



GOVERNMENT OF KOSRAE

OFFICE OF THE PUBLIC AUDITOR

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September 4, 2025

The Honorable Governor, Tulensa W. Palik
The Honorable Speaker, Semeon J. Philip
The Honorable Members, 13th Kosrae State Legislature
Kosrae Broadcast Authority Manager, Isamu Abraham
Kosrae State Government
Tofol, Kosrae FM 96944

Management Report

I respectfully submit this Management Letter NAS 006-25 reporting of an inspection of the collection, recording, custody and the control environment of the Kosrae Broadcast Authority cash management system. The Office of the Public Auditor (OPA) conducts random inspections of points of cash collection authorized under Title 10, Section 10.205 of the Kosrae State Code. OPA conducts such inspections (cash counts) in line with the mandates granted under Title 10, Chapter 4 (Section 10.406) of the Kosrae State Code state follows, an excerpt of which states:

"inspect and audit personally, or by his duly authorized assistants, all accounts, books, and other financial records of the state of government, to include but not be limited to every branch, department, office, political subdivision, board, commission, agency, other public legal entity(owned, or partially owned, by the State), whether they receive public funds or not, and nonprofit organizations that receive public funds from the State Government."

On August 22, 2025, the OPA completed a random, unannounced cash count and inspection of the cash or payment for services collected and in the custody of Kosrae Broadcast Authority. The purpose of the inspection was to determine whether adequate and proper controls were in place and working effectively to provide reasonable assurance that government funds are safeguard from loss, abuse, or other irregularities.

The result, findings and corresponding recommendations are as follows.

1. Cash Count

- (a) From August 6, 2025, through the date of our inspection on August 22, 2025, there was no cash on hand. Therefore, no cash count was performed during the visit.

2. Deposit

- (a) Remittance of collections was done either daily or weekly, depending on cash collected.

3. Internal Control

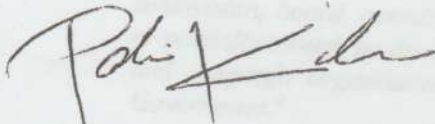
- (a) Generic receipts were being used, and there were missing receipts when cross-referencing collection receipts and remittance receipts to the Department of Finance and Administration (DOFA).
- (b) No record was being maintained for daily collection.
- (c) No safe box or secure area to store funds.

Recommendations

Based on these findings, we recommend that the management of the Broadcast Authority (DBA) take appropriate action on the following.

- (a) Management should prioritize discontinuing the use of generic receipts to minimize the risk associated with handling collections.
- (b) A daily logbook should be put in place and kept up to date for verification and inspection by authorized officers when needed.
- (c) A safe box should be acquired and put in place to ensure the secure storage of cash on hand.

Sincerely,



Palikkun N. Kilafwasru
Public Auditor

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