

**AUDIT OF
FSM DEPARTMENT OF EDUCATION SUPPLEMENTAL EDUCATION GRANT
FY 2009 THROUGH MARCH 2010**

REPORT NO. 2010-10



**Haser H. Hainrick
National Public Auditor**



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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September 29, 2010

His Excellency Manny Mori, President
Honorable Members of the FSM Congress
Federated States of Micronesia

RE: Audit of FSM Department of Education Supplemental Education Grant

We have completed our audit of the FSM Department of Education Supplemental Education Grant (SEG). The audit was conducted at the request of the Chairman, Committee on Ways and Means of the FSM Congress who asked the Public Auditor to verify that SEG grant funds had been expended in accordance with the requirements.

As such, the main objective of the audit was to determine if the funds were expended in accordance with the Integrated Plan and the Grant Award Notification.

The audit was conducted pursuant to Title 55, Chapter 5 of the FSM Code, and in accordance with Generally Accepted Government Auditing Standards issued by the Controller General of the United States.

The audit found that funds were used for travel not authorized for SEG funding which resulted in an over-obligation of \$51,942 or 85% of the SEG Travel Budget. The trips included international destinations to the United States of America and the Republic of the Marshall Islands. The use of funds for travel that is not authorized not only creates a potential liability but diminishes the overall effectiveness of the outcomes.

The audit found that the FSM Department of Education (NDOE) used SEG Funds to pay salaries that were not authorized by the Integrated Plan's SEG Budget, while leaving other positions unfilled that were authorized.

Additionally, \$27,838 of SEG funds were spent on general operating expenses that benefitted NDOE as a whole rather than the specific programs included in the Integrated Plan.

The audit report includes recommendations that will help NDOE comply with the grant requirements and to improve, ultimately, the effectiveness of the Grant outcomes.

A copy of the draft report was provided to the grants manager of the US Department of the Interior Office of Insular Affairs and the Secretary for NDOE. The grants manager and the Secretary generally agreed to the findings and recommendations. Their responses are included as attachments to the audit report.

Respectfully yours,



Haser Hainrick
National Public Auditor

XC: Vice President
Secretary of Education, FSM National Government
Secretary of Finance and Administration, FSM National Government
Grants Manager, USDOIO/OIA

TABLE OF CONTENTS

INTRODUCTION.....1

 Background.....1

 Objective, Scope, And Methodology.....3

 Conclusion.....5

FINDINGS AND RECOMMENDATIONS.....5

 Finding 1: SEG Funds were used to pay salaries that were not included in the Integrated
 Plan SEG Budget5

 Cause and Recommendations.....6

 Finding 2: SEG funds were used for travel not authorized for SEG funding.....7

 Cause and Recommendations.....9

 Finding 3: Special Terms and Conditions in the Notification of Grant Award regarding
 travel did not specify its applicability to only one of the recipients9

 Cause and Recommendations.....10

 Finding 4: There is no assurance that OCE funds were spent in accordance with the
 Integrated Plan.....10

 Cause and Recommendations.....11

MANAGEMENT RESPONSE.....12

ONPA EVALUATION OF MANAGEMENT RESPONSE.....14

NATIONAL PUBLIC AUDITOR’S COMMENT.....15

ONPA CONTACT AND STAFF ACKNOWLEDGEMENT.....16

Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10

INTRODUCTION

Background

The Federated States of Micronesia employs a decentralized system of education. Each state is responsible for the direct provision of educational services. The National Department of Education (NDOE) provides direction and oversight and is responsible for setting standards, creating policies, and providing technical assistance that guides the delivery of educational services.

NDOE operates with three divisions: Basic Education and Accreditation, Specialized Program Services, and Vocational Education/Manpower Development. The Basic Education and Accreditation Division administers various programs related to classroom education and related topics such as teacher certification, curriculum development, textbook procurement, etc. Specialized Program Services provides services in conjunction with Special Education. As its name implies, the Division of Vocational Educational and Manpower Development is responsible for developing career opportunities and training.

NDOE is headed by the Secretary of Education who is a cabinet member, appointed by and reporting directly to the President. Each division is led by a Chief, who reports directly to the Secretary of Education. An Administrative Officer is responsible for all administrative activities of the Department and Program Managers are responsible for the programs administered by the Department.

The primary source of funding for NDOE is the Amended Compact of Free Association, *Basic Education Sector Grant* (Sector). Additionally, NDOE receives an annual *Supplemental Education Grant* (SEG) from the Department of the Interior, Office of Insular Affairs (DOI-OIA). The SEG allocates funds to each of the state departments of education, NDOE, and the College of Micronesia-FSM. The total FY 2008 SEG Grant was \$11.7 million, of which \$494,549 was allocated to NDOE.

The specific requirements governing the Sector and SEG funds are bundled as one plan contained in a document called the “Integrated Plan” (Plan). The Integrated Plan specifies seven existing DOE programs to be funded by the Sector and SEG. Additional requirements governing the use of SEG funds are established in the Grant Award Notification document.

Table 1 below lists each of the seven programs, and its purpose.

**Office of the National Public Auditor
 Audit of FSM Supplemental Education Grant
 Audit No. 2010-10**

Table 1

Program and Purpose

Program	Purpose
Administration & Program Support Services Unit	To coordinate the internal affairs of the department and work closely with every program components to ensure the allocation and delivery of services and resources to appropriate units within the department.
Bridging Gaps School Partnership Program	To identify and resolve the gaps that impede students' learning abilities and teachers' performances.
Career and Technical Education Improvement Program	Overall management and coordination of Career and Technical Education (CTE) and Skilled Manpower Development programs in the nation.
Curriculum Assessment and Research	Responsible for setting the curriculum standards and benchmarks for all the schools in the FSM.
Data Management and Information Technology	To provide education information system support for decision making, planning and reporting at the state and national levels.
FSM Teacher Development and Certification	To render services of monitoring, coordination and technical assistance to all the FSM states, through the three major components including teacher training, administration of NSTT and issuance of both certificates and diplomas for teachers.
FSM Textbook Procurement and Inventory Project	To monitor and coordinate the purchases of textbooks for all the 265 elementary and secondary schools in the FSM.

Source: The Integrated Plan

The Integrated Plan specifies the project design, cost activities, budgets and fund source (Sector, SEG, other), staffing, expected outcomes and the evaluation methods for each project or program.

Separate budgets are listed in the Integrated Plan for SEG and the Compact funds and each budget is divided into line items, one for each of the five major expense classifications used in the FSM accounting system: Personnel, Travel, Contractual, Other Consumable Expenses (OCE), and Fixed Assets.

Table 2 below lists the programs and the amount budgeted for each line item as specified by the the Integrated Plan, SEG grant (Sector and other fund sources are not included).

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

Table 2

FSM DOE SEG Budget by Program and Cost Category

Programs	Personnel	Travel	Contractual	OCE	Fixed Assets	Totals
Admin & Program Support Services Unit	\$17,731	\$10,000	\$64,000	\$6,000	-	\$97,731
Bridging Gaps School Partnership Program	\$38,862	-	-	-	\$69,000	107,862
Career and Technical Education Improvement Program	42,399	17,906	50,000	30,000	25,000	165,305
Curriculum Assessment and Research	-	-	50,000	-	-	50,000
Data Mgmt and Info Technology	15,627	13,934	10,000	10,000	-	49,561
FSM Teacher Development and Certification	-	12,500	10,000	5,000	-	27,500
FSM Textbook Procurement and Inventory Project	17,731	5,784	-	9,000	-	32,515
TOTALS	\$132,350	\$60,124	\$184,000	\$60,000	\$94,000	\$530,474¹

Source: The Integrated Plan

The SEG Notification of Grant Award specified additional terms and conditions, including the following:

- (a) No international travel shall occur through SEG funding unless approved by the grant manager.
- (b) No vehicles may be purchased with SEG funding unless approved by the grant manager.

Objective, Scope and Methodology

Objective: The audit was conducted at the request of the Chairman, Committee on Ways and Means of the FSM Congress who asked the Public Auditor to verify that SEG grant funds had been expended in accordance with the requirements. As such, the audit objective was to determine if the funds were expended in accordance with the Integrated Plan and the Grant Award Notification.

Scope: The audit scope included expenditures incurred by NDOE funded by the SEG during fiscal year 2009 from October 01, 2008 to September 30, 2009 and through March 2010. The review was conducted pursuant to Title 55 FSMC Chapter 5, which states in part:

¹ The Integrated Plan which included the budget of \$530K was approved but the final award was reduced to \$494K.

Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10

“...the Public Auditor shall inspect and audit transactions, accounts, books, and other financial records of every branch, department, office, and agency, board, of the National Government and of other public legal entities, including, but not limited to, States, subdivisions thereof, and nonprofit organizations receiving public funds from the National Government...” , and;

“...The Public Auditor shall have the discretion to perform audits...”

Methodology: Audit procedures were designed as follows.

To determine compliance with the requirements of the Integrated Plan applying to SEG NDOE and the SEG Notification of Award, the audit team:

- Obtained from the Department of Finance the NDOE expenditures funded by SEG and traced the dollar amount and supporting documentation to the programs, activities and amounts specified in the requirements.
- Interviewed staff regarding responsibilities and reviewed Personnel Action Forms to determine if the functions performed were for the job functions, programs, activities and amounts specified in the requirements.
- Reviewed all expenditures funded by SEG including supporting documentation:
 - To determine if vehicles, disallowed by the SEG Notification of Award, had been purchased.
 - To determine if contractual and OCE expenditures were for the programs and activities specified in the Integrated Plan and the SEG.
- Reviewed all travel expenditures funded by SEG along with the associated supporting documentation to determine if travel was compliant with the requirements.

We conducted our fieldwork at the NDOE, FSM Department of Finance and Administration and at the Division of Treasury.

The audit was conducted in accordance with Generally Accepted Government Auditing Standards issued by the U.S. Government Accountability Office on July 27, 2007. Those standards require that we plan and perform the audit to obtain sufficient and 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 recommendations.

Prior Audit Coverage: This is the first audit conducted by the Office of the National Public Auditor of SEG. We reviewed the single audit reports for fiscal years 2008 and 2009 and found no findings related to our audit objective.

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

CONCLUSION

We concluded that NDOE did not fully comply with the Integrated Plan pertaining to SEG. While most expenditures were made in accordance with the Integrated Plan, in some instances NDOE deviated without permission from the Grant Manager. The findings discussed on the following pages provide the details of these instances of non-compliance.

FINDINGS AND RECOMMENDATIONS

Finding 1: SEG Funds were used to pay salaries that were not included in the Integrated Plan SEG Budget.

The Integrated Plan specified exactly which positions could be funded through the SEG Grant. The positions authorized for funding using the SEG are listed in Table 3 below.

**Table 3:
Positions to be funded through SEG Grant, and Status**

DOE Program	Positions	Status
Administrative & Program Support Services Unit	<ul style="list-style-type: none"> • Administrative Officer • Specialist, Program Budget Management & Operation • Executive Secretary (New) • Community/Education Liaison Officer/PIO/PR 	<ul style="list-style-type: none"> • Hired • Hired • Not Hired • Hired
Bridging Gaps School Partnership Project	<ul style="list-style-type: none"> • Three Education Specialists – State Level • One Education Specialist – National Level 	<ul style="list-style-type: none"> • Hired • Hired
Career & Technical Education Improvement Program	<ul style="list-style-type: none"> • Chief • Specialist, CTE Curriculum (New) • Counselor, Career Guidance (New) • Secretary 	<ul style="list-style-type: none"> • Not Hired • Hired • Not Hired • Not Hired
Data Management & Information Technology (NDOE Computer Network)	<ul style="list-style-type: none"> • Specialist, Information Communication Technology (ICT) • Specialist, Data Management & Information Technology 	<ul style="list-style-type: none"> • Hired • Hired
FSM Textbook Procurement & Inventory Project	<ul style="list-style-type: none"> • Specialist, School Textbook Procurement and Inventory • Specialist, Budget management, Administrative & Program Support Services 	<ul style="list-style-type: none"> • Hired • Hired

Source: NDOE Integrated Education Sector FY2009 & SEG FY2008 Program Plan and Staff Interviews

Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10

The audit team found that NDOE used the SEG funds to hire two individuals for positions that were not included in the Integrated Plan. Specifically:

- An Administrative Clerk in the main office was hired and paid using SEG funds designated for other positions.
- An Executive Secretary was hired under the Division of Basic Education and Accreditation and using SEG funds designated for other positions.

The audit team also found that the salary for the Program Manager for the Early Childhood & Elementary (ECE) Education Program was not authorized by the SEG grant. It was authorized by the Education Sector Grant. However, salary payments were made using SEG funds.

During the 18-month grant period, the Clerk will be paid approximately \$9,200, the Executive Secretary will be paid approximately \$14,400, and the program manager will be paid approximately \$21,300 from the SEG grant. The expenditures could be determined as questioned cost in a financial A-133 Single Audit and as such, is a potential fiscal liability to the Department.

Use of SEG funds to pay for positions not authorized for SEG funds result in fund shortages to pay for the 3 authorized but unfilled, positions in Table 3 above.

Cause and Recommendations

The Administrative Clerk and the Executive Secretary were employed by NDOE at the time the grant was awarded. Their salaries had been financed through grants from the Job Training Partnership Act (JTPA) and the Workforce Investment Act (WIA). Those programs were phased out and integrated as one under SEG. According to the NDOE officials, the positions should have been included in the Integrated Plan. Though the positions were not included in the Integrated Plan, the Department funded the positions with SEG funds anyway. Similarly, NDOE chose to fund the ECE Program Manager with SEG funds even though the Integrated Plan budget did not include the ECE Program Manager as a position to be funded by the SEG grant.

We recommend:

The Secretary for NDOE should recognize that the Integrated Plan is a contract between the grantor and the grantee and ensure that hiring and salary funding is done in accordance with the approved Integrated Plan, or obtain written approval from the Grant Manager to deviate from the Integrated Plan. It is the duty of the Secretary to ensure compliance.

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

Finding 2: SEG funds were used for travel not authorized for SEG funding.

The Integrated Plan specified the programs which were being authorized for travel funds using SEG funding. The travel budget is identified in Table 4 below:

**Table 4:
Programs Authorized for SEG Funded Travel**

Program	Travel Budget
Administrative & Program Support Services Unit	\$10,000
Career & Technical Education Improvement Program	17,906
Data Management & Information Technology (NDOE Computer Network)	13,934
FSM Teacher Development & Certification	12,500
FSM Textbook Procurement & Inventory Project	5,784
Total Per Integrated Plan	\$60,124²

Source: Integrated Plan

A review of SEG travel expenditure documents identified eleven trips totaling \$41,395.61 that were funded using the SEG grant, but were not authorized in the Integrated Plan's SEG Budget.

Table 5 below provides details of the trips taken:

**Table 5:
Travel Not Authorized For SEG Funding**

Destination	Amount	Dates	Purpose	In Authorized SEG Travel Budget?
Pni/Ckk 4 days/ Gum 1 day/ Houston & San Antonio 4 days/ Houston/HNL(3days)	\$6,509.71	3/1/10 to 3/12/10	To do an accreditation visit to project schools and attend the Association for Supervision and Curriculum Development in San Antonio Houston.	No
Pni/Ckk 8 days/ Gum 1 day/ Houston & San Antonio 4 days/ Houston/HNL(3days)	\$6,755.71	2/20/10 to 3/12/10	To do an accreditation visit to project schools and attend the Association for Supervision and Curriculum Development in San Antonio Houston.	No
Kos/Ckk 6 days/ Gum 1 day/ Houston & San Antonio 4 days/ Houston/HNL(3days)	\$6,501.72	2/27/10 to 3/12/10	To do an accreditation visit to project schools and attend the Association for Supervision and Curriculum Development in San Antonio Houston.	No
PNI/Honolulu (8 days)	\$730.00	10/19/09 to	To participate in the (PCIC) Pacific Curriculum and Instruction	No

² Actual Allotment was \$61,000

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

Destination	Amount	Dates	Purpose	In Authorized SEG Travel Budget?
		10/26/09	Consortium in Honolulu	
Pohnpei/Guam (6 days)	\$2,367.58	11/10/09 to 11/15/09	To attend the Building Capacity for Regional Assessment Tools and Lessons for Successful Accreditation in Guam	No
Pohnpei/Guam (6 days)	\$2,042.58	11/10/09 to 11/15/09	To attend the Building Capacity for Regional Assessment Tools and Lessons for Successful Accreditation in Guam	No
Kosrae/Honolulu (8 days)	\$3,990.29	12/04/09 to 12/11/09	To attend a PREL Assessment Workshop in Honolulu	No
Kosrae/Majuro (5 days)	\$1,653.70	1/15/10 to 1/19/10	To follow through Kosrae DOE to study of the Republic of the Marshall Islands Early Childhood Education (ECE) Program in collaboration with PREL to further enhance FSM ECE Policies.	No
Yap/Pohnpei/Guam (6 days)	\$2,432.58	12/01/09 to 12/06/09	To attend the Micronesian Chief Executive Summit (MCES) in Guam	No
Pni/Yap 4 days/Guam 2 days/Chuuk 3 days	\$2,535.55	10/6/09 to 10/14/09	To follow through JEMCO Resolutions 2009 pertaining education, follow FACSSO Resolutions 2009, validates FSM Accreditation Pre-condition instruments, follow through CTE & Writing workshops, and establish pre-requisites for FSM Close-UP 2010.	No
Pohnpei/Guam 5 days/Hon/Houston 3 days/Honolulu 2 days	\$5,876.19	11/10/09 to 11/18/09	To attend the Building Capacity for Regional Assessment Tools and Lessons for successful accreditation in Guam and to coordinate the study tour of Houston High Schools that utilize Paxton and P. Curriculum.	No
Totals	\$41,395.61			

Source: Department of Finance Expenditure report and Travel Authorization documents

Additionally, SEG funds were used to pay for two trips for programs that did not have travel funds authorized per the Integrated Plan SEG fund. See Table 6 below.

**Office of the National Public Auditor
 Audit of FSM Supplemental Education Grant
 Audit No. 2010-10**

**Table 6:
 Other Travel Not-In-Compliance**

Programs	Destination	Amount	Remarks
Special Education	Chuuk	\$2,770.00	Special Education is funded through its own grant and not the SEG grant.
Bridging the Gaps	Chuuk	\$ 992.00	Integrated Plan did not budget any SEG funds for BTG travel

Source: Department of Finance Expenditure report and Travel Authorization documents

The expenditures referenced in Table 5 and 6 violate the Integrated Plan SEG Budget, and as such could become a potential liability to the Department, especially if determined to be a questioned cost by the annual Single Audit.

The trips referenced in Table 5 and 6 above consumed 74% of the travel budget provided by the SEG grant.

As a result:

- NDOE has over obligated its available SEG travel budget by approximately -\$51,942 or -85%³ and,
- It is unclear as to how NDOE will finance the trips not yet taken, but specified in the Integrated Plan.

Cause and Recommendation

NDOE officials reported that department practice is to use SEG grant monies to fund core activities when no other budget was available for the activities.

We recommend:

The Secretary for NDOE only approves travel that is authorized for SEG funding as specified in the Integrated Plan. If deviations are necessary, then written approval must be obtained from the Grant Manager.

Finding 3: Special Terms and Conditions in the Notification of Grant Award regarding travel did not specify its applicability to only one of the recipients.

Generally accepted practice requires that terms and conditions should be explicitly stated in the grant to ensure proper compliance with the bilateral agreements.

³ Encumbrance (\$56,366.73) plus expenditure (-\$109.28 + \$56,684.72) divided by the travel budget of \$61,000

Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10

We noted that the requirement (see below) for travel did not specify its applicability to only one recipient, Chuuk State.

“No international travel shall occur through SEG funding unless approved by the grant manager.”

Cause and Recommendations

When the applicability of the condition was inquired of the grant manager, the manager clarified that the condition is applicable to Chuuk State only. The lack of specifics as to applicability to only one recipient creates confusion and misunderstanding.

We Recommend:

1. The grant manager’s review of the notifications of grant award prior to execution should ensure terms and conditions are clear and consistent with all intents and purposes. In the event that the grant terms and conditions are not consistent with all intents and purposes following execution, then an amendment should be processed and executed.
2. The (NDOE) Secretary’s review of the notifications of grant award prior to execution should ensure terms and conditions are clear and consistent with all intents and purposes. In the event that the grant terms and conditions are not consistent with all intents and purposes following execution, then the Secretary should contact the grant manager to determine if an amendment should be processed and executed

Finding 4: There is no assurance that OCE funds were spent in accordance with the Integrated Plan

The audit revealed that there is no system in place to track NDOE OCE expenditures by program. While OCE funds were used for items that are correctly classified as OCE, the usage of items purchased by program(s) was / were not recorded. For example, \$1,000 of OCE funds was used to purchase twenty five \$20 and fifty \$10 Telecards. There is no documentation as to whom the cards were distributed, or the program. Similarly, purchase of many items such as ink cartridges and paper are most likely used by the entire department and not just those programs funded by the SEG grant.

At least \$27,838 of SEG funds were spent on general operating expenses that benefitted NDOE as a whole rather than the specific programs included in the Integrated Plan. For example, \$2,000 from the SEG budget for OCE was spent on gasoline and \$4,896 on Cash-Power. Table 7 below details the general operating expenses paid with SEG OCE funds.

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

**Table 7:
General Operating Expenses**

Account	Description	Amount
Communication	Payment of telephone bills	\$14,304
Expendable Equipment/furniture	Equipment	1,698
POL	Purchases of gasoline	2,000
Rental Services	Office space rental, Car rental and Post Office box rental	4,250
Repair and Maintenance	Vehicle repairs	690
Utilities	Payment for electricity	4,896
Total		\$ 27,838

Source: Department of Finance Expenditure report

As discussed above, all purchases reviewed by the audit team were appropriately classified as OCE and were for items that appeared reasonable. However, because the SEG grant allocated OCE funds for some of the programs but not others, the NDOE should have a method of documenting that funds were spent according to the Integrated Plan.

Cause and Recommendations

NDOE has not developed a methodology to allocate general expense items.

We recommend:

The NDOE develop a procedure to record usage of material items that are traceable. For example, a log could be implemented to track usage of telecards. For service items, for example Cash-Power electricity, the expenditures should be associated with a cost-driver. Programs that use assets that consume large amounts of electricity should be charged more for electricity than other programs requiring minimal amounts of electricity. Documentation of implementing a rational methodology for tracking or allocating general expense will demonstrate a good faith effort to comply with the Integrated Plan requirements for OCE.

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

MANAGEMENT RESPONSE

A. U.S. Department of Interior Office of Insular Affairs



United States Department of the Interior
OFFICE OF INSULAR AFFAIRS
1849 C Street, N.W.
Washington, DC 20240



Deputy Assistant Secretary

September 22, 2010

Audit Response

On behalf of the Office of Insular Affairs, I congratulate the National Public Auditor for a thorough audit of the National Department of Education (NDOE) use of Supplemental Education Grant (SEG) funding during FY 2009. As a new Department, Education can only benefit from close initial scrutiny of its fiscal operations. I am also pleased to comment on Finding 3, which relates to the lack of specificity in grant conditionality on travel. The issue is of broader concern than applicability to the NDOE, as the matter applies to SEG supported travel for all grant recipients.

OIA agrees with the recommendation that grant terms and conditions be clear and consistent with all intents and purposes. In operational terms, therefore, a condition that applies to one State only must be so stated on grant award documents. OIA accepts that the condition placed on international travel was inadequately stated as it did not limit the condition to Chuuk State. The condition was directed to rectifying past abuses of travel funds in Chuuk. OIA acknowledges, however, that the grant condition reads as applicable to all recipients.

OIA further agrees that the NDOE should review grant conditions and to clarify conditions. While the Auditor report correctly notes that misunderstandings should be settled through an amendment, OIA will endeavor to clarify any forthcoming grant conditions with recipient agencies prior to award.

OIA also expresses its thanks to the Auditor for its recommendation on Finding 2, specifically, that Secretary of NDOE secure written approval from the grant manager when travel spending exceeds the amount authorized in the integrated Plan. The Auditor's finding is consistent with regulations set for the in the Fiscal Procedures Agreement and is a matter that the NDOE must attend to.

Respectfully,

Tim Donahue

Education Specialist/Grants Manager

Office of Insular Affairs

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

B. Secretary for the FSM Department of Education



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September 28, 2010

Mr. Haser H. Hainrick
National Public Auditor
FSM National Government
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Dear Mr. Hainrick:

FSM Department of Education acknowledged the receipt of your draft audit report along with its findings and recommendation to resolve the audit findings. Accordingly, the report cited four findings which were incorporated in the audit report. Although, we agree in principle your findings we also bound by the merit of NDOE Integrated Budget which outlines activities that compromised the use of both SEG and ESG funds that budget the entire plan.

SEG (Supplemental Education Grant) is not a standalone fund neither does it fund activities of its own but it share cost with Education Sector Grant to fund the core activities of the Department and as such we maintained that utilization of the SEG fund is flexible only to accommodate any short fall in funding for which such activity shared costs.

We have taken into consideration the recommended corrective action plan that would eventually improve the areas in question per findings 1-4. Thus, I have assigned the Quality Control unit a newly established taskforce headed by NDOE Development Officer with two working staff, the Administrative Officer and Financial Management Specialist to undertake this assignment and workout plans to address all the indicated citations essentially to make room for improvement and to comply with the audit recommendation.

As we embark on a new budget cycle, we wish to employ all the recommended corrective action plans to improve on them and to ensure that all activities funded out of Supplemental Education Grant are in line with the intended purpose and is in compliance with the Integrated Budget (Plan).

In reciprocation, I wish to thank your staff for all the hard work that brought us to the realization of improving and updating the areas as cited per your audit report.

Thank you,


Casiano Shonber
Secretary, National Department of Education

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

ONPA EVALUATION OF MANAGEMENT RESPONSE

The Education Specialist/Grants Manager and the Secretary for the National Department of Education agreed with all the audit findings and recommendations

NATIONAL PUBLIC AUDITOR'S COMMENTS

We would like to thank management and staff of the NDOE for their assistance and cooperation during the course of our audit.

The ONPA may perform a follow-up review within the next 9-12 months to ensure that NDOE has taken corrective measures to address the findings and recommendations provided in this report.

In conformance with government auditing standards, we provided a copy of the draft report to the Secretary of the NDOE and the grant manager to provide a response to the audit.



Haser H. Hainrick
National Public Auditor

September 29, 2010

**Office of the National Public Auditor
Audit of FSM Supplemental Education Grant
Audit No. 2010-10**

ONPA CONTACT AND STAFF ACKNOWLEDGEMENT

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ACKNOWLEDGEMENTS

In addition to the contact named above, the following staff made key contributions to this report:

Ron Sufficool, CPA,CISA,CIA,CFE,CMA, Audit Manager
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Eric Spivak, CIA, CGAP, Audit Manager (Until 07/16/10)
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