

Audit Report No. PA 02-2021

**PERFORMANCE AUDIT ON THE IMPLEMENTATION OF  
THE RECOMMENDATIONS**  
of audit report no. FCA 03-2020  
*Utwe Municipal Government (UMG)*

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



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July 1, 2021

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

**Re: Performance Audit on the Implementation of the Recommendations reflected in the Audit Report FCA 03-2020 for Utwe Municipal Government (UMG)**

**EXECUTIVE SUMMARY**

We respectfully submit this Performance Audit, PA02-2021, report on the implementation of the recommendations reflected in the Audit Report FCA 03-2020 that has been issued for Utwe Municipal Government.

The objectives of this audit are 1) To assess and provide assurance to the Utwe Municipal Government on the progress that has been made on the implementation of the recommendations outlined in the audit report FCA 03-2020 and 2) To 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 stakeholders about the status of implementation as review on those findings.

The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to performance audit 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, the state Financial Management Regulation and Utwe Municipal Government Manual of Operation and Charter were used as criteria for compliance.

Based on our follow-up audit, we found that Utwe Municipal Government did not fully implemented the corrective action to address the audit findings and recommendations in audit report FCA 03-2020; We conclude that of the 10 recommendations, a) Two (2) are substantially implemented, One (1) planning for implementation and Seven (7) are not yet implemented. The status of implementation is defined in Annex B. The summaries of recommendation with their status of implementation are as reflected below;

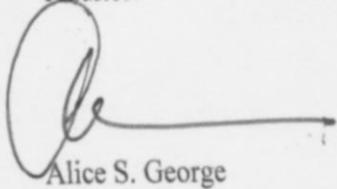
<i>Recommendations:</i>	<i>Status:</i>
On <b>Finding No.01</b> UMG did not maintain Books of Accounts as required in its Manual of Administration (MOA) and Financial Management Regulation (FMR).	
a. compliance to the provisions of the Municipal manual and charter	Not yet implemented
<b>Finding 02:</b> Disbursements not in compliance with established policies and procedures attributed in weak internal control.	
a. all supporting documents covering disbursements are verified, checked and approved prior to payment	Substantially Implemented
<b>Finding 03:</b> Collections and other funds received were not properly documented and deposited which increases risk in mishandling of revenue.	
a. An independent individual to prepare a listing of all cash received	Substantially Implemented
b. To discontinue the use of cash collection for payment of expense	Not yet implemented
<b>Finding 04:</b> Did not maintain sufficient timekeeping and payroll documentation	
a. to pass a resolution directing the Mayor to establish and implement all adequate payroll control objectives and techniques	Not yet implemented
<b>Finding 05:</b> UMG did not account for its Fixed Assets.	
a. to conduct physical inventory count of all its fixed assets including semi-expendable one enabling them to account, assign custody and responsibilities to employees using these assets.	Not yet implemented
b. establishment of a policy on fixed assets	Not yet implemented
c. UMG to maintain a fixed asset register	Not yet implemented
<b>Finding 06:</b> Absence of Bank Reconciliation Schedules	
a. UMG to ensure sufficient training given to the personnel assigned to handle cash transaction so that proper and timely bank reconciliation is performed.	Not yet implemented
<b>Finding 07:</b> Inefficient process on payment for FSM Treasury and SS Office resulting to additional cost	
a. UMG to follow the best practice in the preparation of payroll and adhering to the policy on disbursement.	Planning for implementation

After evaluating the results of this performance audit, we recommend that 1) UMG management should fully address and implement all the (10) audit recommendations reflected in the audit report FCA 03-2020.

Details of our examinations are discussed in the status of implementation section of this report.

The office of the Public Auditor provided draft copies of this report to the Mayor of Utwé Municipal Government and Councilmen for their review and comment on June 9, 2021. UMG has failed to submit their management response and a copy of the Public Auditor's letter is included on this report as Annex D.

Sincerely,



Alice S. George  
Acting Public Auditor

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## **INTRODUCTION**

### **Background**

The Office of the Kosrae Public Auditor conducted a Financial and Compliance Audit on Utwe Municipal Government operation and issued FCA 03-2020. Utwe is one of the four municipalities of Kosrae.

Based on the Audit Report FCA 03-2020, seven (7) audit findings were reported and ten (10) recommendations were given as a result and reflected below;

#### **Finding No. 1 – UMG did not maintain Books of Accounts<sup>1</sup> as required in its Manual of Administration (MOA)<sup>2</sup> and Financial Management Regulation (FMR)<sup>3</sup>.**

Condition:

Utwe Municipal Government did not maintain a cash disbursement journal<sup>4</sup> to record payments made on various expenditures incurred and cash receipts journal<sup>5</sup> to record collections arising from local revenues including funds received from revenue sharing. In addition, there were no ledgers for creditors and suppliers. The Municipality does not maintain individual general ledgers to accommodate transactions involving its assets, liabilities, fund balances, revenues, and different types of expenses.

Also, we noted that some expenses are not properly classified to their nature.

#### **Finding No. 2 – Disbursements Not in Compliance with Established Policies and Procedures attributed to weak internal control<sup>6</sup>.**

Condition:

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<sup>1</sup> **Books of Accounts** – original records and books used in recording business transactions such as journals, ledger, and supporting vouchers included in a system of accounts.

<sup>2</sup> **MOA** - provide policy and guidelines for the operation of Utwa Municipal Government.

<sup>3</sup> **FMR** - provide policy and guidelines for the operation of Kosrae State

<sup>4</sup> **Disbursement Journal** - referred to as the cash payments journal, is a special journal used to record the payment of cash by a business. The journal is simply a chronological listing of all payments including both cash and checks.

<sup>5</sup> **Cash Receipt Journal** – a special journal used to record the receipt of cash by a business. The journal is simply a chronological listing of all receipts including both cash and checks.

<sup>6</sup> **Internal Control** - procedure or policy put in place by management to safeguard assets, promote accountability, increase efficiency, and stop fraudulent behavior.

Our examination was applied to all disbursements made by the Municipality for the period covered and noted the following findings:

1. Eighty Percent (80%) of the total amount of disbursements aggregating to \$ 34,897.51 were completely unsupported by the required disbursement documents.
2. Disbursements amounting to \$43,431.01 for period the CY 2018-2019 were not recorded;
3. All disbursements are not supported by purchase orders, purchase requisitions, and miscellaneous requests.
4. Funds were not being certified as available for items disbursed.
5. UMG is not using disbursement vouchers thus, approval and authorization of the disbursements process were not properly documented

**Finding No. 3 - Collections and other funds received were not properly documented and deposited which increases the risk of the mishandling of revenue.**

Condition:

During our review of the internal controls over cash receipts, we noted that the Treasurer is responsible for the collection and deposit of funds. These collections are from ordinances imposing taxes and all other revenues or reimbursements collected based on licenses, rents, or government services. We noted in most cases that these collections are being **paid in cash which is vulnerable to misappropriation**. In addition, the following were observed:

1. The schedule of deposits showing the receipts used to match with the validated deposit slip amount is not being prepared. Further, there are no review procedures to check if funds collected were properly deposited.
2. We noted that thirty-seven (37%) percent of cash collections were late deposits in an average of 2- 5 weeks.
3. The auditors observed a lack of complete details in the issuance of cash collection receipts. Thirteen Percent (13%) or \$ 2,843.00 of issued receipts did not show the name and signature of the collector/cashier. Also, a number of erasures and corrections were noted without proper counter sign-on verification and approval of cancelled transactions.
4. Likewise, cash collections were used to directly pay operating expenses in the total of \$ 8,533.50, or 40 % of the collection.

5. Weak internal control in cash collection. It was noted that there was no clear segregation of duties in the handling of cash.

**Finding No. 4 - Did not maintain sufficient timekeeping and payroll documentation.**

Condition:

Based on CY 2018-2019 spending and documents provided, approximately twelve percent (12%) of the spending of UMG represents salaries and wages of employees. During our examination of payroll checks and timesheet used we noted the following:

- a. No file for timecards to monitor and record hours of duty.
- b. SS and Compensation Tax were not deducted from the employee salaries.
- c. The payroll sheet was not prepared and payment of payroll was based on fixed amount which is not aligned with the signed contract.
- d. A review of SS and Compensation tax paid by UMG for employees did not coincide with the salaries paid during the period.
- e. Late payment of SS and Compensation tax resulted in a payment of penalties and interests.

**Finding No. 5 – Utwe Municipal Government did not account for its Fixed Assets.<sup>7</sup>**

Condition:

The Municipality did not account for its fixed assets nor was a physical inventory<sup>8</sup> conducted. No schedule of fixed assets was prepared by the Municipality as of the date of this report. Likewise, there was no recording of fixed assets as to their amount and depreciation.

**Finding No. 6 - Absence of Bank Reconciliation<sup>9</sup> Schedules**

Condition:

Our audit revealed that the Municipality is not preparing its bank reconciliation schedules.

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<sup>7</sup> **Fixed Assets** - A fixed asset is a long-term tangible asset that a firm owns and uses to produce income and is not expected to be used or sold within a year.

<sup>8</sup> **Physical Inventory** - An actual count of the goods owned by the business.

<sup>9</sup> **Bank Reconciliation** – a process of matching the balances in an entity's accounting records for a cash account to the corresponding information on a bank statement. The goal of this process is to ascertain the differences between the two and to book changes to the accounting records as appropriate.

**Finding No. 7 – Inefficient process on payment for FSM Treasury and SS Office resulting in additional cost.**

Condition:

Auditors noted that the correct amount of taxes and social security contributions were not being used. It was observed that salaries payment as declared for SS and Compensation tax did not match with the actual salary paid. In addition, upon examination of current disbursements and payroll, we found out that the Municipality is paying these amounts without corresponding deductions from employees' salaries.

It was also noticed late remittance of SS and Taxes that incurred additional expenses for penalty and interest.

**OBJECTIVE, SCOPE, AND METHODOLOGY**

**Objectives**

1. To assess and provide assurance to the Utwe Municipality Government on the progress that has been made on the implementation of the recommendations outlined in the audit report FCA 03-2020, and
2. To 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 stakeholders about the status of implementation as a review on those findings.

**Scope**

The scope of our performance audit was to assess the extent to which UMG management had made satisfactory progress in implementing the recommendations in the audit report no. FCA 03-2020 issued on October 30, 2020. However, the gathering, reviewing, and testing of relevant information and documentation included a previous and subsequent period for analytical purposes. We conducted the audit and inspection 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”

## **Methodology**

The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require 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 a sufficient understanding of the internal controls that are 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 with state laws and regulations to be able to render an opinion to our audit objectives. Our procedures were also designed to identify weaknesses in 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 Utwe Municipal Government employees and stakeholders. We also reviewed the transaction process and documentation. In addition, we assess on the implementation of the previous audit. The audit criteria used to develop the required audit tests were based on the previous audit report issued.

## **PRIOR AUDIT COVERAGE**

This is the second performance audit on Utwe Municipal Government operation. The objective of this second performance audit was to assess the extent to which UMG management had implemented the recommendation reflected in the Audit Report FCA 03-2020.

## **CONCLUSION**

We concluded that based on the audit objectives:

- (1) That the Utwe Municipal Government has not fully implemented all audit recommendations and needs to take appropriate action to address the audit findings and the ten (10) audit recommendations as per Audit Report No. FCA 03-2020.

## **STATUS OF IMPLEMENTATION OF AUDIT RECOMMENDATIONS**

**Finding No. 1 – UMG did not maintain Books of Accounts<sup>10</sup> as required in its Manual of Administration (MOA)<sup>11</sup> and Financial Management Regulation (FMR)<sup>12</sup>.**

### **1.1 Recommendation:**

We recommend Utwe Municipal Government to exert effort to set up and maintain its books of accounts. Individual ledgers must be prepared to accommodate transactions on each type of assets, liabilities, revenues, and expenditures, especially with its classes to permit the preparation of its financial statements. Subsidiary ledgers must be maintained necessary in keeping track of individual vendors/contractors. By doing so, relevant and reliable financial information can be easily obtained which is useful for management's decision making.

### **1.2 Prior Management Response was:**

Agree to provide "Books of Accounts" for each account.

### **1.3 Current Implementation Status: Not yet Implemented**

Based on interviews with the management and key staff of Utwe Municipal Government, they have implemented an Excel format for accounting and reporting. The monthly report called, Revenue and Expenditure report were submitted to the council. It

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<sup>10</sup> **Books of Accounts** – original records and books used in recording business transactions such as journal ledgers and supporting vouchers included in a system of accounts.

<sup>11</sup> **MOA** - provide policy and guidelines for the operation of Utwa Municipal Government.

<sup>12</sup> **FMR** - provide policy and guidelines for the operation of Kosrae State

was prepared as a list of collection and expenses without proper recording or bookkeeping. The treasurer records all transactions in an excel format, but it was noted by the auditors that the summary of the collection did not reflect collection documents thus the completeness of such list is hard to determine. Thus, the listing of collection and expenditure does not provide sufficient records of financial events.

#### **1.4 Effect of Not yet Implemented**

No formal set of books of accounts for proper recording for a full accounting of assets, liabilities, revenue, and expenses to come up with the required financial statements as per Manual of Administration/FMR. Required financial statements are 1) Statement of Condition (Balance Sheet), 2) Statement of Revenue and Expenditure, and 3) Property Inventory Sheet. Without relevant and reliable financial data, it will be hard for the management to make informed decisions.

#### **1.5 Cause of Not yet Implemented**

New executives and councils were elected and new employees were hired after the audit.

### **Finding No. 2 – Disbursements Not in Compliance with Established Policies and Procedures attributed to weak internal control<sup>13</sup>.**

#### **2.1 Recommendation:**

We recommend that the Municipality should ensure that all supporting documents covering disbursements are verified, checked, and approved prior to payment. A disbursement voucher must be used in every check disbursed indicating the nature and purpose of disbursement and duly approved by the Treasurer and/or Mayor and/or a representative of the council.

Aside from official receipts and invoices from the vendors or any third party, purchase orders for purchases being made, and miscellaneous requests to pinpoint the person/employee requesting incurrence of expenditures, must be prepared to support validity of the disbursement. It is highly recommended to the officer responsible for the disbursement function not to issue disbursements check until the substantial completion of the required documents mentioned. Ideal internal control practices dictate that the person responsible for the preparation of checks and check vouchers must be separate from the approving officer.

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<sup>13</sup> **Internal Control** - procedure or policy put in place by management to safeguard assets, promote accountability, increase efficiency, and stop fraudulent behavior.

Please see below for recommended form of a voucher.

UTWE MUNICIPAL GOVERNMENT		Date:	Voucher No.
Disbursement Voucher			
Requesting Department	<input type="checkbox"/> Executive <input type="checkbox"/> Council <input type="checkbox"/> Other	Check No:	
Payee Name and Address		Accounts/Expense Code	Amount
Particulars/Purpose of Payment (attached supporting documents)			
Prepared by	Approved by	Amount in words:	
Treasurer	Mayor		
Date:	Date		
Receive the amount of \$ _____ from UMG		Print Name/Signature/Date	

All disbursements should be certified by the Treasurer or his designee as to the availability of funds. Certification made by the Treasurer is a control procedure to ensure that budgets are not overspent.

**2.2 Prior Management Response was:**

Management acknowledges their need to use vouchers to document proper approval of expenditures and it will help proper filing and keeping of supporting documents. Although they claim that all expenses were approved and issued with supporting documents to verify the disbursement request.

**2.3 Current Implementation Status: Substantially Implemented**

Examination of documents related to disbursement reveals that supporting documents for some of the disbursement are not properly filed the same way it was noted in the previous audit. UMG staff claimed that all supporting documents were verified as to completeness before its approval. However, the summary of the expenses doesn't match the supplier's receipts submitted to the auditors. In addition, recommended expense voucher is still not in use, thus it's still hard for the auditors to determine the approval process and completeness of the expenses.

However, an interview with the chairman of the council reveals that he as one of the signatories requires the treasurer to attach all the documents included in the payment before he signs the check payment. Thus, verification and validity of payments were substantially performed.

#### **2.4 Effect of Substantially Implemented:**

Although verification of expenses was claimed to be performed by the Chairman of the council, without proper filing of documents and the accountable form such as disbursement voucher, the requirement of UMG on the justification of authorized expenditure will not be reasonably verified as to its completeness with regards to the monthly reports. Substantial implementation of the recommendation decreases the risk of waste and fraud.

#### **2.5 Cause of Substantial Implementation:**

UMG council is interested in improving accountability through assurance of efficient government spending of UMG.

### **Finding No. 3 - Collections and other funds received were not properly documented and deposited which increases the risk of the mishandling of revenue.**

#### **3.1 Recommendation:**

As a means of avoiding the possibility of funds being misappropriated,

- a. We recommend that an independent individual prepare a listing of all cash received. Such a listing could be used to compare the actual cash received and the actual cash deposited. To further strengthen internal control on collections, a report of deposit showing the receipt numbers of the receipts used must be prepared to match with the amount in the validated deposit slip. This schedule will be used for the review of an independent individual doing the deposit function to ensure that all funds collected were properly and timely deposited. Also, the preparation of this schedule helps in the reconciliation of bank balances. Implementation of such procedures will provide assurance that all cash received is deposited on a timely basis and

minimizes the potential misappropriation of funds. **Substantially Implemented**

- b. We strongly recommend discontinuing the use of cash collection for payment of the expense. All revenues must be collected and deposited in the bank and all expenses should be disbursed in accordance with the rules provided in laws and regulations governing the municipality. **Not yet Implemented**

### **3.2 Prior Management Response was:**

- a. Collection and other funds were misappropriated therefore, daily/weekly report rather than monthly reports will be developed and executed
- b. Receipts need to be duplicated for 2 or 3 office workers.

### **3.3 Current Implementation Status: Substantially Implemented/ Not yet implemented**

- a. The Interview with the UMG councils and executive staff reveal that they hired a new treasury and secretary to be able to implement the basic control on cash collection, which is the separation of duties. They also started to formulate excel files to record the collection. UMG staff also submitted to the auditors a copy of a list of collection and validated deposit slips. However, the said list did not reflect assurance of the completeness of collections which should include income sharing from state and supplement from congress.
- b. It was also observed that UMG was still paying expenses through cash collection.

### **3.4 Effect of Substantially Implemented/ Not yet Implemented**

- a. The process undertaken by Utwe Municipal Government in hiring additional personnel and acquiring minimum excel format booking shows the interest of UMG in fulfilling their commitment to improving their financial system in mitigating the problem that could lead to potential misuse and abuse of funds.
- b. The continuous use of cash collection for immediate expenses increases the risk of waste and misuse of funds.

### **3.5 Cause of Substantially Implemented/ Not yet Implemented**

UMG shows interest in providing the proper accounting of revenue and collection and promoting accountability. However, the management failed to recognize the importance of strict policy in the use of cash collection and the threat that it may cause.

## **Finding No. 4 – Did not maintain sufficient timekeeping and payroll documentation**

### **4.1 Recommendation:**

We recommend that the Utwe Municipal Council pass a resolution directing the Mayor to establish and implement adequate payroll control objectives and techniques, and to comply with the Manual of Administration and State Financial Management Regulation.

### **4.2 Prior Management Response was:**

- a. Timekeeping and payroll document is store in UMG Laptops and the original copy sent to National Treasury to verify each contract.
- b. Need to use time card, leave application, and timesheet forms.
- c. Need to be filed biweekly basis.

### **4.3 Current Implementation Status: Not yet Implemented**

Upon interview with the Utwe Municipal Government Council and Mayor, the auditor found that the previous council did not pass any resolution with regards to the auditor's recommendation in payroll.

### **4.4 Effect of Not yet Implemented :**

Without proper **internal control on** payroll procedures in place, the risk of undue compensation is high. In addition, the employer **can** lose assets through overpayments to dishonest employees and incur excess expenses by having to redo payroll records.

### **4.5 Cause of Not yet Implemented**

UMG has just conducted its election and a new council was recently installed. Thus, the new member of the council does not have the knowledge on the audit conducted as well as the recommendations. However, the new council acknowledges the findings and is committed to implementing the recommendations.

## **Finding No. 5 – Utwe Municipal Government did not account for its Fixed Assets.**

## **5.1 Recommendation:**

- a. We recommend that the Municipality conduct a physical inventory count of all its fixed assets including semi-expendable ones enabling them to account, assign custody and responsibilities to employees using these assets. For fixed assets items which costs cannot be determined due to lack of records, we recommend that the Municipality form a committee to agree on the reasonably estimated values of these assets.
- b. We also recommend the establishment of a policy on fixed assets, which would deal with matters like depreciation, capitalization threshold, approval authority, inventory, and disposal.
- c. We also recommend that the Municipality should maintain a fixed asset register.

## **5.2 Prior Management Response was:**

- a. To prepare and maintain a fixed assets list.

## **5.3 Current Implementation Status: Not yet Implemented**

UMG failed to show records and updated list of fixed assets. In addition, no resolution has been enacted to established policies and controls for fixed assets as recommended.

## **5.4 Effect of Not yet Implemented :**

Proper monitoring of these assets cannot be easily performed due to a lack of records. Thus, a high risk of loss and misuse of fixed assets is prevalent. In addition, a financial statement such as balance sheet cannot be prepared.

## **5.5 Cause of delay of implementation:**

Lack of initiative from the UMG leaders to properly identify and safeguard its fixed assets.

## **Finding No. 6 – Absence of Bank Reconciliation Schedules**

### **6.1 Recommendation:**

We recommend that management must ensure sufficient training is given to the personnel assigned to handle cash transactions so that proper and timely bank reconciliation is performed. At a minimum, the same must be prepared on a monthly basis. Differences identified during the process should be investigated and resolved immediately. Bank reconciliation is a vital tool to detect errors or irregularities involving cash.

## **6.2 Prior Management Response was:**

- a. To prepare Bank Reconciliation
- b. Summarize monthly deposit/history (Statement)
- c. Every other month for follow-up on reconciliation

## **6.3 Current Implementation Status: Not Yet Implemented**

Currently, UMG Mayor claimed that he always call the bank to confirm availability of fund for the amount or check to be issued. Though UMG hired new personnel for proper administration, there was no training given to them in accordance with the needs identified in the audit report.

## **6.4 Effect of Not yet Implemented:**

This may result in inefficient reporting of Cash balances that could affect management planning and financial decisions.

## **6.5 Cause of Not yet Implemented**

UMG does not have enough funds to send their staff for training and to add the travel ban resulted from Pandemic limits the chances for a consultant to conduct on-island training usually sponsored by the State Finance Department.

## **Finding No. 7 – Inefficient process on payment for FSM Treasury and SS Office resulting in additional cost.**

### **7.1 Recommendation:**

We recommend that Utwe Municipal Government follow the best practice in the preparation of payroll. This will also ensure adherence to the policy on disbursement. Similarly, management should exert additional effort to identify responsible employees for the proper and timely remittance of SS and Taxes to avoid incurring additional costs.

### **7.2 Prior Management Response was:**

- a. Tax deduction (FSM/SS) – UMG legislative resolution need to amend
- b. Bi-weekly salary deduction need to adjust

### **7.3 Current Implementation Status: Planning for Implementation**

Although at the time of the follow-up, the auditor found that the same problem still exists. However, an interview with the mayor and the councils reveals that the UMG leaders have the initiative to directly communicate with National offices (Tax and SS) to settle unpaid remittances and plan to ask assistance from State and National Government for funding.

### **7.4 Effect of Planning for Implementation**

Clear plans for an organization on the action to be taken to resolve the current weakness will give the assurance of proper and immediate implementation of the recommendations.

### **7.5 Cause of Planning for Implementation**

UMG leaders' interest to mitigate this problem is to effectively and efficiently follow the law and regulations related to taxes and Social Security.

## **RECOMMENDATIONS**

After evaluating the results of this performance audit, we recommend that:

1. UMG management should fully address and implement all the (10) audit recommendations reflected in the audit report FCA 03-2020.

## ANNEX A: STATUS OF IMPLEMENTATION MATRIX

UTWE MUNICIPAL GOVERNMENT  
FOLLOW UP AUDIT  
FINANCIAL AND COMPLIANCE AUDIT  
FCA 03-2020

a. Not yet implemented	No progress or insignificant progress (informal plans, meetings)
b. Planning Stage	Formal plans have been created and approved by the appropriate level of management
c. Preparation for Implementation	Preparation for implementing a recommendation (hiring or training of staff, developing resources to implement recommendation)
d. Substantial Implementation	Structures are in place and integrated and achieved results are identified
e. Full Implementation	Structures or processes are operating as intended
f. Obsolete	Not applicable (outdated issue)

FINDINGS	RECOMMENDATION	MANAGEMENT RESPONSE	STATUS AS OF APRIL 2021	AUDITOR COMMENTS
<p>1. UMG did not maintain Books of Accounts as required in its Manual of Administration (MOA) and Financial Management Regulation (FMR).</p>	<p>UMG did not maintain cash disbursement journal to record payments made on various expenditures incurred and cash receipts journal to record collections arising from local revenues including funds received from revenue sharing. In addition, there were no ledgers for creditors and suppliers. The municipality did not maintain individual general ledgers to accommodate transactions involving its assets, liabilities, fund balances, revenues and different types of expenses. We noted also that some expenses were not properly classified to its nature.</p>	<p>We recommend that UMG to exert effort to set up and maintain its books of accounts. Individual ledgers must be prepared to accommodate transactions on each type of assets, liabilities, revenues and expenditures especially with its classes to permit the preparation of its financial statements. Subsidiary ledgers must be maintained necessary in keeping track of individual vendors/contractors. By doing so, relevant and reliable financial information can be easily obtained which is useful for management's decision making.</p>	<p>not implemented</p> <p>1. Set to provide Books of Accounts for each account disbursement</p>	<p>monthly report called revenue and expenditure report submitted to the council. It was prepared as list of collection and expenses without proper recording or bookkeeping. The treasurer records all transaction in excel format, but it was noted by the auditors that summary of collection did not reflect collection documents thus the completeness of such list is hard to determine.</p> <p>No formal set of books of accounts for proper recording for full accounting of assets, liabilities, revenue and expenses to come up with the required financial statements as per charter/FMR.</p> <p>Also, the treasurer mention that the report they have submitted to the councils includes all transactions such as collection and expenditure from all sources. However, upon testing of report against source documents, the auditor found out that did not match.</p>
<p>2. Disbursements not in compliance with Established Policies and Procedures attributed in weak Internal control.</p>	<p>Our examination was applied to all disbursements made by the Municipality for the period covered and we noted the following: 1) eighty percent (80%) of the total amount of disbursements aggregating to \$34, 897.51 were completely unsupported by the required disbursement documents. 2) disbursement amounting to \$43,431.01 for period CY 2018-2019 were not recorded. 3) all disbursements were not supported by purchase</p>	<p>we recommend that the Municipality should ensure that all supporting documents covering disbursements are verified, checked and approved prior to payment. A disbursement voucher must be used in every check disbursement indicating the nature and purpose of disbursement duly approved by the Treasurer and/or Mayor and/or a representative of the council. Aside from official receipts and invoices from the vendors or any third party, purchase orders for purchases being made and miscellaneous requests, to pin point the person/employee requesting incurrence of expenditures must be prepared to support validity of the</p>	<p>Substantially Implemented</p> <p>1. all vendors needed complete documents before issuing products and activities taken place</p> <p>2. Need voucher copy for duplication</p>	<p>Examination of documents related to disbursement reveals that supporting documents for some of the disbursement are not properly filed they way it was noted in the previous audit. UMG staff claimed that all supporting documents were checked as to completeness before approval, however the summary of the expenses doesn't match the supplier receipts submitted to the auditors. In addition, recommended expense voucher is still not in use.</p>

orders, purchase requisitions and miscellaneous requests. 4) funds were not being certified as available for items disbursed. SJUMG was not using disbursement voucher thus, approval and authorization of disbursements process were not properly documented.

disbursement. it is highly recommended to the officer responsible for disbursement function not to issue disbursements check until substantial completion of the required documents mentioned. ideal internal control practices dictates that the person responsible for the preparation of checks and check vouchers must be segregated from the approving officer.

thus it still hard for the auditors to determined approval process and completeness of the expenses.

As per interview with the chairman council which is one of the signatories, he always required the secretary to attached supporting documents for expenditure to verify the completeness and authenticity of the payments.

the chairman also, told the auditor that he advised the executive staffs to issue separate check on each employees so that each employees could attached their signature as receipts of payment. It is also the chairman's concern that some of the employees are considered contractors.

Pre-singing of check was never an issue since UMG usually did not issue payment/checks when the signatory is off-island. And if ever signatory was on leave, the office staff is required to send any documents that requires signature at the signatory's house.

Please see below for recommended form of voucher

The form is titled 'DISBURSEMENT VOUCHER' and includes the following fields: Date, Amount, Purpose, Signature of Approving Officer, Signature of Treasurer, and Signature of Payee. There are also checkboxes for 'Cash' and 'Check'.

All disbursements should be certified by the Treasurer or his designee as to availability of funds. Certification made by the Treasurer is a control procedure to ensure that budgets were not overspent.

**3. Collections and other funds received were not properly documented and deposited which increases risk in mishandling of revenue.**

During our interview of the internal controls over cash receipts, we noted that the Treasurer was responsible for the collection and deposit of funds. These collections were from ordinances imposing taxes and all other revenues or reimbursements collected based on licenses, rents or government services. we noted in most cases that these collections are being paid in cash which is vulnerable to misappropriation. In addition, the following were observed; 1) schedule of deposits showing receipts used to match with the validated deposit slip amount was not being prepared. Further, there were no review procedures to check if funds collected were properly deposited. 2) we noted that thirty-seven (37%) percent of cash

As a means of avoiding the possibility of funds being misappropriated, we recommend that an independent individual prepare a listing of all cash received. Such a listing could be used to compare the actual cash received and the actual cash deposited. To further strengthen internal control on collections, a report of deposit showing the receipt numbers of the receipts used must be prepared to match with the amount in the validated deposit slip. this schedule will be used for review of an independent individual doing the deposit function to ensure that all funds collected were properly and timely deposited. also, preparation of this schedule helps in the reconciliation of bank balances. implementation of such procedures will provide assurance that all cash received is deposited on a timely basis and minimizes the potential misappropriation of funds. we strongly recommend discontinuation of using cash collection for payment of expense. all revenues must be

1. Collection and other funds were misappropriated therefore, daily/weekly report rather than monthly report will be developed and executed
2. Receipts need to be duplicated for 2 or 3 office workers.

**Preparation for implementation**

Treasurer mention in the interview that she usually bought 3 booklet of generic receipt at a time and usually its not in proper sequence .

some receipts were skipped , cancelled and duplicated without note for justification

delay collection were given penalty

on the interview, auditors noted that the secretary deposited the collection base only on the instruction of the treasurer and without actual verification on the total collection that should be deposit.

collections were late deposit in the average of 2-5 weeks. 3) auditors observed lack of complete details in issuance of cash collection receipt. Thirteen percent (13%) or \$2,843.00 of issued receipts did not show the name and signature of the collector/cashier. also, number of erasures and corrections was noted without proper counter sign on verification and approval of cancelled transactions. 4) likewise, cash collections were used to directly pay operating expenses in the total of \$8,533.50 or 40% of collection. 5) weak internal control in cash collection. It was noted that there was no clear segregation of duties in the handling of cash.

collected and deposited in the bank and all expenses should be disbursed in accordance with the rules provided in the laws and regulations governing the Municipality.

**4. Did not maintain sufficient timekeeping and payroll documentation.**

Based on CY 2018-2019 spending and documents provided, approximately twelve percent (12%) of the spending of UMG represents salaries and wages of employees. During our examination of payroll checks and timesheet used we noted the following:  
a) no file for timecards to monitor and record hours of duty. b) ss and compensation tax were not deducted from the employee salaries. c) payroll sheet was not prepared and payment of payroll was based on fixed amount which is not aligned with the signed contract. d) review of ss and compensation tax paid by UMG for employees did not coincide with the salaries paid during the period. e) late payment of ss and compensation tax resulted in payment of penalties and interest.

we recommend that the Utwe Municipal Council pass a resolution directing the Mayor to establish and implement adequate payroll control objectives and techniques, and to comply with the Manual of Administration and State Financial Management Regulation

- not implemented
1. Timekeeping and payroll documentation is stored in UMG laptops and the original copy was sent to National Treasury-Kosrae Office to verify each contract.
  2. Need time card, leave application and time sheet forms.
  3. Need to be filed biweekly basis.

employment contracts  
payroll summary/register  
timekeeping procedure ( timesheet or logbook)  
payroll checks  
any council resolution for payroll policies  
current payroll policies ( Manual)

On the issue of total hours worked (80hours) as shown in the timekeeping summary as against working schedule ( 8am-3pm) differece of 2 hours. The mayor told the auditors that UMG office usually conducted their meeting after office hours (later than 3Pm).

On the same interview, the Mayor told the auditors that UMG does not have regulation on regular working hours to be rendered by the employees/contractors.

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<p>5. Utwe Municipal Government did not account for its Fixed Assets</p>	<p>The Municipality did not account for its fixed assets nor was a physical inventory conducted. No schedule of fixed assets was prepared by the Municipality as of the date of this report. Likewise, there was no recording of fixed assets as to its amount and depreciation.</p>	<p>we recommend that the Municipality conduct physical inventory count of all its fixed assets including semi-expendable ones enabling them to account, assign custody and responsibilities to employees using these assets. for fixed assets items which costs cannot be determined due to lack of records, we recommend that the Municipality to form a committee to agree on the reasonable estimated values of these assets. we also recommend the establishment of a policy on fixed assets, which would deal with matters like depreciation, capitalization threshold, approval authority, inventory and disposal. we also recommend that the Municipality should maintain a fixed assets register.</p>	<p>1. A list of maintain fixed assets will be prepared and filed 2. Fixed Assets are all products that cost \$ 1,000.00 and more. 3. Some purchased before the current Administration and some Purchased from Interest group with National Delegation. 4. Followups Documents/ Paperworks</p>	<p>not Implemented</p>	<p>process of acquisition identify the assets purchase ( any) after audit manual - policy of acquisition  The mayor regularly inquire to the bank for UMG balances before the issue checks.  currently they have excavator that is being use for rental</p>
<p>6. Absence of Bank Reconciliation schedules</p>	<p>Our audit revealed that the Municipality is not preparing its bank reconciliation schedules.</p>	<p>We recommend that management must ensure that sufficient trainings be given to the personnel assigned to handle cash transaction so that proper and timely bank reconciliation is performed. At minimum, the same must be prepared on a monthly basis. differences identified during the process should be investigated and resolved immediately. bank reconciliation is a vital tool to detect errors or irregularities involving cash.</p>	<p>1. Bank Schedule is prepared for only UMG officials. 2. Monthly for depositing/ History (Statements) 3. Every other month for follow up/ reconciliation</p>	<p>not yet Implemented</p>	<p>how they verify their cash in bank at the end of the month or at the reporting time Bank Statement files Bank recon</p>
<p>7. Inefficient process on payment for FSM Treasury and SS office resulting to additional cost.</p>	<p>auditors noted that the correct amount of taxes and social security contributions were not being used. it was observed that salaries payment as declared for SS and Compensation tax did not matched with the actual salary paid. In addition, upon examination of current disbursements and payroll, we found out that the Municipality is paying these amounts without corresponding deductions from employee's salaries. It was also noticed late remittance of SS and Taxes that incurred additional expenses for penalty and interest.</p>	<p>we recommend that Utwe Municipal Government follow the best practice in the preparation of payroll. This will also ensure adherence to the policy on disbursement. Similarly, management should exert additional effort to identify responsible employees for the proper and timely remittance of SS and Taxes to avoid incurring additional cost.</p>	<p>1. Tax Deductions (FSM/SS) - UMG legislative resolution need to amend 2. Biweekly salary deductin need to adjust 3. Records could be cheked with FSM treasury and SS departments</p>	<p>Planning for Implementation</p>	<p>Interview with the mayor confirms that UMG is not updated in paying SS/Tax while chairman of the councils told the auditors that the council is drawing a workable plan together with the executive and FSM SS/treasury on the delay of payment.  The mayor insisted that delay of payment was due to unavailability of fund to cover the expenses. Thus, according to the chairman one of the plan is to secure funding assistance from state and national since the annual collection of UMG is not enough to cover its operating expenses.</p>

## ANNEX B: STAGES OF IMPLEMENTATION

There are five stages used to assess the status of implementation of the recommendations. Stages are listed below:

- (i) **Not yet Implemented** – No progress or insignificant progress: Action such as having meetings and generating informal plans.
- (ii) **Planning Stage:** When formal plans for organization changes have been created and approved by the appropriate level of management with appropriate resources to implement the recommendation.
- (iii) **Preparation for Implementation:** If the entity made preparation for implementing a recommendation by hiring or training staff, or developing or acquiring the necessary resources to implement the recommendation.
- (iv) **Substantial Implementation:** If the structures or processes are in place and integrated within at least some parts of the organization, and some achieved results have been identified.
- (v) **Full Implementation:** If the structure and processes are operating as intended and are fully implemented.

### **Obsolete**

The recommendation is obsolete if it is no longer applicable because the issue has been outdated as a result of having been superseded by something newer.

**ANNEX C: UMG ACCOUNTING SPREADSHEET**

*In the System*

A N U A Y						
1/4/2020	Bruce Andrew	Platform Base		\$10.00	\$10.00	paid Revenue
1/4/2020	Derina H. Nena	Platform Base		\$10.00	\$10.00	paid Solid wasted
1/8/2020	Salik Taulung	Platform base		\$10.00	\$10.00	paid Solid wasted
1/4/2020	Canston Segal	Platform Base		\$10.00	\$10.00	paid Revenue
1/4/2020	Oneil Nena	Platform base		\$10.00	\$10.00	paid Solid wasted
1/4/2020	Rebecca luver	Kayak Rental		\$10.00	\$10.00	paid Equipment Rental
				<b>\$60.00</b>		
1/6/2020	Joshua Waguk	Platform base (contractor)		\$250.00	\$250.00	recieved 1st payment
1/9/2020	Hon. Canston Segal	Payment		\$200.00	\$200.00	Received 1st payperiod
1/9/2019	Sec. Jason Livaie	Payment		\$130.00	\$130.00	Received 1st payperiod
Total=				<b>\$580.00</b>		
1/6/2020	Vernet Waguk	Business License	Retail store	\$100.00	\$100.00	paid Revenue
"	"	Business License	Car rentals	\$100.00	\$100.00	paid Revenue
1/6/2020	Mayor Segal	Platform base	1 platform, 1 bin	\$10.00	\$10.00	paid Solid wasted
				<b>\$210.00</b>		
1/6/2020	Ace Hardware	purchased	couplings	\$7.14	\$7.14	paid Supplies
1/6/2020	KUA	cash power	60.9 kWh	\$33.00	\$33.00	paid office supplies
1/8/2020	Ace Hardware	paint	1 gallon	\$35.99	\$35.99	paid Supplies
1/8/2020	Hiroshi Joseph	payment	Mechanic	\$60.00	\$60.00	paid Equipment
Total=				<b>\$136.13</b>		
1/8/2020	KIRMA/ HPO	Resting house Project		\$4,608.00	\$4,608.00	Deposited General Fund
1/8/2020	Hiroshi Joseph	Platform base	1 platform, 1 bin	\$10.00	\$10.00	paid Solid wasted
1/8/2020	Ramsin Edmond	platform base	1 platform, 1 bin	\$10.00	\$10.00	paid Solid wasted
1/8/2020	Molina Vernet	platform base	1 platform, 1 bin	\$10.00	\$10.00	paid Solid wasted
1/9/2020	Rebecca luver	platform base	1 platform, 1 bin	\$10.00	\$10.00	paid Solid wasted
1/9/2020	Sen. Andy Andrew	platform base	1 platform, 1 bin	\$10.00	\$10.00	paid Solid wasted
1/10/2020	Norlin Livaie	Kayak Rental	1 double	\$10.00	\$10.00	paid equipment rental
1/10/2020	peace corp	Kayak Rental	1 double, 2 single	\$30.00	\$30.00	paid equipment rental
1/13/2020	Derick Joseph	Platform base	2 Platform	\$20.00	\$20.00	paid Solid wasted
1/13/2020	Zakias Obeth	Platform base	2 trash bin	\$20.00	\$20.00	paid Solid wasted
Total=				<b>\$130.00</b>		
1/14/2020	Ace Hardware	spray	1	\$5.99	\$5.99	paid office supplies
		Labeling stickers	2 tablets	\$3.78	\$3.78	paid office supplies

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	sticky note	3 pack	\$5.49	\$5.49	paid	office supplies	
			\$15.26				
1/15/2020	Bolly Andrew	Platform base	1 platform	\$10.00	\$10.00	paid	Solid wasted
		Trash Collection f	2 months	\$6.00	\$6.00	paid	Revenue
1/17/2020	Mercina W. Jonas	Platform base	1 platform, 1 bin	\$10.00	\$10.00	paid	Solid wasted
1/20/2020	Aliksru J. Edmond	Platform base	1 platform, 1 bin	\$10.00	\$10.00	paid	Solid wasted
1/20/2020	Larry Alik	platform base	1 platform, 1 bin	\$10.00	\$10.00	paid	Solid wasted
1/20/2020	Tulensru Waguk	Platform base	1 platform, 1 bin	\$10.00	\$10.00	paid	Solid wasted
1/20/2020	Aliksru J. Edmond	Trash Collection f	1 month	\$3.00	\$3.00	paid	Solid wasted
			\$59.00				
1/20/2020	Ace Hardware	supplies	Garden Host	\$20.99	\$20.99	paid	office supplies
			pvc pipe glue	\$6.99	\$6.99	paid	office supplies
			Electric Tape	\$1.69	\$1.69	paid	office supplies
1/21/2020	Linset retail	supplies	coffee	\$18.50	\$18.50	paid	"
			creamer	\$4.25	\$4.25	paid	"
			Foam cup	\$2.00	\$2.00	paid	"
			\$54.42				
1/21/2020	Abraham Tilfas	Platform base	1 platform, 1 bin	\$10.00	\$10.00	paid	Solid wasted
1/21/2020	Ace Hardware	plumng supplies	Goblins 2	\$1.58	\$1.58	paid	office supplies
1/22/2020	Rebecca Iuver	Kayak Rental	1 double	\$10.00	\$10.00	paid	equipment rental
1/23/2020	Hon. Canston Segal	2nd Payment	January	\$200.00	\$200.00	Received	payperiod #2
1/23/2020	Sec. Jason Livaie	2nd Payment	January	\$130.00	\$130.00	Received	payperiod #2
			\$330.00				
1/24/2020	Gateway Utwe	Trash Collection f	3 months	\$9.00	\$9.00	paid	Revenue
1/24/2020	Rissey Waguk	Trash Collection f	4 months	\$12.00	\$12.00	paid	Revenue
1/24/2020	Niro Nena	Kayak Rental	1 single	\$10.00	\$10.00	paid	office supplies
1/28/2020	Krystle Yamado	Business License	Retail store	\$100.00	\$100.00	paid	revenue
		Business License	Money Lending	\$50.00	\$50.00	paid	revenue
			\$181.00				
1/28/2020	Joshua Waguk	Platform base (contractor)		\$250.00	\$250.00	Received	2nd payment

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1/28/2020	Krystle Yamado	Kayak Rental	2 doubles	\$20.00	\$20.00	paid	Equipment Rental
1/28/2020	Sen. Malender	Kayak Rental	1 single	\$10.00	\$10.00	paid	equipment rental
1/28/2020	Merida Windon	Platform base		\$10.00	\$10.00	paid	solid wasted
		Trash Collection for 1 month (January)		\$3.00	\$3.00	paid	solid wasted
				\$43.00			
1/28/2020	D&S Store	cookies	2 bags	\$3.95	\$7.90	paid	Compansation
		2 cycle oil	1	\$2.50	\$2.50	paid	clean up
1/28/2020	Ace Supply	receipt book	2	\$11.70	\$23.40	paid	office supplies
				\$18.15			
1/29/2020	Deposited	Checking Account		\$6,209.40	\$6,209.40	deposited	General Account
1/29/2020	Shrue Carson	Platform base		\$10.00	\$10.00	paid	solid wasted
1/29/2020	John Malender	Business License	Retail store	\$100.00	\$100.00	paid	revenue
1/29/2020	Delita Soloman	Business License	Retail store	\$100.00	\$100.00	paid	revenue
1/30/2020	Elvis Nena	Job Order	Land Filling	\$180.00	\$180.00	paid	revenue
1/30/2020	Bond Segal	Business License		\$50.00	\$50.00	paid	revenue
1/31/2020	Jason Livaie	equiupment rental	water blaster	\$10.00	\$10.00	paid	Petty cash
1/31/2020	Rebecca Iuver	Kayak Rental	2 single	\$20.00	\$20.00	paid	office supplies
				\$470.00			

## ANNEX D: FAILURE TO COMPLY WITH MANAGEMENT RESPONSE



**GOVERNMENT OF KOSRAE**  
OFFICE OF THE PUBLIC AUDITOR  
POST OFFICE BOX 847  
KOSRAE, FEDERATED STATES OF MICRONESIA 96944  
TELEPHONE: (691) 370-3766, FACSIMILE(691) 370-3443

July 01, 2021

Mr. Canston Segal  
Mayor  
Utwe Municipal Government  
Utwe, Kosrae State FM 96944

Subject: Final Notice for submission of Management Response

Dear Mayor Segal:

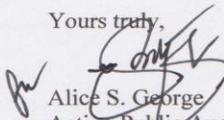
Thank you for participating in the exit conference last June 15, 2021 on Performance Audit on the Implementation of Recommendation for FCA 03-2020. During the conference, we discussed the findings and recommendations in the audit report. We have revised the draft audit report to incorporate the valid issues and concerns which were raised by the management during the exit conference.

We have provided the final draft report for formal management comments or response and the plan of action with timeframe to implement the audit recommendations. We gave you ten (10) working days within which to send us your management response, which is then due on or before June 29, 2021. We would like you to note that your management response is an important aspect of the report and would be included as part of the final audit report to be issued to public.

However we have not received any letter from your end as of this date. Please be informed that we will finalize the report and distribute it to public with or without the management response. We will still appreciate if you will submit your response on later date. Be assured that it will be attached in our working paper.

Please contact Mr. Reed Floyd or Ms. Emma P. Balagot at 370-3766 if you wish to discuss any matter related to your response.

Yours truly,

  
Alice S. George  
Acting Public Auditor

Received by:

Date:

  
7/8/2021

## **PUBLIC AUDITOR'S COMMENTS**

We would like to extend our appreciation to the Utwe Municipal Government Mayor, Councilmen and staff for their cooperation and assistance throughout the course of the audit.

In compliance with Generally Accepted Government Auditing Standard, a copy of the draft report was discussed and agreed upon with the UMG Mayor and Councilmen. However, UMG has failed to submit a management response for this report and the Public Auditor's letter is attached as Annex D in this report.

In addition, we also extended copies to the following officials:

1. Governor, Kosrae State
2. Lt.Governor,Kosrae State
3. Speaker, 12<sup>th</sup> KSL and all members
4. Attorney General
5. Chief Clerk, Kosrae State Court
6. V6AJ Radio

If there is any question or concern regarding this report, please contact the Office of the Public Auditor.



Alice S. George  
Acting Public Auditor

## **ACKNOWLEDGEMENT AND OPA CONTACT**

Performance Audit on the Implementation of the Recommendations of Utwe Municipal  
Government  
Audit Report No. PA02-2021

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ACKNOWLEDGEMENT Emma P. Balagot, CPA, Audit Manager  
The audit staff that make key contributions to Elizabeth M. Jonah, Auditor II  
this report Reed Floyd, Auditor I

OPA MISSION Conduct effective and efficient audits and  
investigations to ensure that government  
resources are properly managed.

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