

Audit on Finkol to Yelum Road Improvement Project

A Report to the
Governor
and the
Legislature of
the State of Kosrae



Stoney S. Taulung
PUBLIC AUDITOR



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July 29, 2019

The Honorable Governor, Carson K. 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: Performance Audit on Finkol to Yelum Road Improvement Project

EXECUTIVE SUMMARY

We respectfully submit this Performance Audit PA 02-2019 as a result for our review on the Finkol to Yelum Road Improvement Project covering the period of FY 2016-2019.

The objective of the audit was to evaluate the Efficiency and Effectiveness in the implementation of the Finkol to Yelum Road Improvement Project in accordance with Kosrae law, regulation and agreements.

The 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 and Project control documents were used as criteria for the evaluation.

Based on the audit objective, we conclude that;

- (1) Prudent management practices not followed resulting to inefficient implementation of public project resulted to the following;
 - a. Improper disbursement
 - b. Insufficient Monitoring of Project Status

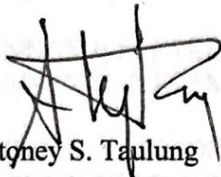
c. Weak Communication

- (2) The road improvement project did not meet maximum benefit and expectation of the road users.

Details of our examination are discussed in the findings and recommendations section of this report.

The Office of the Public Auditor provided draft copies of this report with the Director of Transportation and Infrastructure (DT&I) and Project Management Office (PMO). Attached with the report as annexes 1 and 2 are the Project Management Office response and DT&I management response respectively on the audit findings dated July 24, 2019.

Respectfully submitted,



Stoney S. Taulung
Public Auditor

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INTRODUCTION:

The Kosrae State Office of the Public Auditor (OPA) received a request from Legislature as Resolution No. 11-327¹ to conduct an audit on the fund appropriated for Finkol to Yelum Road Improvement amounting to \$45,000.00 which was appropriated through SL 11-120.²

BACKGROUND

The Project

The Finkol to Yelum³ Road Improvement Project fund is intended to cover the expenses necessary to extend roughly 3,810 feet in length and is roughly 25 feet in width- including a two-way lane, with each lane measuring 6 feet in width with 5 feet side by side shoulder lanes. Accordingly, Kosrae State Legislature appropriated \$45,000.00 as follows:

Sub-base/Base course filling	\$ 5,000.00
POL (grating, hauling, spreading Compacting)	40,000.00
Total	<u>\$45,000.00</u>

In addition, Coral surface course, labor and equipment rental are in-kind. The project shall be implemented by the Department of Transportation and Infrastructure (DT&I) as an in-house project while Project Management Office will inspect and certify the completion of the project. Furthermore, project completion is anticipated to be on June 2017.

The Implementing Bodies

The Infrastructure Policy Implementation Committee (IPIC)⁴ is the governing body for Kosrae State Government Infrastructure project. IPIC is chaired by the Lt. Governor and shall consist of the Department Heads, two (2) members of Kosrae Legislature and such other person as the Governor shall appoints.

¹ LR 11-327

² SL 11-120

³ Utwa - Utwa Municipal Government (UMG) is one of the four municipalities of Kosrae as provided in Title 8 of the Kosrae State Code. The municipality has its own charter which provides for the structure and operation of a democratic government and other matters within its jurisdiction in a manner consistent with law. It's the common will of the people of Utwa that the municipal government protects the people's cultural integrity and ensures the freedom to exercise their inherent rights.

⁴ IPIC – Kosrae State Code Section 5.208

- (1) At least 2 weeks before transmitting any infrastructure priority recommendation to the FSM National Government, IPIC shall transmit copy of the proposal recommendation to the Legislature for review and comment. In case, the Legislature is unable to meet for session, the Legislature's standing committee on Judiciary and Government Operation shall act on behalf of the Legislature to provide comment or endorsement to the IPIC propose recommendation.
- (2) The Finkol to Yelum Road Improvement Project was recommended by the IPIC and was approved by the Legislature to be an in-house⁵ project of Department of Transportation and Infrastructure.

Department of Transportation and Infrastructure (DT&I)⁶

The Department was tasked to implement the project because of its capacity as to manpower, equipment/tools and other resources needed to carry out a road improvement project. DT&I also plays a vital role in disaster and emergency preparedness as well as meeting the needs of communities in support of economic development through improving and maintaining efficient infrastructure which is also the objective of the Finkol to Yelum Road Improvement Project.

AUDIT OBJECTIVE

The objectives of our audit are the following:

1. To evaluate Efficiency and Effectiveness in the implementation of Finkol to Yelum Road Improvement Project in accordance with Kosrae State law, regulations and agreements.

Scope

Our Performance Audit covered the Finkol to Yelum Road Improvement Project transactions from December 2016- March 2019. However, the gathering, reviewing and testing of relevant information and documentations included previous and subsequent period for analytical

⁵ In-house project - adjective/adverb meaning "with in organization". A project planned and implemented within the organization.

⁶ Department of Transportation and Infrastructure code 5.202 (9) (b) provide(a) constructs a primary road encircling the island;(b) constructs a primary road from Innem to Okat;(c) maintains primary roads, overseeing their structure and operational safety; and (d) maintains Government-owned utilities, including water services, and sets utility rates by regulation. Furthermore, code 5.206 states that providing a monthly progress report to the Legislature, and adhering to work schedules set by a monitoring authority. If it does not adhere to a work schedule, it states the reasons for the failure in the report for that month in which it has not met a work schedule.

purposes. We conducted the examination 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;

(d) Inspect and audit personally or by his duly authorized assistants, the books, records, accounts, and other financial records associated with business sales that may be used for sales assessment for tax collection purposes.

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.

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 cash receipts and disbursements.

We considered compliance to state laws and regulations 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. Details of our findings and recommendations are explained in the schedule of Findings and Recommendation of this report.

PRIOR YEAR AUDITS/REVIEWS

No Prior Audit

CONCLUSION

Based on the audit objectives, we concluded that:

1. Prudent management practices not followed resulting to inefficient implementation of Public Project.
2. The Road Improvement Project did not meet maximum benefit and expectation of the road users.

FINDINGS AND RECOMMENDATIONS

Finding No. 1 Prudent Management Practices Not Followed Resulting to Inefficient Implementation of Finkol to Yelum Road Project.

According to the PCD, the fund is intended to cover the expenses necessary to extends roughly 3,810 feet in length and is roughly 25 feet in width- including a two-way lane, with each lane measuring 6 feet in width with 5 feet side by side shoulder lanes. Accordingly, Kosrae State Legislature appropriated \$45,000.00 as follows:

Sub-base/Base course Filling	\$ 5,000.00
POL (grating, hauling, spreading Compacting)	40,000.00
Total	\$45,000.00

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Period of FY 2016 - 2019

In addition, Coral surface course, labor and equipment rental are in-kind. The project shall be implemented by the (DT&I) as in-house project while Project Management Unit will inspect and certify the completion of the Project. Furthermore, project completion is anticipated to be on June 2017.

Assessment of the documents submitted to the auditor as collaborated in the interview with the stakeholders reveals the following weaknesses:

A. Improper disbursement:

1. Review of documents provided by the Department of Administration and Finance shows total payments of supplies in the amount of \$9,300.00 however PCD reflects approved budget of \$5,000.00.
2. Purchase Order (PO) for supplies #104320 was adjusted upon request of the DT&I head without written approval of the approving personnel. From original amount as approved of \$1,999.80 to \$6,300.00. Since DT&I was considered as a vendor for an in-house, best practice dictates that any changes in the document should be authorized or at least known to the project owner in this the Kosrae State Government represented by the Governor moreso that the payment is not within the PCD.

B. Insufficient Monitoring of Project Status

Our interview with the Infrastructure Policy and Implementation Committee (IPIC) former Chairman revealed that the meeting was conducted by the committee and resolved that it is more practical to transmit Finkol to Yelum Road Project to the Department of Transportation and Infrastructure (DT&I) for an in-house construction. This is merely because the committee believes that only DT&I have the capacity to perform the said project. DT&I has sufficient equipment and manpower to carry out the road improvement henceforth, IPIC created the Project Control Document while DT&I created project Detailed Cost Estimate for the Project.

As per PCD project implementation was to start on December 2016 and be completed on June, 2017. However, auditor's interview with Project Management Officer reveals that he conducted projected inspection on October 04, 2017 at 20% completion and has since, lost track of this project. Without updated information, he believes that the project is still on going.

Likewise, interview with the Mayor of Utwe Municipal discloses that while he attended meeting with IPIC the discussion was mainly focused on the grant (fund) balances rather than the status on the completion of the project. The last information he remembers is that the project fund was at \$12,002.28

For the purpose of this audit, we requested DT&I to provide the Completion Status Report for the Project, however this was not provided. Interview with the staff of the DT&I revealed that this project was delayed due to lack of materials and weather. Nevertheless, they considered it done. Though when asked if they have already submitted the project for inspection to the Project Management Office it was confirmed that they did not, and they believed that the Project fund was already depleted. While Department of Finance record shows balance of \$5,702.28.

In addition, result of Project Inspection on October 04, 2017 noted observation on deviations and listed recommendation. There was no report that these were resolved. Furthermore, although the Department was certain that the project is done, it was not turn-over to Utwe Municipality at the time of the audit.

C. Weak Communication

Adequate communication laid the foundations for the success of any undertaking. It enhanced collaboration and teamwork for high productivity and responsibility. During our interview with the mayor and coral/filling donor, the auditor noted communication weakness in the implementation of the project. The project efficiency was greatly affected by donor's decision to pullout from their agreement with the mayor because some of their condition was not followed. It was also revealed that all conditions of the donors were not known to IPIC. Therefore, upon transmitting or assigning the project as an in-house project to DT&I, these conditions were also not discussed to DT&I. Example of this was the contract/agreement of one of the original landowner who agreed to donate corals provided that the contractor (DT&I) will replace it with dirt from the mountain. This was not done, so the donor halted the excavation of coral from his property. In addition, donor's condition to the Mayor to use the donated coral only in Yelum road onward was used by DT&I to cover Finkol road because again it was not communicated well. This prompted the donor to stop excavation of coral and took back whatever in the coral pit.

Issue on maintenance of the road is not clear with DT&I. DT&I claim that maintenance of the road should be a responsibility of the UMG however, attachment 1 of PCD shows that DT&I should be responsible for maintenance of the road.

Criteria: Best practices in implementation of in-house construction project that involves prudent planning and implementation strategy.

Cause: Inadequate risk base planning

Effect: Delay of Public Project completion. Project cost did not achieve maximize benefit for the user.

Recommendation:

We recommend that the Infrastructure Policy and Implementation Committee together with the Department of Transportation and Infrastructure come up with more detailed Project Management Strategy for in-house construction/infrastructure projects that address mitigation of underlying risk, communication and monitoring & reporting. Though fund monitoring is essential, the cost against project completion as to its objective is equally important.

We also recommend that in-house infrastructure project not to be considered until such time that solid planning and implementation strategy of this kind of project is finalized.

Management Response:

Kosrae Project Management Office (Annex 1)

Recommended actions to improve current condition of the road and for future Projects focusing on proper survey, planning and implementation of projects – KPMO inspection daily record of work progress (pg2)

Department of Transportation and Infrastructure (Annex 2)

Agreed with the findings and recommendations and they also mentioned action plan to complete the project with the available fund as per record of Department of Finance.

Finding No. 2: The Road Improvement Project did not meet maximum benefit and expectation of the road users.

To evaluate the project effectiveness, we reviewed documents submitted to the auditor. According to PCD attachment 1: Kosrae PIP Finkol to Yelum Road Improvement Project, section III (Project objectives), there are two objectives;

1. To improve means of transportation and access to inner farmland areas in Utwe to support development and growth in agriculture.
2. To improve disaster and emergency preparedness through use of road as an evacuation route.

Auditor's visit on the project site noted that the road is better than what it was. Observation was confirmed through interview with the road users. Farmers and other road users believe that the road is better than before. Likewise, the Mayor of Utwa Municipal Government, as lead person for disaster and emergency preparedness, consider that the project somehow will provide better evacuation route.

However, they have reservation if the road improvement achieved the 25 feet width. Likewise, document received from Project Management Office shows deviation on the scope of the project on the length and width of the proposed road improvement project. Inspection report reveals that about 2 to 3 feet shorter in width was noticed by the inspector and was recommended to be fixed.

Based on the objective of the project it is not effective to accommodate the two-way lane.

Criteria: Project Goal and Objective

Effect: Failure to maximize cost and benefit of public project.

Cause: Lack of proper monitoring and effective evaluation of the project

Recommendation:

We recommend that a more coordinated effort on the assessment of the result of public project consistent to the proposed project scope and objective be implemented.

Management Response:

Kosrae Project Management Office: Inspector's Daily Record of Work progress dated July 23, 2019 (Annex 1)

Existing road embankment is less than 25 feet wide along many locations along the length of the road. Existing road varies from 10 feet at the culvert⁷ to 18 feet in the other areas. Widening the road embankment⁸ to accommodate roadway and shoulder width of 25 feet will take large volumes of fill to achieve. The cost of this work would be well beyond the cost currently allocated in the PCD.

⁷ Culvert – tunnel carrying a stream or open drain under a road or railways

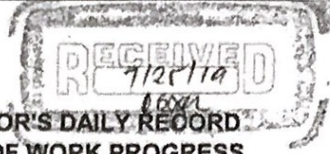
⁸ Embankment - wall or bank built to prevent flooding by a river

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ANNEX I: Management Response PMO

Kosrae Project Management Office

**INSPECTOR'S DAILY RECORD
OF WORK PROGRESS**



Yelum to Finkol Farm Road

DATE July 23, 2019	DAY	S	M	T	W	Th	F	S
				X				

Client: Utwe Municipal Government

WEATHER	Clear	Partly	Overcast	Rain	Storm
TEMP	To 32	32 To 50	50 To 70	70 To 85 X	85 To 90
WIND	Light X	Medium	High		
HUMIDITY	Dry	Medium	High X		

Contractor: Kosrae DT&I

CONTRACTOR'S WORK FORCE (Indicate classifications, including subcontractor personnel)
Inspection was made in response to audit findings received on the previous day.
Work on the project has been suspended since some time in late 2018. There are no personnel or equipment on the site. Arrived on site at approximately 0950.
The project was checked for roadway width, cross section crown and approximate location of proposed 25 foot road and shoulder width at random locations.
Departed site at 1330
EQUIPMENT IN USE OR IDLED: None
MATERIALS OR EQUIPMENT DELIVERED: None
NON-CONFORMING MATERIALS OR WORK (Describe reason for non conformance): See comments below.
Observations:
The road is constructed on reclaimed land in a swamp area. The existing road embankment is less than 25 feet wide along many locations along the length of the road.
The existing road width varies from 10 feet at the culvert to up to 18 feet in other areas.
Widening of the road embankment to accommodate a roadway and shoulder width of 25 feet will take large volumes of fill to achieve. The cost of this work would be well beyond the cost currently allocated in the PCDD.
Vegetation cutting would be required in order to inspect the condition of the road way & shoulders that may be covered at this time. It is not clear if shoulders are ready for traffic.
At all the locations checked, the road cross section is flat or depressed at the center. There are no parts of the road that have a crowned cross section. This means that the road will continue to experience pothole issues noted in the attached photos.
There are existing power poles in the shoulder area of the road.
There is a pvc water main in the shoulder area on the right side of the road that is near the surface.
The new culvert at near the baseball field should be extended from 10 to 20 feet with headwalls added. This

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will require additional funding to implement.
There is no way to verify the depth of fill placed in the roadway.
There is no way to verify that the fuel purchased was actually used to complete the filling work accomplished.
Recommended actions to improve current road condition:
Use grader or ripper to cut the outer edges of the road, remove large rocks and deposit the material at the center to create a crowned cross section at 2-3% cross slope to enable the road to drain itself. The water line needs to be located and marked before this work is done. Scarify center of roadway to accept new fill. Compact all disturbed surfaces with a vibratory roller. If additional coral fill could be imported it would be helpful.
For Future Projects:
Conduct topo survey to determine the ground condition and location of physical features such as power poles, water lines and waterways.
Prepare plan, profile and cross section drawings of existing condition and completed construction. Provide specifications for compaction and gradation of soil and gravel used. Provide details for culverts and side ditching.
A complete construction plan will enable an accurate construction cost estimate.
Use trip tickets to document the volumes of construction materials delivered to the site.
Use surveyor to stake out grade elevations and limits of construction to guide equipment operators.
Set up soil testing lab to enable testing of gradation and compaction of soils. Document all test results and plot site plan.
Consider turning over the project to municipal government in stages as the work is completed.
FOLLOW UP INSPECTIONS OF PREVIOUSLY REPORTED DEFICIENCIES: The current road condition appears to be similar what was observed on July 18, 2018.

Inspector: Bruce Howell
 Bruce Howell

Performance Audit on Finkol to Yelum Road Improvement Project
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Yelum to Finkol Road



Roadway Down to 10 Feet Wide at Culvert



HDPE Plastic Culvert Pipe



Depressions in Roadway



Stake Marking 25 foot Boundary at Right Side

Yelum to Finkol Road



Road Continues to NE



Power Pole About 6 Feet From Edge of Road



Stake Marks 25 Foot Boundary at Right, Road Cross Section is Flat (No Crown)



25 Foot Boundary in Water at Left No Stake Here Road About 14 Feet Wide Here



Road Continues



Power Pole at Right About 4 Feet From Edge of Road

Yelum to Finkol Road



Stake Marks 25 foot Boundary at Left Side



Stake Marks 25 foot Boundary at Right Side

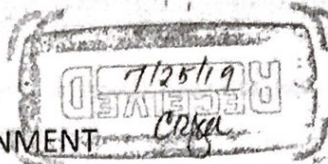


Erosion of Fines at Left side. Loose Gravel Remaining. Road Width Approximately 15 feet. Road Cross Section is Flat (no crown)

ANNEX II: Management Response DT&I




KOSRAE STATE GOVERNMENT
Department of Transportation & Infrastructure
P.O. Box 717, Kosrae State
Federated States of Micronesia 96944
Ph: (691) 370-3165/3011; Fax: (691) 370-3058



July 24, 2019

MEMORANDUM

TO : **Office of the State Public Auditor**
Kosrae State, FSM

FROM : **Hairom E. Livaie** 
Director, DT&I

SUBJECT : Response to Performance Audit for the Finkol to Yelum Road Improvement Project

ENCLS. : (1) Detailed Cost Estimate for Finkol to Yelum Road Improvement Project

The actual measurement of the existing width of the road is 18 feet and indicated in the detailed cost estimate for the computation of volume of filling materials.

After the Project Management Office Manager inspected and commented the progress of the project on October 04, 2017, DT&I maintenance crew did the work according to the recommendation from PMO Project Manager. Except, there is no official progress report from DT&I's Division of Road. This project is reported 100% completed since December 2018 in the project status list of IPIC under Community Infrastructure Development Projects.

Actual condition of the project as of July 22, 2019: Our project engineer inspected the project and noticed some low lying areas with water along the road and vegetation at the side of the road, but the road is satisfactory passable. Since there is a balance of \$5,000.00 of the project, then our action plan is to continue or maintain the road by patching the low lying areas with coral materials, grading and compaction using roller equipment or portable compactor. Other works are clearing/grubbing at each side of the road and improvement of drainage.

After the completion, we will just inform the PMO Project Manager for inspection and DT&I will provide the progress/completion report.

Should you have any questions or need further information, please let me know.

cc: File

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KOSRAE STATE GOVERNMENT
 Department of Transportation & Infrastructure
 P.O. Box 717, Kosrae State
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**DETAILED COST ESTIMATE FOR THE PROPOSED
 FINKOL TO YELUM IMPROVEMENT PROJECT
 STA. 2+00 TO STA. 35+00**

A. GENERAL:				
1. MOBILIZATION:				
<u>Equipment</u>	No. of Equip.	Rental Rate (\$)	No. of Hrs.	Amount (\$)
Wheel Loader	1	"no charge"		
Operating Cost (Fuel, Motor Oil)		35.43	56	\$ 1,984.08
Trailer 40 Ton	1	"no charge"		
Operating Cost (Fuel, Motor Oil)		66.70	56	\$ 3,735.20
<u>Direct Cost</u>				
Labor :				"No charge"
Materials :				-
Equipment (POL):				<u>\$ 5,719.28</u>
			Sub Total	\$ 5,719.28
<u>Indirect Cost</u>				
1- Overhead Cost (5% of Direct Cost)				= \$ 285.96
2- Contingencies (4 % of Direct Cost)				= 228.77
3- Miscellaneous Expenses (1 % of Direct Cost)				= 57.19
			Total Estimated Cost =	<u>\$ 6,291.21</u>

B. SITE WORK:				
1. Common Fill (Overburden Materials):				
<u>Materials:</u>				
Overburden Materials	400 cy		\$ 12.50	\$ 5,000.00
<u>Equipment:</u>	No. of Equip.	Rental Rate (\$)	No. of Hrs.	Amount (\$)
Grader (CAT 12G)	1	"no charge"		
Operating Cost (Fuel, Motor Oil)		66.70	54	\$ 3,601.80

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Roller (Cat. CS533)	1	"no charge"			
Operating Cost (Fuel, Motor Oil)		66.70	54	\$	3,601.80
Dump Trucks	5	"no charge"			
Operating Cost (Fuel, Motor Oil)		23.39	56	\$	1,309.84
Loader	1	"no charge"			
Operating Cost (Fuel, Motor Oil)		35.43	56	\$	1,984.08
Direct Cost:					
Labor :					"No charge"
Materials :				\$	5,000.00
Equipment (POL):					10,497.52
				Sub Total \$	15,497.52
Indirect Cost:					
1- Overhead Cost (5% of Direct Cost)				= \$	774.88
2- Contingencies (4 % of Direct Cost)				=	619.90
3- Miscellaneous Expenses (1 % of Direct Cost)				=	154.98
				Total Estimated Cost = \$	17,047.27
2. Sub-Base (Dredge Coral):					
*Coral materials source from Inpususah, kucpluc/Mutunsaoh, Mutunsaoh in Malem Municipality					
Roadway:					
Total Length:		3,810 Ft.			
Average Width:		18 Ft.			
Total Area:		68,580 Sq. Ft.			
Thickness of Base Course		4 Inches			
Estimated Volume:		838 cy			
plus 15% Shrinkage Factor		126 cy			
Total Volume =		964 cy			Dredge Coral Materials
Equipment:					
	No. of Equip.	Rental Rate (\$)	No. of Hrs.		Amount (\$)
Grader (CAT 12G)	1	"no charge"			
Operating Cost (Fuel, Motor Oil)		66.70	85	\$	5,669.50
Roller (Cat. CS533)	1	"no charge"			
Operating Cost (Fuel, Motor Oil)		66.70	85	\$	5,669.50
Dump Trucks	5	"no charge"			
Operating Cost (Fuel, Motor Oil)		23.39	142	\$	3,321.38
Loader	1	"no charge"			
Operating Cost (Fuel, Motor Oil)		35.43	142	\$	5,031.06

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Direct Cost:		
Labor :		"No charge"
Materials :		"No charge"
Equipment (POL):		\$ 19,691.44
	Sub Total	\$ 19,691.44
Indirect Cost:		
1- Overhead Cost (5% of Direct Cost)	= \$	984.57
2- Contingencies (4 % of Direct Cost)	=	787.66
3- Miscellaneous Expenses (1 % of Direct Cost)	=	196.91
	Total Estimated Cost =	\$ 21,660.58

MATERIAL AND LABOR COSTS SUMMARY		
A. GENERAL:		
	1. MOBILIZATION:	\$ 6,291.21
B. SITE WORK:		
	1. Common Fill (Overburden Materials):	\$ 17,047.27
	2. Sub-Base (Dredge Coral):	\$ 21,660.58
		\$ 44,999.06
	"SAY"	\$ 45,000.00

PUBLIC AUDITOR'S COMMENTS

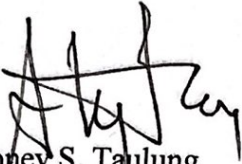
We would like to extend our appreciation to Department of Transportation and Infrastructure and Project Management Office for their cooperation and assistance throughout the course of our audit.

In compliance with Generally Accepted Government Auditing Standards, a copy of this draft report was shared with DT&I Director and PMO to provide response to the findings.

In addition to providing copies to the DT&I and PMO, we also extend copies to the following officials:

1. Governor, Kosrae State
2. Speaker, 12th KSL
3. Members of the 12th KSL
4. Chief Clerk, Kosrae State Court
5. V6AJ Radio
6. Attorney General, Kosrae State

If there are any questions and concerns regarding this report, please contact the Office of the Public Auditor.



Stoney S. Taulung
Public Auditor

Acknowledgement and OPA Contact
Report No. PA02-2019

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Acknowledgement Emma P. Balagot, CPA, Audit Manager
The Audit staff that make key contributions to Alice S. George, Senior Auditor
the report Elizabeth M. Jonah, Auditor II
Reed J. Floyd, Auditor I

OPA Mission To Conduct Effective and Efficient Audits and
Investigation to ensure that Government
resources are properly managed

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