



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. Phillip
The Honorable Members of the 13th Kosrae State Legislature
Mrs. Julie K. Sigrah, Administrator, Kosrae Visitors Bureau
Kosrae State Government
Tofol, Kosrae FM 96944

Management Letter

I respectfully submit this Management Letter NAS 008-25 reporting of an inspection of the collection, recording, custody and the control environment of the Kosrae Visitors' Bureau 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 these inspections (cash counts) in line with the mandates granted under Title 10, Chapter 4 (Section 10.406) of the Kosrae State Code state follows, and 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 Office of the Public Auditor conducted a random, unannounced inspection of the cash and payments in the custody of Kosrae Visitors' Bureau. The purpose of the review was to determine whether adequate and proper controls were in place and working effectively to provide reasonable assurance that government funds are safeguarded from loss, abuse or other irregularities.

As a result of the cash count, the auditors found the following:

Kosrae Visitors' Bureau Revolving Fund

Cash Count:

1. There was no cash on hand by the time of inspection.

Internal Control:

1. There was no safe box in place to keep the collections when receiving.
2. They did not issue/use Official Cash Receipt when receiving collections.
3. KVB has no daily log sheet/book used and kept for recording funds received.
4. KVB has no records and statement of its revolving fund.

Therefore we recommend that the Kosrae Visitors' Bureau to take action on the following.

1. Obtain a safe box/ cash register to keep all funds collected safeguarded from risk associated with handing of cash.
2. Use Official Cash Receipts in receiving of funds for verification of payments received and kept. Evidence of financial transaction from the payee to the recipient will minimize the risk of handling cash.
3. Use and keep a log book on their daily collections for verification and inspection in keeping the record of funds collected up to date, to prevent loss, abuse, and mishandling.
4. Management and Board to close account with the Bank of FSM and remit collections of the revolving fund to DOFA (Finance), ensure that funds collected are recorded and safeguarded properly.

Sincerely,



Palikkun N. Kilafwasru
Public Auditor