deserving of payment, the claims will be honored. If any are found to be overpaid, the claims will be reviewed for the following: Claimant fraud or Administrative Error. Currently, Palau WIOA is hiring for 5 new staff members to assist in reviewing the previous 1,271 claimants that ended their claims on 09/04/21. At the same time, these new staff members will also assist in processing the 680 retroactive claims for 2020. Lastly the additional staff would ensure that each claim for 2020 and 2021 is reviewed for completion (i.e. all applications, claims, and necessary documents are completed correctly and in the claimants' file).*

*By May 31, 2023, Palau WIOA would have: (1) completed a draft of the policies and procedures in place for the processing, reviewing, and approving of applications and claims, (2) reviewed all applications and claims and ensured that each contain the proper supporting documents, and (3) administered the program in compliance with PUA rules and regulations and related guidelines.*

***Please See Appendix 1, page 28, for complete and detailed response from the WIOA to Finding No. 1.***

## **Finding No. 2: Non-compliance with PUA and FPUC Eligibility Requirements**

**Criteria:** Pursuant to the CARES Act Section 2102, the PUA provides benefits to individuals who are otherwise not eligible for regular unemployment benefits. However, individuals must be unemployed, partially unemployed, or unable or unavailable to work because of certain health or economic consequences of the COVID-19 pandemic. These individuals include self-employed, individuals seeking part-time employment, and other classes of individuals as defined under the CARES Act. In addition, the Act provides a list of COVID-19 related reasons that qualifies an individual for PUA, including, among others, the following:

- *The individual has been diagnosed with COVID-19 or is experiencing symptoms of COVID-19 and is seeking a medical diagnosis;*
- *A member of the individual's household has been diagnosed with COVID-19;*
- *The individual is providing care for a family member or a member of the individual's household who has been diagnosed with COVID-19;*
- *A child or other person in the household for which the individual has primary caregiving responsibility is unable to attend school or another facility that is closed as a direct result of the COVID-19 public health emergency and such school or facility care is required for the individual to work;*
- *The individual is unable to reach the place of employment because of a quarantine imposed as a direct result of the COVID-19 public health emergency;*
- *The individual is unable to reach the place of employment because the individual has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;*
- *The individual was scheduled to commence employment and does not have a job or is unable to reach the job as a direct result of the COVID-19 public health emergency;*
- *The individual has become the breadwinner or major support for a household because the head of the household has died as a direct result of COVID-19;*
- *The individual has to quit his or her job as a direct result of COVID-19; or*
- *The individual's place of employment is closed as a direct result of the COVID-19 public health emergency.*

Furthermore, per United States Department of Labor (USDOL) guidelines, individuals must self-certify when he or she applies for PUA that he or she is **able and available** to work, including each weekly claim, except the individual is unemployed, partially unemployed, or unable or unavailable to work due to **one of the COVID-related reasons** listed above.

**Condition:** The audit revealed that the WIOA failed to follow the PUA and FPUC guidelines with regards to eligibility and claims requirements. Table 4, page 13, shows the number of cases in which the WIOA did not comply with the guidelines, categorized by program requirements not followed:

**Table 4: Non-Compliance with Eligibility and Claims Requirements**

Non-compliance with Eligibility and Claims Requirements				
	No. of Payments			Dollar Value
	Initial Application	Weekly Claims	Total	
Total Payments Tested	125	287	412	
<b>Non-compliance with Eligibility Requirements</b>				
COVID-19 Reasons Section not in application. <i>Please refer to explanation (1) below.</i>	120	n/a	120	\$536,407.89
Incomplete COVID-19 reasons Section. <i>Please refer to explanation (2) below.</i>	n/a	79	79	\$333,938.63
Missing COVID-19 Reasons Page. <i>Please refer to explanation (3) below.</i>	n/a	4	4	\$22,364.39
Checked "No" on Able and Available to work Section. <i>Please refer to explanation (4) below.</i>	14	28	42	\$207,768.77
Incomplete Able and Available to work Section. <i>Please refer to explanation (5) below.</i>	9	1	10	\$41,500.25
Missing Able and Available to work. <i>Please refer to explanation (6) below.</i>	0	4	4	\$22,997.65
Missing Basic Application. <i>Please refer to explanation (7) below.</i>	1	n/a	1	\$580.92
(Note 2, Page 14)			Total	\$1,165,558.50

Note: n/a=not applicable. There were no COVID-19 related reasons in the application form.

(1) We tested 125 PUA applications and found that 120, or 96%, totaling \$536,407.89, were approved for PUA assistance despite not indicating on the application the COVID-19 related reasons for unemployment as required by the USDOL.

(2) While claimants are required to provide in their weekly claim form the COVID-19 related reasons to support their claims requests, we examined 287 claims payouts and found that 79, or 27%, totaling \$333,938.63, were approved and disbursed without claimants identifying the COVID-19 related reasons impacting their unemployment status.

(3) Of the 287 weekly claims reviewed, we found four (4) payouts totaling \$22,364.39 missing the claim form containing the "COVID-19 related reasons" declaration; thus, lacking evidence to support their claim.

(4) We found 42 payments (14 PUA basic applications and 28 weekly claims) totaling \$207,768.77 where recipients were awarded despite certifying on their application/claim that they were "not" able and available to work. Thus, the recipients did not meet the qualifying requirement "Able and Available" to work to qualify for PUA & FPUC benefits. The guideline requires that applicants self-certify that they are "able and available" to work.

(5) We found 10 payments (9 PUA basic applications and 1 weekly claim) totaling \$41,500.25 awarded to applicants/claimants who did not properly certify on the claims forms that they were able and available to work; thus, lacking evidence on file to support meeting the program

requirement “Able and Available to work, except the individual is unemployed, partially unemployed, or unable or unavailable to work due to one of the COVID-related reasons listed above.”

(6) We also found four (4) weekly claims totaling \$22,997.65 missing “able and available” to work form in the file; hence, lacking evidence to support that claimants were “able and available to work, except the individual is unemployed, partially unemployed, or unable or unavailable to work due to one of the COVID-related reasons listed above.”

(7) Finally, one claimant received PUA benefits in the amount of \$580.92 without a PUA basic application.

**Effect:** As a result of non-compliance with the eligibility requirements, as prescribed in the CARES ACT and USDOL guidelines, we identified benefit payments totaling \$929,107.90 as non-compliant, as shown in Table 5 below:

**Table 5: Non-compliant Benefits Payments**

Non-Compliance	No. Payments	Non-compliant Benefits Payments
<b>PUA Basic (Initial) Application:</b>		
Covid-19 Reasons Section not in application	120	\$ 536,407.89
Checked "No" on "Able and Available" to work Section	14	\$ 82,134.24
Incomplete "Able and Available" to work Section	9	\$ 39,254.16
Missing application and all required information	1	\$ 580.92
<b>Subtotal</b>		\$ 658,377.21
<b>Less: Duplicates (Note1)</b>		\$ 121,388.40
<b>Non-compliant Benefits Payments Net Total</b>		<b>\$ 536,988.81</b>
<b>Weekly Claims Request:</b>		
Incomplete COVID-19 reasons Section	79	\$ 333,938.63
Missing Covid-19 Reasons	4	\$ 22,364.39
Checked "No" on "Able and Available" to work Section	28	\$ 125,634.53
Incomplete "Able and Available" to work Section	1	\$ 2,246.09
Missing "Able and Available" to work Section	4	\$ 22,997.65
<b>Subtotal</b>		\$ 507,181.29
<b>Less: Duplicates (Note 1, page 14)</b>		\$ 115,062.20
<b>Non-compliant Benefits Payments Net Total</b>		<b>\$ 392,119.09</b>
<b>Non-compliant Benefits Payments Total (Note 2, page 14)</b>		<b>\$ 929,107.90</b>

*(Note 1): Duplicates are total amounts of the same benefit payments that have multiple non-compliance issues under each type of payment request (PUA Basic Application and Weekly Claim). For example, (1) one payment did not identify the Covid-19 related reasons and (2) did not self-certify if they were able and available to work except their employment was affected by Covid-19.*

*(Note 2): The difference in totals in Table 4, \$1,165,558.50, and Table 5, \$929,107.90, is due to the duplicates as explained in Note 1.*



**Cause:** The cause of the above condition is failure of the WIOA to design and implement an administrative structure with sufficient internal controls to comply with the PUA and FPUC requirements. In addition, the WIOA was insufficiently staffed and trained to handle the onslaught of PUA applications at the start and subsequent follow up claims. To make matters worse, because of the novelty of the PUA and FPUC programs, program guidelines faced multiple amendments during and throughout program implementation, compelling the understaffed and under-trained staff to improvise going forward.

**Recommendation:** We recommend that the WIOA evaluates its administrative controls (internal controls) processes and procedures to ensure that the processes, including application processing, review, approval, etc., align with the PUA guidelines respecting eligibility, claims applications, level of assistance, period of eligibility, etc.

**WIOA's Response & Corrective Action:**

*Executive Director Ngirmeriil found out in February 2022 that Palau WIOA staff received only one training session from U.S. D.O.L in April 2020, and that all other knowledge regarding PUA and FPUC eligibility requirements had been passed down to them from the previous Executive Director. Palau WIOA staff had not read any of the PUA and FPUC Unemployment Insurance Program Letters (UIPLS) and did not have adequate knowledge to continue determining eligibility. Therefore, Director Ngirmeriil requested that U.S. D.O.L retrain the staff, so that they could properly determine the claims that had been left behind as well as review the previous claims for errors and to correct the errors. Beginning March 16, 2022, U.S DOL conducted a weekly session with the Palau WIOA staff and Director. By June 30, 2022, Palau WIOA, with the assistance of U.S DOL found 754 applications that had been rejected without a Notice of Determination, instead were verbally informed that they were ineligible for CARES Act. Since they did not receive a Notice of Determination, they were unaware of their rights to appeal the decision. Of the 754 claims, 680 were redetermined as eligible and were entitled to a retroactive payment for the year 2021 (36 weeks), which was issued to them. The remaining were found ineligible and were sent a Notice of Determination.*

*As for the 412 sample claimants that the Office of the Public Auditor reviewed, the errors have been noted and shown to the staff. The errors will be corrected properly and with the assistance of the U.S DOL. Concurrently, all claims will be reviewed for the same errors and corrected as such. If overpayments are found, each will be reviewed meticulously to determine if the claimant committed fraud or if it was an administrative error by Palau WIOA. If it was fraud on the claimant's part, the claimant must then be informed and requisition processes must take place. If it was an administrative error, the claimant will be informed and an overpayment waiver must be signed and submitted to US DOL.*

*By May 31, 2023, Palau WIOA would have reviewed all applications and claims and ensured that each contain the proper supporting documents, and that the program was administered in compliance with PUA rules and regulations and related guidelines with the assistance of U.S. D.O.L representatives.*

***Please See Appendix 1, page 29, for complete and detailed response from the WIOA to Finding No. 2.***

**Finding No. 3: Lack of Documentation to Support Benefits Calculation**

**Criteria:** Documentation should be maintained and retained to support the PUA and FPUC benefits calculations and to comply with the CARES Act requirements.

**Condition:** The audit revealed that the WIOA did not maintain and retain in claimant’s file the proper documents to support the “number of weeks” claimed and paid. The agency uses a “Weekly Request for Payment” form and a “Calculation Worksheet” to process and determine the amount of claim to award financial assistance. A claimant fills out the Weekly Request for Payment, providing information such as “number of weeks” claimed, among other required information. The WIOA uses the Calculation Worksheet to calculate the amount of financial assistance based on the number of weeks claimed and other relevant factors. Based on a review of claimants’ files, we found that one (1) applicant was awarded 40 weeks of PUA assistance while for 20 applicants we could not determine the number of weeks awarded due to missing Calculation Worksheets in their files. Table 6, below, shows inconsistencies in the award of financial assistance (number of weeks claimed):

**Table 6: Payments of Unsubstantiated Claims (number of weeks claimed)**

	No. of Payments			No. of Claimants	Dollar Value
	Basic PUA Application	Weekly Claim	Total	Total	
Non-compliance with Eligibility Requirements					
Awarded 40 PUA claimed weeks, 39 weeks maximum allowed by law during the period of claim		1	1	1	\$387.68
Missing “Calculation Worksheet”, cannot determine the number of weeks claimed	8	15	23	20	\$138,396.11
				<b>TOTAL</b>	\$138,783.79

*Note: Three claimants had more than one weekly claim request with missing worksheets.*

**Effect:** As a result, the WIOA was unable to substantiate the propriety of claims payouts totaling \$138,783.79, due to missing Calculation Worksheets, and one payout exceeding the 39-weeks maximum allowed by law.

**Cause:** The cause of the above condition is weak internal controls to support proper review of claims to ensure the required documentation and information is complete to support calculations of PUA and FPUC awards. According to the WIOA, although additional personnel were hired to assist with the anticipated surge of applicants, the WIOA was overwhelmed with the sheer number of applications; thus, the breakdown of internal controls over review and documentation processes.

**Recommendation:** The OPA recommends the WIOA develop and implement administrative controls and hire sufficient number of qualified staff to support proper review to determine program eligibility, level of assistance, period of eligibility and other PUA requirements. In addition, final reviews and verification of benefits calculations, before payout processing, should occur to ensure that claimants' files contain the proper documents and information to support claims payouts.

**WIOA's Response & Corrective Action:**

*Palau WIOA Staff have been informed and shown the errors and are currently working on correcting them, as well as reviewing the other 1,251 claims for the same errors. At this time, it is not known why 1 claimant received 40 weeks and why other claimants are missing their Calculation Worksheet; however, the individuals that completed these individuals' claims are no longer employed by WIOA and WIOA cannot speak with these individuals due to pending charges from the Special Prosecutor's Office. Therefore, WIOA will remedy the errors with the assistance of the US DOL. The 1 individual who received 40 weeks instead of the 39 weeks will be reviewed thoroughly. The error will be corrected by issuing a letter to the claimant requiring the claimant to return the one week of claims in the amount \$387.68. As for the 20 claimants missing Calculation Worksheets, if the payments are correct, but only missing a hard copy of the Calculation Worksheet, worksheets will be reviewed, processed from beginning of eligibility to 09/04/2021 then printed and inserted into the claimants' cases. If the error determines that the individuals were not eligible, but considered an Administrative Error due to WIOA staff overlooking the payment, an overpayment waiver will be issued to claimant and submitted to US DOL.*

*By May 31, 2023, Palau WIOA would have reviewed all applications and claims and ensured that each contain the proper supporting documents, and that the program was administered in compliance with PUA rules and regulations and related guidelines with the assistance of U.S. D.O.L representatives.*

*Please See Appendix 1, page 30, for complete and detailed response from the WIOA to Finding No. 3.*

**Finding No. 4: Miscalculations of PUA and FPUC Payouts**

**Criteria:** Unemployment Insurance Program Letter (UIPL) No. 16-20, Change 1, Attachment II, provides the basis for calculating the Weekly Benefit Amount (WBA) of Pandemic Unemployment Assistance (PUA). The Republic of Palau’s PUA WBA calculation is based on 20 CFR 625.6(c) (d). As determined by the U.S. Department of Labor, the weekly amount shall be the amount approximating 50 percent of the area-wide average of the weekly wages paid to individuals in the COVID-19 Public Health Emergency area in the quarter immediately preceding the quarter in which the COVID-19 Public Health Emergency began. Based on this guideline, Palau’s PUA WBA was determined to be \$397. In addition to the PUA, Palau was also granted eligibility for the Federal Pandemic Unemployment Compensation (FPUC) assistance, which eligibility amount varied over time during the pandemic, as shown in Table 7 below:

**Table 7: FPUC Timeline**

FPUC Timeline			
April 1, 2020 - July 31, 2020	\$600	CARES Act	UIPL No. 15-20 Attachment 1
December 27, 2020 - March 13, 2021	\$300	CAA	UIPL No. 15-20 Attachment 1, Change 3
March 14, 2021 – September 4, 2021	\$300	ARPA	UIPL No. 15-20 Attachment 1, Change 4

According to the Employment and Training Administration of the U.S. Department of Labor, the CARES Act requires Palau to defer to Hawaii law in the application of the “earnings disregard” amount. With respect to the “earnings disregard” amount, the law states that an individual can earn up to \$150 without their PUA benefit being reduced. To calculate a beneficiary’s weekly earnings, the “earnings disregard” amount is deducted from an individual’s weekly gross or net income depending on employment status. The “earnings disregard (\$150)” is deducted from the weekly earnings and the difference (net earnings) is subtracted from the PUA-WBA (\$397) to calculate the weekly benefit. The FPUC is awarded only if an individual receives payment of PUA benefit of \$1 or more per UIPL 15-20. Therefore, if an individual’s net earnings (weekly gross- earnings disregard) are greater than the WBA, there is no PUA payment. If the net earning is less than or equal to zero, then the WBA plus FPUC (per availability) is the weekly benefit. If net earnings are less than the WBA, then the difference plus FPUC (per availability) is the weekly benefit.

Per the PUA regulations, the WIOA uses an applicant's verification of income information, depending on employment status, to calculate the amount of benefit to award, based on number of weeks claimed. The WIOA categorizes applicants by their employment status as follows: (1) Separation of Employment, (2) Partial Employment, and (3) Self Employed. Each employment status has a different verification of income form that is required to be submitted with each claim as follows:

- 1) Partial Employment: Copies of check stubs to show applicants weekly earnings for weeks claimed.
- 2) Separation of Employment: Submit "Request for Separation of information form" from the Employer and self-certification of income, to support that the applicant has been laid-off and is unemployed.
- 3) Self-employed: Verification of income documents such as copies of invoices, income statements, or other documents to show applicants' earnings during the week(s) claimed or self-certification of income.

The WIOA uses the verification of income form and related documents to determine the applicant's weekly earnings and with which, based on period of claim (e.g., weekly) and other relevant factors, to calculate the amount of PUA benefit to award. In addition, the Basic (initial) PUA Application requires applicants to specify when they first got affected by the Covid-19 Pandemic (affected date), followed by subsequent claims covering periods for which they continued to be affected by the COVID, in order for the WIOA to properly determine and award financial assistance.

**Condition:** The audit revealed that the WIOA issued some improper payments to PUA and FPUC beneficiaries. Based on our review, we found miscalculations in the worksheets used to compute a beneficiary's PUA and FPUC award. Table 8, page 20, reveals some of the issues contributing to miscalculations in the worksheets.

**Table 8: Miscalculation of Payment**

Miscalculations of Payments				
	Partial Employment	Separation of Employment	Self-employment	Total
Improper supporting documents and Miscalculations of Weekly Earnings. <i>Please refer to explanation (1) below.</i>	14	0	10	24
Excluded Weeks: Weeks claimed in Basic PUA Application not awarded. <i>Please refer to explanation (2) below.</i>	9	2	20	31
Inaccurate calculation in the Worksheet. <i>Please refer to explanation (3) below.</i>	7	0	6	13
FPUC not awarded for payable weeks. <i>Please refer to explanation (4) below.</i>	5	6	8	19
			Total	<b>87</b>

- (1) *Improper Supporting Documents and Miscalculations of Weekly Earnings:* Out of the 412 payouts we reviewed, we found 24, or 6%, that contained inappropriate supporting documents and miscalculations of weekly earnings. Of the 24, fourteen (14) were issued to partial employment applicants containing inappropriate and inaccurate calculations of weekly earnings based on paycheck stubs provided. For instance, we identified one individual whose weekly earnings were calculated based on another person's paycheck stub. In another instance, we found an individual whose bi-weekly pay stub was used to calculate weekly earnings for four (4) consecutive weeks, instead of using the most recent pay stub. In addition, we found ten (10) payments to self-employed applicants that contained inaccurate calculations of weekly earnings based on self-certified income information and invoices provided.
- (2) *Excluded Weeks:* Additionally, of the 412 payments we reviewed, we found 31 payments, or 7%, 9 Partial Employment, 2 Separation of Employment, and 20 Self-Employment, that excluded some of the weeks claimed in the applicants' basic PUA application. The applicants specified in their PUA application the COVID affected date. Depending on the applicants' eligibility, the WIOA should have awarded all weeks claimed that were affected by Covid-19 pandemic. Based on our review, the 31 applicants were eligible for PUA benefits, but were not properly awarded for the total number of weeks claimed on their PUA applications.
- (3) *Inaccurate Calculations:* Out of the 412 payments we reviewed, we found that 13 payments, or 3%, 7 Partial Employment and 6 Self-Employment, contained inaccurate calculations in the worksheets due to clerical errors and lack of proper review to identify and correct errors and other deficiencies. For example, we found six (6) worksheets wherein the numbers did not add down to arrive at the final benefit amount. In addition, in

six (6) weekly claims, we also found inconsistencies regarding awards as some weeks claimed were not awarded and while other weeks not claimed were awarded. Furthermore, we discovered overlapping claims resulting in double and multiple payments covering the same periods. For example, an individual was awarded twice for the weeks ending 11/07/2020 and 11/14/2020 in Check Nos. 45784 and 46424, as shown in Table 9 and 10 below. Furthermore, the same individual was again awarded three times for the weeks ending 11/21/2020 and 11/28/2020 in check Nos. 45784 and 46424, as shown in Table 9 and 10 below:

**Table 9**

Check No. 45784, dated 3/8/2021		
Week Ending	PUA	FPUC
11/07/2020	\$397	n/a: not available
11/14/2020	\$397	n/a
11/21/2020	\$397	n/a
11/28/2020	\$397	n/a

**Table 10**

Check No. 46424, dated 4/9/2021		
Week Ending	PUA	FPUC
11/07/2020	\$397	\$300
11/14/2020	\$397	\$300
11/21/2020	\$397	\$300
11/28/2020	\$397	\$300
11/21/2020	\$397	\$300
11/28/2020	\$397	\$300

In addition, the claimant was subsequently awarded and paid FPUC, even though the FPUC was not available during the claimed period, weeks ending 11/07/2020, 11/14/2020, 11/21/2020, and 11/28/2020. The FPUC became available during the payout period, not during the claimed period.

- (4) Excluded FPUC Payable Weeks: Out of 412 payments reviewed, we found 19 payments, or 5%, deemed eligible to receive FPUC; however, the WIOA excluded the payable weeks in the payout amount. For example, five claimants received PUA benefits for the weeks covering 06/06/2020 through 06/27/2020, weeks within the first FPUC availability period, however, they were not properly awarded the FPUC benefits. Another claimant received PUA benefits for the weeks ending 06/06/2020 through 08/22/2020, but only awarded FPUC for weeks 06/06/2020 through 07/11/2020, excluding weeks ending 07/18/2020 through 07/25/2020, weeks still within the first FPUC availability period. Similar exclusions occurred in other claimants.

The audit further revealed that the WIOA early on assessed and withheld local withholding taxes from 206 beneficiaries' payment checks. The withholdings included Income taxes, Social Security, and Health Care Fund deductions during the period from February 2020 to October 2020. Subsequently, the US DOL directed the WIOA that these deductions are not allowable and not consistent with the purpose of the grant. Therefore, the WIOA took corrective measures to suspend further withholdings and refund prior withheld taxes to the recipients.

**Cause:** The cause of the above condition is that: (1) WIOA staff were not adequately trained to administer PUA applications and claims, (2) WIOA was not sufficiently staffed to handle the surge in applications and claims, and (3) WIOA did not establish administrative controls, including proper review, to ensure that technical details in the applications and claims meet the requirements and that omissions and errors are timely identified and corrected before processing for payments. The WIOA should have known in advance that the PUA and FPUC programs would involve cumbersome reviews and approvals processes, rules and procedures, verification processes, which it should have prepared in advance by hiring staff and training them to prepare for the implementation of these programs. The WIOA was given the budget and training opportunities to prepare for the administration of the PUA and FPUC programs.

**Effect:** As a result, we found numerous PUA and FPUC benefits that were improperly calculated and awarded. Our review of 412 payouts found the following omissions and miscalculations in the worksheets used to compute a beneficiary's award: 24 payouts contained inaccurate calculations of weekly earnings; 31 excluded payable weeks claimed in the basic PUA application; 13 contained inaccurate calculations in the worksheets; and 19 were not awarded payable FPUC weeks,. Therefore, based on our review of 412 PUA and FPUC payouts, we identified 87 improper payments issued to beneficiaries.

**Recommendation:** We recommend the WIOA develop and implement an administrative structure to support the administration of the PUA and other U.S. federal financial assistance that it administers. The administrative structure should be designed to carry out reviews over program eligibility, claims applications, calculation of benefits, and other administrative controls to meet the PUA and other grant requirements. To support this process, the WIOA should hire additional staff and provide adequate training to ensure the staff acquire working knowledge of program requirements. In addition, the WIOA should revisit the PUA and FPUC benefits payouts to reexamine and verify eligibility requirements and calculations of benefits to ensure that those awarded PUA and FPUC benefits met eligibility requirements and that benefits awards were based on proper supporting documents and calculations. Any awardee determined to be ineligible and/or miscalculation of award resulting in overpayment of benefits, the WIOA should use the UPIL guidelines to seek recovery or waiver of improper payments.

**WIOA's Response & Corrective Action:**

*In order for Palau WIOA to correct this error, all 1,271 claims that were filed in 2020 and paid between June 2020 and January 2022 must be reviewed. To complete this task, WIOA is currently hiring for 5 more staff members who will be trained in the eligibility requirements of PUA and FPUC under the guidance of US DOL representatives. Palau WIOA must complete the following tasks before embarking on the review of the 1,271 claimants: 1) Refund SS, HCF, and Tax to 977 claimants; 2) Retroactively pay 675 claimants who are due their 2020 WBAs; and 3)*



*Refund a number of claimants whose WBA was reduced because his/her Pension and Social Security benefits was included in the income test. After all tasks have been completed, no later than January 30, 2023, the review of the 1,271 previous claims may begin in February of 2023. The process may take up to 3 months to review and determine which claimants are due a retroactive PUA and FPUC payment and/or should be issued an overpayment and required to repay the amount back to US DOL through a sequestration process.*

*As for the inaccurate withholding of Income Tax, Social Security, and Health Care Fund deductions, Palau WIOA began reviewing these claims in June of 2022. When Palau WIOA was instructed by the USDOL to refund the amounts deducted from the claimants, Palau WIOA began refunding claimants in April 2021; however, their refunds were improperly recorded and an accurate documented list has not been found to support the refund from WIOA. The lack of vouchers for PUA and FPUC benefits hinders the account for these refunds. As of November 23, 2022, of the 977 claimants, 833 have received their full refund for SS, Tax, and HCF. By the first week of December 2022, the remaining 144 would have received their refunds thus concluding the SS, Tax, and HCF refunds.*

*By May 31, 2023, Palau WIOA would have reviewed all applications and claims and ensured that each contain the proper supporting documents, and that the program was administered in compliance with PUA rules and regulation and related guidelines with the assistance of U.S D.O.L representatives. Once all forms are completed and/or have been submitted and inserted in the claimants' files, WIOA will be able to recalculate and accurately calculate benefits, and will include payable or overpaid PUA and FPUC weeks that were overlooked.*

***Please See Appendix 1, page 31, for complete and detailed response from the WIOA to Finding No. 4.***

#### **Finding No. 5: Financial Management Information System**

**Criteria:** A sound financial management information system is an essential component of operations to ensure that financial transactions are captured, processed, recorded, and reported to support decision making and to comply with grantor reporting requirements. In addition, each transaction should contain the proper supporting documents to support their processing, recording, and reporting.

**Condition:** The audit revealed that although the WIOA had a pre-existing accounting system, including processes and procedures (with forms) for accepting and processing PUA and FPUC applications, certain essential parts of the processes and procedures were not uniformly followed. For example, although the WIOA has in place a payment Voucher form, designed to

capture data about the nature of each disbursement, including payee, account to be charged (Job, Cost Code, Object Code), among other data, the agency abandoned the use of the form at the start of the PUA disbursements. The Voucher is the most critical document as it serves as a source document for collecting expenditures data to support the preparation of financial reports. In addition, the WIOA did not set up an accounting system with subsidiary and general ledger accounts for posting detailed and accumulated totals respectively to facilitate timely preparation of financial reports. This system was not established and therefore the WIOA was unable to provide the Office the Public Auditor the documented evidence (copies of financial reports) of meeting the reporting requirements under the PUA & FPUC Financial and Program reporting. Upon implementation of the PUA program, the WIOA used a Peachtree software to set up a basic check register to record PUA expenditures, with no complementary process for classifying and summarizing the data. Consequently, PUA-FPUC program benefits and administrative expenditures were recorded and maintained only in basic check register format with no classification system.

**Cause:** The Ministry of Finance (MOF), as prime recipient of the PUA-FPUC grants, did not work with the WIOA to assess and monitor its capability and capacity to administer the PUA-FPUC grants. In failing to do so, the MOF did not timely discover the problems with the WIOA's accounting system and take appropriate action to correct the deficiencies in preparation for the implementation of the PUA-FPUC financial assistance program.

**Effect:** As a result, the WIOA lacked a sufficient accounting system with which to capture, process, record, and report information regarding the financial activities of the PUA and FPUC program. Consequently, OPA was unable to determine if the agency met the reporting requirements under the PUA Financial and Program reporting. This is a fundamental requirement of any agency administering grants, the PUA-FPUC program in this instance, and the WIOA failed to establish a sufficient financial management information system to comply with the requirements.

**Recommendation:** We recommend that the Ministry of Finance, as prime recipient of the U.S. Federal Financials Assistance programs, exercise more diligence in its oversight responsibilities by assessing and monitoring sub-recipients that receive and administer U.S. federal grants to ensure they have the capability and capacity to administer the grants in compliance with grant requirements.

**WIOA's Response & Corrective Action:**

*Between December 20, 2021 and November 23, 2022, Director Ngirmeriil and Fiscal Officer Kodep have found that the Financial Management Information System of Palau WIOA was insufficient for the PUA and FPUC Program and fully agree with the OPA's finding. Furthermore, those previously in charge of the implementation of the PUA and FPUC programs did not properly ensure that financial transactions would be appropriately captured, processed, recorded, and reported in order to support decision making and comply with grantor reporting requirements. Processes and procedures did and do exist for the accounting system, however, essential processes and procedures were not followed. An example is the Voucher form that should have been utilized to capture date of each benefit disbursement. None of the PUA and FPUC benefits paid to claimants were captured on the Voucher. As for the Administrative Expense for PUA and FPUC, not all expenses were captured on the Voucher as well. At the same time, the Peachtree was not set up to account the subsidiary and general ledger accounts for detailed and accumulated totals to facilitate the timely and accurate preparation of financial reports.*

*To correct the error, the Ministry of Finance (MOF) has become the temporary fiscal agent for Palau WIOA. Since July 22, 2021, MOF has been tasked to ensure that the financial transactions for Palau WIOA are captured, processed, recorded, and reported in order to support decision making and to comply with US DOL requirements. MOF is responsible for the accounting of Palau WIOA's PUA and FPUC administrative expense, and claimants' benefits. However, to correct the errors made between February 2, 2020 and June 22, 2021, Palau WIOA will need until May 31, 2023 to review and properly record the existing vouchers, as well as create vouchers for administrative expenses, if there are any supporting documents that provide sufficient information to record on the vouchers. At the same time, Palau WIOA, with the assistance of MOF, will need until May 31, 2023 to set up an accounting system with subsidiary and general ledger accounts.*

***Please See Appendix 1, page 33, for complete and detailed response from the WIOA to Finding No. 5.***

**Finding No. 6: PUA Records and Documentation**

**Criteria:** Records and documents are an essential part of the PUA application and award process as they provide a trail of documentary evidence of the processes that transpired and actions taken. In addition, the PUA rules and regulations (UIPL 16-20) require that certain records and documents be retained and maintained to support determination of eligibility, award, and expenditure of funds.

**Condition:** WIOA spent \$46,644.19 to customize its software application system (VOSS, Virtual One-Stop Software) to facilitate real-time (virtual) reporting on the PUA activities and documentation with the U.S. DOL on the administration of the PUA and FPUC programs. However, we found that most of the transactions involving PUA applications and claims were not uploaded to the VOSS system, seemingly negating the whole purpose of the investment. In addition, as previously mentioned, the agency decided to remove the use of a disbursement voucher at the start of the program, needlessly eliminating the collection of vital data encapsulated in the disbursement voucher. Furthermore, as reported under Findings 1 and 2, pages 9 and 12 respectively, we found numerous instances wherein the PUA applications and weekly claims contained incomplete, erroneous, or missing information including “not identifying COVID affected date, Missing COVID Reasons impacting employment, Self-certify that applicant is Able and Available to work”, etc., basic information required to qualify for financial assistance. Moreover, of the 412 PUA applications and claims payouts we reviewed, we found that in 284, or 69%, the WIOA did not issue “Notices of Determination”.

**Cause:** According to the WIOA, the agency was overwhelmed with the PUA applications, especially at the start, and faced with limited resources, had to discontinue or forgo some of the essential processes and procedures in order to accelerate the processing of applications and weekly claims.

**Effect:** As a result, the investment of \$46,644.19 to establish a real-time reporting system with the U.S. DOL proved wasteful as the plan did not fully materialize. In addition, the WIOA was not capturing detailed expenditure data encapsulated in the disbursement voucher, including payee, amount, date, account to be charged (Job, Cost Code, Object Code), among other data, essential to support financial reporting. Furthermore, the agency did not follow the PUA guidelines by ensuring that each PUA application and claim is complete and contain the required information such as the COVID Reasons impacting Employment, applicant self-certify that he/she is Able and Available to Work, among other required information. In addition, because “Notices of Determination” were not issued, applicants were denied due process to contest amount of their award or reconsideration of their application (for those denied eligibility).

**Recommendation:** We recommend the WIOA conduct a self-assessment to determine its capability and capacity to administer U.S. Federal Financial Assistance Programs. In doing so, the WIOA should coordinate and collaborate its administrative responsibilities with the Ministry of Finance to ensure any administrative weaknesses are corrected or enhanced. In addition, employees should be properly trained on grant requirements, especially on eligibility, documentation and reporting requirements, to instill a working knowledge of the requirements. Moreover, the agency should also assess its internal controls processes and procedures to ensure

it is up to the standards imposed by the grantor and that it follows its internal processes and procedures in administering the grant.

**WIOA's Corrective Action:**

*During the implementation of PUA and FPUC program in April 2020, WIOA Director and Fiscal Officer were under the assumption that not more than 700 individuals would be affected by Covid -19. WIOA staff of 9 trained once with US DOL and then began receiving applications in May 2020. However, the estimation of 700 was incorrect and the number of affected individuals doubles by end of June 2020. Since WIOA had opted to utilize paper application and weekly claims forms, the staff of 9 found themselves overwhelmed. According to Palau WIOA staff, they had nearly 1,600 applications by mid-July 2020 and were beginning to receive over 1000 weekly claims per week. Concurrently, there was political and community pressure for Palau WIOA to disburse benefits immediately.*

*In addition, Palau WIOA was to utilize the Virtual One-Stop Software (VOSS) program to facilitate real-time reporting on PUA activities and documentation with U.S DOL. Between June 2020 and June 2021, only 2 of the WIOA staff had access to the VOSS; however they stopped entering data into VOSS in mid-February 2021. Director Ngirmeriil contacted the Technical support for VOSS through the WIOA Guam division and requested that 4 more staff be given access to VOSS so the backlog records and documentation can be entered. At this time, Palau WIOA has 5 staff members with access to VOSS and meet with WIOA Guam and CNMI once a month for VOSS training and technical assistance. Lastly, Palau WIOA Office is working with the SWDB, LWDB, and MOF to ensure administrative weaknesses are corrected or enhanced. Director Ngirmeriil and Fiscal Officer Kodep have been meeting with U.S DOL Unemployment Insurance representative and accountant every Tuesday, and Friday in order to train on grant requirements, documentation, and reporting requirements.*

***Please See Appendix 1, page 34, for complete and detailed response from the WIOA to Finding No. 6.***



## Workforce Innovation and Opportunity Act

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### Office of the Public Auditor Findings: Palau WIOA Corrective Action Response with Timeline

**Program Findings:**

1. Weakness in Internal Control
2. Non-Compliance with PUA and FPUC Eligibility Requirements
3. Lack of Documentation to Benefits Calculation
4. Miscalculations of PUA and FPUC Programs
5. Financial Management Information System
6. PUA Records and Documentation



**Prepared By:** Palau WIOA Executive Director G. Ngirmeriil   
**Date Submitted:** November 28, 2022

#### **Finding #1: Weakness in Internal Control**

**Corrective Action and Timeline:** By May 31, 2023, Palau WIOA would have: (1) completed a draft of the policies and procedures in place for the processing, reviewing, and approving of applications and claims, (2) reviewed all applications and claims and ensured that each contain the proper supporting documents, and (3) administered the program in compliance with PUA rules and regulation and related guidelines.

**Response:**

Palau WIOA hired two new staff members in October 2021 to assist with the influx of weekly claim forms. In February of 2022, Director Ngirmeriil determined that WIOA staff had not been apprised of UIPL Change 2 to Change 6; therefore, she requested that WIOA staff receive a refresher training session from U.S Department of Labor in order to properly determine the claims that had been left behind. Beginning March 16, 2022, U.S D.O.L conducted a weekly "Back Log" session with the staff and Director. Two more staff members were then added in March of 2022. By April of 2022, Palau WIOA, with the assistance of U.S D.O.L, found that 754

claims were verbally informed that they were ineligible for CARES Act. They were not issued a Notice of Award letter and were unaware of their rights to appeal the decision. Of the 754 claims, 680 were then redetermined as eligible and were entitled to a retroactive payment for the year 2021 (36 weeks) was issued to them. The remaining were found ineligible and were sent a Notice of Determination.

As of 09/25/22, Palau WIOA staff found 30 claims that applied in 2020 that were misfiled, and considered as inactive, but without any indication as to why they were considered inactive. Therefore, Palau WIOA is continually redetermining claims. If claims found are eligible, they will be retroactively paid for 2021. If they are found ineligible, they will be issued a Notice of Determination and given appropriate time for file his/her appeal. They will also be included in the 2020 retroactive determination.

Palau WIOA continuously meets with U.S DOL representatives every Tuesday for “Back Log” sessions. Palau WIOA has been and will continuously physically search through the files for claims and properly determine these claims. A timeline for this process to completely redetermine 2021 and 2020 claims will take up until or about April 30, 2023, depending on the amount of funds remaining from the supplemental \$18 million issued on 10/01/21, and any additional supplemental funds issued to Palau WIOA. Palau WIOA will be reviewing the 1,271 previous claims that completed their claims weeks on 09/04/2021. If any are found to be missing weeks deserving of payment, the claims will be honored. If any are found to be overpaid, the claims will be reviewed for the following: Claimant fraud or Administrative Error. If the claims are fraudulent by the claimant, an overpayment will be issued to the claimant, and the claimant must return the amounts paid to him/her. If the claim is an Administrative Error by WIOA, an overpayment waiver will be issued and submitted to US DOL.

Currently, Palau WIOA is hiring for 5 new staff members to assist in reviewing the previous 1,271 claimants that ended their claims on 09/04/21. At the same time, these new staff members will also assist in processing the 680 retroactive claims for 2020. It would take about 6 weeks to train the new staff members regarding the eligibility requirements under the Unemployment Insurance Program Letter 16-20 (Change 1 through 7). Lastly the additional staff would ensure that each claim for 2020 and 2021 is reviewed for completion (i.e all applications, claims, and necessary documents are completed correctly and in the claimants’ files).

**Finding #2: Non-Compliance with PUA and FPUC Eligibility Requirements**

**Corrective Action and Timeline:** By May 31, 2023, Palau WIOA would have reviewed all applications and claims and ensured that each contain the proper supporting documents, and that the program was administered in compliance with PUA rules and regulation and related guidelines with the assistance of U.S D.O.L representatives.

**Response:** In February of 2022, Director Ngirmeriil found that Palau WIOA staff had received only one training session from U.S D.O.L in April of 2020, and that all other knowledge

regarding PUA and FPUC eligibility requirements had been passed down to them from the previous Director. They had not read any of the Unemployment Insurance Program Letters (UIPLS) regarding PUA and FPUC and did not have the adequate knowledge to continue determining eligibility. Therefore, Director Ngimeriil requested that US DOL retrain the staff, so that they could properly determine the claims that had been left behind as well as review the previous claims for errors and to correct the errors. Beginning March 16, 2022, U.S DOL conducted a weekly session with the staff and Director. By June 30, 2022, Palau WIOA, with the assistance of U.S DOL found 754 applications that had been rejected without a Notice of Determination. Each of the claimants had been verbally informed that they were ineligible for CARES Act. Since they did not receive a Notice of Determination, they were unaware of their rights to appeal the decision. Of the 754 claims, 680 were redetermined as eligible and were entitled to a retroactive payment for the year 2021 (36 weeks), which was issued to them. The remaining were found ineligible and were sent a Notice of Determination.

As for the 412 sample claimants that the Office of the Public Auditor reviewed, the errors have been noted and shown to the staff. The errors will be corrected properly and with the assistance of the U.S DOL. Concurrently, all claims will be reviewed for the same errors and corrected as such. If overpayments are found, each will be reviewed meticulously to determine if the claimant committed fraud or if it was an administrative error by Palau WIOA. If it was fraud on the claimant's part, the claimant must then be informed and requisition processes must take place. If it was an administrative error, the claimant will be informed and an overpayment waiver must be signed and submitted to US DOL.

### **Finding #3: Lack of Documentation to Benefits Calculation**

**Corrective Action and Timeline:** By May 31, 2023, Palau WIOA would have reviewed all applications and claims and ensured that each contain the proper supporting documents, and that the program was administered in compliance with PUA rules and regulation and related guidelines with the assistance of U.S D.O.L representatives.

**Response:** Pursuant to the provisions of Unemployment Insurance Program Letter for PUA, Relief for Workers affected by the Coronavirus Act, the total number of weeks for which an individual may receive assistance is 39 weeks in 2020. OPA found that 1 individual, of the sample 412, received 40 weeks. At the same time, OPA found that 20 other individuals were determined eligible and awarded even though the Calculation Worksheet was missing from their files.

Palau WIOA Staff have been informed and shown the errors and are currently working on correcting the errors, as well as reviewing the other 1,251 claims for the same errors. At this time, it is not known why 1 claimant received 40 weeks and why other claimants are missing their Calculation Worksheet; however, the individuals that completed these individuals' claims are no longer employed by WIOA and WIOA cannot speak with these individuals due to



pending charges from the Special Prosecutor's Office. Therefore, WIOA will remedy the error with the assistance of the US DOL. The 1 individual who received 40 weeks instead of the 39 weeks will be reviewed thoroughly. The error will be corrected by requiring the claimant to return the 1 week of claims. A letter will be sent to the claimant requiring the claimant to return the the \$387.68. As for the 20 claimants missing Calculation Worksheets, if the payments are correct, but only missing a hardcopy of the Calculation Worksheet, worksheets will be reviewed, processed from beginning of eligibility to 09/04/21 then printed and inserted into the claimants' cases. If the error determines that the individuals were not eligible, but considered an Administrative Error due to WIOA staff overlooking the payment, an overpayment waiver will be issued to claimant and submitted to US DOL.

#### **Finding #4: Miscalculations of PUA and FPUC Payouts**

**Corrective Action:** To resolve this finding, WIOA will be reviewing the 1,271 claims that began eligibility in 2020 and ended on 09/04/21 (last disbursement on January 7, 2022). By May 31, 2023, Palau WIOA would have reviewed all applications and claims and ensured that each contain the proper supporting documents, and that the program was administered in compliance with PUA rules and regulation and related guidelines with the assistance of U.S D.O.L representatives. Specifically for Finding #4, WIOA will review the claims for the following: 1) Partial Employment Forms, 2) Separation of Employment Forms, and 3) Self-Employment Documentation. Once all forms are completed and/or have been submitted and inserted in the claimants' files, WIOA will be able to recalculate and accurately calculate benefits, and will include payable or overpaid PUA and FPUC weeks that were overlooked.

**Response:** In order for Palau WIOA to correct this error, all 1,271 claims that were filed in 2020 and paid between June 2020 and January 2022 must be reviewed. To complete this task, WIOA is currently hiring for 5 more staff members who will be trained in the eligibility requirements of PUA and FPUC under the guidance of US DOL representatives that we meet with every Tuesday. The 1,271 claims that will be reviewed includes the 412 that the OPA had audited. If the claimant was not paid his/her full PUA and FPUC for that timeline, Palau WIOA must review the claimant's case from the initial week into the week/weeks in question and into his/her final week. If the claimant is determined eligible for those missing weeks, he/she will be retroactively paid. If the claimant received an overpayment, Palau WIOA must establish if the overpayment was an Administrative Error or fraudulent claim by the claimant. If it was fraudulent, WIOA must begin the process of sequestering the amount from the claimant. If the error was Administrative, WIOA must issue an overpayment waiver form with the claimant, and submit to US DOL.

Palau WIOA must complete the following tasks before embarking on the review of the 1,271 claimants: 1) Refund SS, HCF, and Tax to 977 claimants; 2) Retroactively pay 675 claimants who are due their 2020 WBAs; and 3) Refund a number of claimants whose WBA was reduced because his/her Pension and Social Security benefits was included in the income test.

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After all tasks have been completed, no later than January 30, 2023, the review of the 1,271 previous claims may begin in February of 2023. The process may take up to 3 months to review and determine which claimants are due a retroactive PUA and FPUC payment and/or should be issued an overpayment and required to repay the amount back to US DOL through a sequestration process.

As for the inaccurate withholding of Income Tax, Social Security, and Health Care Fund deductions, Palau WIOA began reviewing these claims in June of 2022.

For quarter ending June 30, 2020, Palau WIOA reported and sent amounts to the Social Security Administration (SSA), the Health Care Fund (HCF) and to the Republic of Palau (ROP) Tax Office. For SS and HCF, amounts in the names of 495 claimants were reported and sent to SSA.

From July 1<sup>st</sup> to December 31<sup>st</sup>, 2020, Palau WIOA continued to deduct SS, Tax, and HCF from the claimants' gross WBA. However, Palau WIOA stopped reporting and sending funds to SS and HCF after quarter ending June 30, 2020, but continued report and send funds to the ROP Tax Office until December 31<sup>st</sup>, 2020.

When Palau WIOA was told to refund the amounts deducted from the claimants, Palau WIOA began refunding claimants in April 2021; however, their refunds were improperly recorded and an accurate documented list has not been found to support the refund from WIOA. Three checks that were not picked up by the claimants demonstrated that they did receive a refund for SS, HCF, and Tax. The lack of vouchers for PUA and FPUC benefits hinders the account for these refunds.

In August 2021, SSA returned the amounts that were reported to them for quarter ending June 30, 2020. The amounts returned from SSA was for SS, and HCF. Palau WIOA refunded the SS to the 495 claimants on December 23<sup>rd</sup>, 2021. Since December 2021, Palau WIOA staff has processed refunds for 977 claimants, which includes the 495 previously refunded. The process for refunds begins with calculating the gross WBA for each claimant from the date of eligibility in 2020 to December 31, 2022. Each week's gross benefit is calculated and then compared to the amount paid to the claimant for that week. If the gross is greater than the actual payment, then the difference is calculated as the refund for SS, HCF, and Tax. Staff is making note as to which of the claimants have received a portion or all of their SS, HCF, and Tax refund by cross referencing the SS refund list from December 2021, and the ROP Tax Refund list from June 2021.

ROP Tax Office conducted their own refund on June 11, 2021. The Republic of Palau Tax Office refunded to 1,212 claimants. A total of \$1,292,503 was returned to the claimants. It's important to note that the Palau WIOA staff currently have the same spreadsheet and are cross referencing the spreadsheet with their calculations in order to properly determine if any of the 977 claimants have received their full Tax refund or if they are still due a portion of that refund from Palau WIOA. As of November 23, 2022, of the 977 claimants, 833 have received their full refund for SS, Tax, and HCF. The remaining 144 are currently being processed. By the first week of

December 2022, the remaining 144 would have received their refunds thus concluding the SS, Tax, and HCF refunds.

Note: Since March 16<sup>th</sup>, 2022, Palau WIOA has been receiving assistance from US DOL in redetermining WBA for claimants whether for retroactive payment of 2021 and/or for missing WBA for 2021. Therefore, all UIPL guidelines for eligibility requirements have been followed by Palau WIOA with the continuous assistance of US DOL on completing the tasks.

#### **Finding #5: Financial Management Information System**

**Corrective Action:** The scope of the OPA audit covers the period of February 02, 2020 through June 16, 2021. The audit began in April of 2021 and concluded in October of 2022. During the initial stages of auditing WIOA's Financial Management Information System, the President of the Republic Of Palau suddenly and immediately closed the WIOA Office on June 22, 2021. In the following weeks, the President of the ROP appointed new members to the State Workforce Development Board (SWDB) as well as the Local Workforce Development Board (LWDB). Concurrently, the then Director Josephine Ulengchong, the Fiscal Officer Carmine Dermody, and a general office clerk, Keili Mikel, were terminated by the LWDB per findings from the Special Prosecutor's Office. Thus, leaving the office with 5 staff members, and an Interim Director, Mr. Omdasu Ueki, to oversee the disbursement of PUA and FPUC benefits. On July 22, 2021, the President of the ROP signed an MOU with the Ministry of Finance to temporarily oversee the fiscal management of Palau WIOA's Financial Management Information System. On August 24<sup>th</sup>, 2021, the LWDB and Interim Director hired Ms. Glendalynn N. Ngirmeriil as the new Director for Palau WIOA Office. On December 20, 2021, Director Ngirmeriil then hired Tessmarie U. Kodep as the Fiscal Officer of Palau WIOA. Between December 20, 2021 and November 23, 2022, Director Ngirmeriil and Fiscal Officer Kodep have found that the Financial Management Information System of Palau WIOA was insufficient for the PUA and FPUC Program and fully agree with the OPA's finding. Furthermore, those previously in charge of the implementation of the PUA and FPUC programs did not properly ensure that financial transactions would be appropriately captured, processed, recorded, and reported in order to support decision making and comply with grantor reporting requirements. Processes and procedures did and do exist for the accounting system, however, essential processes and procedures were not followed. An example is the Voucher form that should have been utilized to capture date of each benefit disbursement. None of the PUA and FPUC benefits paid to claimants were captured on the Voucher. As for the Administrative Expense for PUA and FPUC, not all expenses were captured on the Voucher as well. For example, the current Fiscal Officer could not find a voucher to support one of the contracted technical services of Mr. Ngewakl Soaladaob. In addition, a vehicle was purchased by PUA administrative expense funds, however, the voucher to capture the data for that purchase cannot be found. It may or may not have been created; however, WIOA cannot find any voucher to support this expense. At the same time, the Peachtree was not set up to account the subsidiary and general ledger accounts for detailed and accumulated totals to facilitate the timely and accurate preparation of financial reports.

**Response:** To correct the error, the Ministry of Finance (MOF) has become the temporary fiscal agent for Palau WIOA. Since July 22, 2021, MOF has been tasked to ensure that the financial transactions for Palau WIOA are captured, processed, recorded, and reported in order to support decision making and to comply with US DOL requirements. MOF is responsible for the accounting of Palau WIOA's PUA and FPUC administrative expense, and claimants' benefits.

However, to correct the errors made between February 2, 2020 and June 22, 2021, Palau WIOA will need until May 31, 2023 to review and properly record the existing vouchers, as well as create vouchers for administrative expenses, if there are any supporting documents that provide sufficient information to record on the vouchers. At the same time, Palau WIOA, with the assistance of MOF, will need until May 31, 2023 to set up an accounting system with subsidiary and general ledger accounts.

### **Finding #6: PUA Records and Documentation**

**Corrective Action:** Palau WIOA staff reported to Director Ngirmeriil that during the implementation of PUA and FPUC program in April 2020, Palau WIOA Director and Fiscal Officer were under the assumption that not more than 700 individuals would be affected by COVID-19. The staff of 9 trained once with US DOL and then began receiving applications in May 2020. However, the estimation of 700 was incorrect and the number of affected individuals doubled by the end of June 2020. Since Palau WIOA had opted to utilize the paper application and weekly claims forms, the staff of 9 found themselves overwhelmed. According to Palau WIOA staff, they had nearly 1,600 applications by mid-July 2020 and were beginning to receive over 1,000 weekly claims per week. Palau WIOA hired 2 temporary office clerks in August 2020, but that did not suffice. They were all buried in applications and claims forms that they could not afford the time to train new staff to assist. Concurrently, there was political and community pressure for Palau WIOA to disburse benefits immediately. There was absolutely no time for the staff of 11 (including the Director and Fiscal Officer) to recruit and train while processing weekly claims for 1,200 individuals per week.

In addition to receiving applications and claims, Palau WIOA was to utilize the Virtual One-Stop Software (VOSS) program to facilitate real-time reporting on PUA activities and documentation with U.S DOL. Between June 2020 and June 2021, only 2 of the WIOA staff had access to the VOSS; however, they stopped entering data into the VOSS in mid-February 2021. They were already far behind in data entry, but had to deal with the submission of weekly claims forms by claimants. Often times the claims forms were filled out incorrectly by the claimants and both staff had to stop entering on VOSS to assist with correcting of the forms. However, in May 2022, 1 of the two staff members was let go, leaving only 1 staff with access to VOSS. To quicken the entry of data into the VOSS, Director Ngirmeriil contacted the technical support for VOSS through the WIOA Guam division and requested that 4 more staff be given access to VOSS so that the backlog records and documentation for PUA and FPUC can be entered. At this time, Palau WIOA has 5 staff members with access to VOSS and meet with WIOA Guam and CNMI

once a month for VOSS training and technical assistance. In order to enter all record and documentation on the VOSS, Palau WIOA will need until May 31, 2023 to complete this task.

Palau WIOA is currently hiring 5 more office clerks to assist in reviewing for 2020 Retroactive Payments, as well as to review the 1,271 initial claimants for the six findings encountered in the OPA's Audit. Most importantly, the 5 new staff members will be needed in correcting the findings, while the senior 5 staff members record and document information into the VOSS.

Lastly, Palau WIOA Office is working with the SWDB, LWDB, and MOF to ensure any administrative weaknesses are corrected or enhanced. Ever since WIOA Director Ngirmeriil, and Fiscal Officer Kodep were hired to work for WIOA, they have been meeting with U.S DOL Unemployment Insurance representatives and accountants every Tuesday, and Friday in order to train on grant requirements, documentation, and reporting requirements. At the same time, when Director Ngirmeriil found that the staff had insufficient knowledge and training for PUA and FPUC rules and regulations, the staff began training and weekly backlog sessions with U.S DOL since March 16, 2022. Palau WIOA Office has an open communication with U.S DOL. With any issues that are questionable or needs clarification, such as being unable to understand the UIPLs, we are all encouraged to contact U.S DOL.



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

**OFFICE OF THE PUBLIC AUDITOR  
REPUBLIC OF PALAU  
P. O. BOX 850  
KOROR, REPUBLIC OF PALAU 96940**

**Ground Floor  
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**MONDAY THRU FRIDAY  
7:30 a.m. - 4:30 p.m.**

**(Closed on Legal Holidays)**