



GOVERNMENT OF KOSRAE
OFFICE OF THE PUBLIC AUDITOR
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May 03, 2019

The Honorable Governor, Carson Sigrah
The Honorable Speaker, Tulensa W. Palik
The Honorable Members, 12th Kosrae State Legislature
Kosrae State Government
Kosrae State, Federated States of Micronesia 96944

Re: Follow-Up Audit on Grant Assistance: The Project for Renovation of Baseball Ground in Kosrae State.

EXECUTIVE SUMMARY

We respectfully submit this Follow-Up Audit FA 01-2019 related to CA 01-2018 a compliance audit conducted on the project: Assistance to Renovation of Baseball Field in Kosrae State covering the period of March 2016- 2018.

The objective of the audit was to determine whether (1) to ensure that the Baseball Field lights were installed from 400wlts to 1,000wlts.

The follow up audit was performed in accordance with auditing standards generally acceptable in the United States of America and the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audit was also conducted pursuant to Title 10 Chapter 4 of the Kosrae State Code. Furthermore, Kosrae Financial Management Regulation, Kosrae State Code and the Grant Agreement were use as criteria for compliance.

With reference to the specific objective we concluded that the baseball field lights complied with the grant requirement. And that the recommendation as stated in CA 01-2018 was fully implemented. This includes reference from suppliers and submission of reports to the grantor concerning the project.

The Office of the Public Auditor provided draft copies of this Follow-up report with the Department of Education for review and comment on April 23, 2019.

Status: Implemented

Recommendation: We recommend that proper resources should be put in for any future projects. Although the lighting installations met the scope, the materials were inadequate. The baseball lights couldn't brighten the entire field because

- Few units of lights
- Frame for the lights should be more bigger and high

Respectfully submitted,


Stoney C. Taulung
Public Auditor

INTRODUCTION:

We have conducted follow-up work on audit report finding contained in Report No.CA 01-2018 , issued March 2016, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the city about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - **Implemented:** Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - **In Progress:** Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
 - **Partially Implemented:** Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - **Not Implemented:** Auditee has not implemented the recommendation and indicates that it will not do so.

Scope

Our compliance audit covered the Project for Renovation of Baseball Ground in Kosrae for covering period of March 31, 2016 to May 11, 2018. However, the gathering, reviewing and testing of relevant information and documentations included previous and subsequent period for analytical purposes. We conducted the inspections pursuant to Kosrae State Code Title 10, section 4 which stated in part:

“(a) The Public Auditor shall inspect and audit personally, or by his duly authorized assistants, all account, books, and other financial records of the State 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 received public funds from the State Government;

(b) Inspect and audit personally, or by his duly authorized assistants, the fiscal books, records and accounts of all allottees and other custodians of public funds, making independent verification of all assets, liabilities, revenues, expenditures and obligations of the State Government, entities owned in whole or part by the State Government, and agencies of the State Government;

(c) Inspect and audit personally, or by his duly authorized assistant, the fiscal books, records, and other financial records associated with any project, program and activity receiving funding in whole or in part from public funds of the State Government, including the records of any contractor performing public work on a cost-reimbursement-type contract in order to verify the cost charged to the public contractor;

AUDIT METHODOLOGY

The audit was conducted in accordance with generally accepted government auditing standard (GAGAS). Those standards requires that we plan and perform the audit to obtain, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In planning our examination, we obtained sufficient understanding of the internal controls that is material to the audit objectives to plan the engagement and design the audit procedures. Based on this assessment, we reviewed documents and records relevant to the Project.

We considered compliance to state laws and regulations and to the Grant agreement to be able to render an opinion to our audit objectives. Our procedures were also designed to identify weaknesses on internal controls that are material to the expression of an opinion to our audit objectives.

Audit procedures included, but were not limited to, interviews of Department of Transportation and Infrastructure director and employees and review of transaction process and documentation. We also perform analytical review of disbursement and safety & maintenance procedure of fixed asset. The audit criteria used to develop the required audit tests were based on (1) the Financial Management Regulation, Kosrae State Code and (2) Grant Agreement provisions.

CONCLUSION

The Baseball Field lights were installed from 400wlts to 1,000wlts.