

OFFICE OF THE NATIONAL PUBLIC AUDITOR
FEDERATED STATES OF MICRONESIA

**PREPAID TEL-CARD PURCHASES: HIGHLY SUSCEPTIBLE TO ABSUSE AND
MISUSE DUE TO LACK OF EFFECTIVE CONTROLS**

**FISCAL YEARS 2014 and 2015
REPORT NO. 2016-05**



Haser H. Hainrick
National Public Auditor



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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August 23, 2016

Excellency Peter M. Christian, President
Honorable Members of the FSM Congress

RE: Audit of the FSM Prepaid Tel-Card Purchases

We conducted an audit of the government's expenditures on prepaid tel-card purchases because of concerns raised that some users were misusing and abusing the use of prepaid tel-cards. We reviewed the FYs 2014 and 2015 prepaid tel-card purchases for some of the departments with high expenditures on prepaid tel-cards.

We found that there were no written policies and guidelines to govern the purchase and use of prepaid tel-cards. Consequently, the key controls over the separation of duties by key officials/staff within the departments/offices were not established; records to track and monitor the accountability for prepaid tel-cards were not maintained; card usage was not reviewed; and other low cost and effective long distance calling options were not utilized as a matter of policy. Additionally, we found that purchases of prepaid tel-cards by some departments were excessive and loads were shared among department staff without approval.

We recommend that the Secretary of the Department of Finance and Administration should promulgate policies and procedures to provide effective controls concerning prepaid tel-cards. The other key elements of this policy and guidelines are outlined in the report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "H. Hainrick", is written over a light blue circular stamp.

Haser Hainrick
National Public Auditor

Xc: Vice President
Secretary, Department of Finance & Administration

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INTRODUCTION

Background

This audit was conducted due to concerns raised regarding weak controls involving the purchase and use of prepaid calling cards (Tel-cards) that could expose the government paid cards to possible fraud, misuse and abuse.

It has been a practice in the Federated States of Micronesia (FSM) National Government to provide FSM prepaid Tel-cards to employees who are performing activities for programs funded by grants. Supposedly, the prepaid Tel-cards are bought for authorized employees to have cost-effective means of making official calls.

What is a Prepaid Telephone (Tel-card)?

- It is a credit-card-size plastic card that can be used to pay for telephone and/or internet access services;
- It is a stored-value prepaid calling card that can be used on any cellular phone within FSM;
- It can be used to make local, regional, mobile, international calls and refill loads to cell phones;
- It can be used to access email account or internet;
- Each time the card is used, the remaining credit will be reduced correspondingly by the charges incurred;
- The card balance can be transferred or shared to anybody e.g., family members, friends and relatives; and,
- It is available at the FSM-wide Telecommunications Corporation (Telecom) and authorized local business outlets.

Types of Tel-Cards

- *Regular Tel-Card* - It is available in cards that have face value of \$5, \$10, and \$20. This type of card cannot be refilled and has expiry. Once the card expires (180 days after activation), its stored-value balance is zeroed out.
- *Premium Tel-Card* - This type of card can be refilled when the balance is used up. It is available at a minimum stored-value of \$50. An FSM National Government cardholder can request a refill through the preparation and approval of Miscellaneous Request forms (MR). The Telecom refills cards electronically based on the amounts requested and paid. The premium Tel-card has no expiry.

Call History

The call history and current balance of a prepaid Tel-card can be checked through Telecom's Customer Service website. In order to access the detail calls made on a card, the cardholder needs to enter the card number, scratch number and the year in the Telecom's card history site ([http://wifirefresh.telecom.fm/card history/cardhistory.php](http://wifirefresh.telecom.fm/card%20history/cardhistory.php)). Upon entering the card number, the scratch number and the year, the call history records could reveal a listing of calls or charges made on that card. Without the card number and scratch number, one cannot access the call history report.

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Procedures for the Purchase of Prepaid Tel-Cards

Purchase Requests for prepaid regular and premium Tel-cards are processed through Miscellaneous Request forms (MS). The MS is prepared by the requesting department with the account to be charged, it is signed by the requester and approved by the concerned Head of Department/Office. The MS is submitted to Department of Finance and Administration for fund certification and processing of payment. All payments are made payable to FSM Telecom Corporation.

Payments are picked up from the FSM National Treasury by the requesting department and hand-delivered to Telecom. Upon the delivery of the payment, including the delivery of the copy of the approved MS, the Tel-cards are released to the person delivering the payment.

An FSM Telecom sales invoice that listed the value of cards purchased is signed by the person who picked up the cards. However, we noted that card numbers are not specified in the invoice. The Administrative Officer at the FSM departments distributes the cards but neither log sheet of the prepaid cards is maintained nor is pre-numbered distribution form used for control purposes and to identify the recipients of the cards.

National Government Expenditures on Prepaid Tel-Cards

Table A below shows the expenditures incurred by the National Government for prepaid calling cards for fiscal years 2014 and 2015. The breakdown of the expenditures by department is shown under Appendices B (FY2014) and C (FY2015). From the appendix, it should be noted that among the departments, the Department of Health Services incurred the highest expenditures on prepaid Tel-cards.

Table A			
Prepaid Calling Cards Expenditures Report			
Fiscal Years 2014 & 2015			
Fiscal Year	General Fund	Other Sources	Total
2014	\$ 49,861.00	\$ 28,643.00	\$ 78,504.00
2015	57,089.60	30,483.00	87,572.60
Total	\$ 106,950.60	\$ 59,126.00	\$ 166,076.60

Source: National Government Expenditures Report

Refer to Appendices B and C for the detailed departmental Tel-card expenditures.

Objective, Scope and Methodology

Objective

The objective of this audit was to determine whether the FSM Department of Finance and Administration and the concerned departments/offices have established and implemented an effective

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system to provide controls on the purchase and use of prepaid calling cards and to safeguard them from loss and abuse.

Scope

The audit scope included the Tel-card expenditures incurred by the National Government for fiscal years 2014 and 2015.

Our audit fieldwork was conducted at the FSM Department of Finance and Administration, Department of Resources and Development, Department of Health Services and Department of Foreign Affairs in Palikir, Pohnpei.

We conducted this audit pursuant to the authority vested in the Public Auditor as codified under Chapter 5, Title 55 of the FSM Code, which states in part:

“The Public Auditor shall inspect and audit transactions, accounts, books, and other financial records of every branch, department, office, agency, board, commission, bureau, and statutory authority 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.”

Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The audit procedures included obtaining an understanding and assessing the existing controls over the purchase of prepaid Tel-cards; reviewing the best practice pertaining to the control of prepaid telephone cards; interviewing the departments/offices’ management and staff responsible for administering the Tel-cards; interviewing the Telecom representatives to obtain an understanding of the services provided and the internal telephone records or information related to prepaid Tel-card; and reviewing and analyzing the related usage reports for a sample of premium cards.

Prior Audit Coverage

This is the first audit of the prepaid Tel-card purchases conducted by the Office of the National Public Auditor. We reviewed the single audit reports for fiscal years 2014 and 2015 and found no findings related to our objective.

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Conclusion

Based on our audit, we conclude that the FSM Department of Finance and Administration and the concerned departments did not establish and implement an effective system to provide controls on the purchase and use of prepaid calling cards and safeguard them from loss and abuse. Records were not maintained to provide accountability for the prepaid calling cards, and related calls were not reviewed to ensure that calling cards were not used for personal purposes.

As a result, funds for purchasing the prepaid cards were exposed to increased risks of fraud, abuse and misuse.

Our audit disclosed some key internal control weaknesses as follows;

- Absence of written policies and procedures governing the purchase and use of prepaid telephone cards
- Excessive purchases of prepaid calling cards
- Prepaid calling cards were used to share loads

The findings and recommendations are discussed in detail in the following pages.

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FINDINGS AND RECOMMENDATIONS

Finding No 1: Absence of Written Policies and Procedures Governing the Purchase and Use of Prepaid Telephone Cards

Prudent government practices require that there should be written policies and procedures to govern the purchase, use and accountability for vulnerable items e.g. prepaid calling cards, to safeguard and prevent fraud, abuse, and misuse of funds over these items.

We found that there were no written processes and procedures to govern the purchase and use of prepaid telephone cards. We observed the following conditions that demonstrated the lack of controls over those items.

- Separation of Duties Not Implemented to Control the Processing of Prepaid Calling Cards- The principle of segregation of duties requires that activities should be performed by more than one person to prevent fraud, misuse, and error. These activities include transactions initiation, authorization or approval, accounting, reconciliation and custody of inventory. However, we observed that, in the case of bulk purchases of prepaid Tel-cards, the control activities regarding the receipt, custody and distribution of prepaid Tel-cards were all performed by one person - the Administration Officer at the departments.
- Records Not Maintained to Track and Monitor the Accountability for Prepaid Calling Cards- We reviewed three departments with the highest tel-card expenditures in fiscal years 2014 (\$78,504) and 2015 (\$87,572.60). We noted that except for one program that maintained an incomplete log sheet for Tel-cards, two other departments did not maintain records that would provide information on the quantity received, issued and inventory balance.

Furthermore, there was no record that would provide detailed information on purchased prepaid Tel-card like the distribution date, card control number, name of card holder, face value, purpose and other necessary information to track and monitor the accountability for the prepaid Tel-cards. Lastly, there was no periodic inventory count to reconcile records with actual inventory and there has been no accounting and investigation of any missing prepaid Tel-cards.

- Absence of Review of Prepaid Calling Cards Usage- The Departments have not been performing a review of prepaid calling card expenditures by user to ensure that the related costs are necessary and reasonable. Refer to Finding 2 for further discussion of this issue.
- Other Low Cost But Effective Calling Options Not Required to be Explored as a Matter of Policy- It was not clear whether employees were encouraged to explore instant messaging applications that are available for free download to mobile phones and take advantage of free phone calls and text messages. The examples of these applications are facebook messenger, viber, skype, yahoo

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messenger, and others. These mobile applications could effectively promote lower cost of calling other parties. Refer to Finding 3 for further discussion of the issue.

The absence of control policies and procedures exposed the payments of prepaid Tel-cards to the increased risk of fraud, misuse and abuse.

Cause and Recommendations

The concerned Department Heads did not initiate and make it a priority to implement the necessary controls governing the purchase and use of prepaid calling cards.

Since the issue is central to all the departments in the national government, there should be standard policies and procedures governing the purchase and control of prepaid calling cards to promote consistent application of the policy.

We recommend that the Secretary of the Department of Finance and Administration should develop and implement policies and procedures to control the purchase and use of prepaid calling cards. Such policies and procedures, among others, should include the following:

- Type of cards that can be purchased;
- Authorized uses of calling cards;
- Personnel lists of those authorized to approve specific usage;
- Card issuance, and/or distribution;
- Storing unissued cards in a locked cabinet or safe;
- Card returns, and collection;
- Monthly detailed calls report (per calling card) to be obtained from the service provider (FSM Telecom Corporation);
- Monthly usage monitors and reviews guideline including monthly supervisory review of usage by a designated person in each department;
- Card tracking, inventory count and reconciliation;
- Maintenance of complete records of purchases, given away, and issued to employees.

Finding No 2: Excessive Purchases of Prepaid Calling Cards

Prudent practices dictate that purchases of prepaid calling cards should be limited to a reasonable amount to ensure that government resources are protected from fraud, waste and mismanagement.

We found that various departments had purchased prepaid calling cards that appeared to be excessive. There was no basis whether the quantity of prepaid calling cards to be purchased were established based on the needs of a department. Refer Appendix A for the examples of excessive purchases of cards.

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Allowing excessive purchases of prepaid cards without proper determination of the needs have increased the risks of fraud, abuse and misuse of funds spent for prepaid calling cards. In fact, card holders had abused their authority when the prepaid calling cards were used to refill or share loads. In addition, some of these prepaid cards were wasted because they were allowed to expire. We found 59 unused nonrefundable and nonreturnable prepaid calling cards with face value of \$5/card or a total value of \$310 that had expired.

Cause and Recommendation

The Department Heads did not establish the appropriate amounts of calling cards that should be approved as a reasonable consumption of an individual for a given period.

We recommend that the policies and procedures to be developed for the use of calling cards should establish a limit of the amount for the approval of prepaid calling cards considering that there are other cost-effective calling options as discussed in Finding 1.

Finding No 3: Prepaid Calling Cards Were Used to Share Loads

Prudent practices require that effective policies and procedures must be in place to ensure that government prepaid tel-cards/calling cards are safeguarded and used appropriately for official business purposes.

We found that management authorizations for using calling cards were not documented. We were informed that approvals were verbal and sometimes by emails but not filed. We also found that calling cards were not safeguarded from expiry, were used for inappropriate purposes like sharing loads and that calls made were unaccounted. For example,

1. Prepaid Calling Cards Were Used to Share Load Values to Other Cell Phones - Our review of call history reports from the service provider (Telecom) for some prepaid cards disclosed that Tel-cards were shared or used to refill other cell phones. Furthermore, we found that the activities pertaining to sharing of loads and accessing the internet were done after the working hours. For example,
 - We reviewed a total of seven calling cards totaling \$ 1,477. We found that five cards balances totaling \$1,300 were transferred or shared to other cell phones e.g., employees, family members, friends and relatives by using SMS cell phone refill or sending text message to number 211 and three cards in the amount of \$177.00 was use for accessing internet.
 - Telcard # 00368002 incurred total cell charges of \$ 265.00. Of this amount \$100 (38%) was incurred after office working hours;
 - Telcard # 02531047 incurred total cell charges of \$300. Of this amount \$60 was incurred after office working hours;
 - Telcard #2528776 incurred total cell charges of \$325.25. Of this amount, \$75.38 was incurred after office working hours.

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2. Unaccounted Calls – During our review, we were provided with a copy of a log sheet that records the card number, date, cardholder and purpose. We noted that from a total of twenty eight (28) examined, twelve (12) prepaid tel-cards were issued to employees on official travel. Three (3) was used to refill cells, and ten (9) cards were not provided with purpose of usage. However, because employees were not required to provide detailed call information, there is no way of knowing whether the calls made were official or personal.

We also noted that other departments allowed employees to purchase their own prepaid te-cards while on official travel and get reimbursement. For these purchased calling cards, there was also no requirement to provide and review detailed calls.

3. Calling Cards Given as Gifts –During interview, one manager stated that it is difficult to keep track of calling card usage because oftentimes calling cards were given to employees as gifts or incentives to attend workshops or trainings.

Sharing of balance and using prepaid calling cards after office hours without authority have increased the risks of fraud, abuse and misuse of funds for the cards. However, the management may not be aware of or be able to prevent them.

Cause and Recommendation

The concerned Department Heads did not initiate and make it a priority to implement controls governing the purchase and use of prepaid calling cards.

We recommend that the Secretary of the Department of Finance and Administration should develop and implement policies and procedures to control the purchase and use of prepaid calling cards. These controls should include management authorization and review of reports on actual use of prepaid calling cards.

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APPENDICES

Appendix A: Excessive Purchases of Prepaid Calling Cards

Date	QUANTITY	Amount	check#	Position
Department of Health Services				
1/6/2014	\$20/5,\$500/2	\$ 1,100.00	865329	Financial Specialist
4/21/2015	\$100/5,\$250/2,\$500/2	2,000.00	883649	Financial Specialist
Sub-total		\$ 3,100.00		
2/26/2014	\$10/30,\$20/25,\$500/1,\$200/1	\$ 1,500.00	867781	Financial Specialist
3/26/2015	\$20/10,\$300/1,\$500/1	\$ 1,000.00	881454	Financial Specialist
Sub-total		\$ 2,500.00		
10/12/2015	\$50/10,\$100/10,\$300/1,\$500/1	\$ 2,300.00	891517	Gender Dev. Officer
5/1/2015	\$50/6	\$ 300.00	884073	Program Manager
10/7/2015	\$5/1,\$10/1,\$50/6,\$100/1	415.00	891083	Program Manager
Sub-total		\$ 715.00		
1/9/2014	\$20/10	\$ 200.00	865946	Financial Specialist
4/22/2014	\$20/5	100.00	869497	Financial Specialist
11/12/2014	\$20/10	200.00	876858	Financial Specialist
Sub-total		\$ 500.00		
2/2/2015	\$500/1	\$ 500.00	879644	Admin Assistant I
4/10/2015	\$500/1	500.00	#20156	Admin Assistant I
11/17/2015	\$500/1	500.00	892593	Admin Assistant I
Sub-total		\$ 1,500.00		
10/21/2014	\$10/6	\$ 60.00	876085	Program Assistance
1/26/2015	\$250/2	500.00	880024	Program Assistance
12/19/2013	\$10/8,\$100/3	380.00	864817	Program Assistance
Sub-total		\$ 940.00		
4/15/2015	\$100/1	\$ 100.00	881226	Admin Assistant I
4/15/2015	\$800/1	800.00	881182	Admin Assistant I
11/2/2015	\$20/5,\$100/1,\$400/1	600.00	892597	Admin Assistant I
Sub-total		\$ 1,500.00		

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Date	QUANTITY	Amount	check#	Position
4/8/2015	\$100/2	200.00	882992	Data Specialist
5/22/2015	\$100/2	200.00	884804	Data Specialist
10/24/2015	\$200/3	600.00	889250	Data Specialist
10/27/2015	\$100/2	200.00	889401	Data Specialist
5/22/2015	\$100/2	200.00	884804	Data Specialist
Sub-total		\$ 1,400.00		
1/21/2015	\$1000/1	\$ 1,000.00	881294	Secretary
8/26/14	20/10	200.00	873177	Admin Assistant I
4/11/2014	\$500/1	500.00	868630	Nat'l Food Inspector
1/28/2015	\$200/1	200.00	878101	Gender Dev. Officer
10/4/2013	\$5/100	500.00	20143	Admin Assistant I
3/10/2015	\$200/1	200.00	881582	Data Specialist
5/7/15	\$10/6	60.00	245189	Admin Assistant I
5/5/2015	\$500/1	500.00	883688	Fiscal Mgmt. Specialist
1/13/2016	\$500/1	500.00	894801	Data Specialist
Subtotal		3,660.00		
Total		\$ 18,115.00		
Department of Foreign Affairs				
10/11/2013	\$5/100,10/100,20/75	3,000.00	862180	Executive Secretary
5/12/14	\$10/10,\$20/40	900.00	869459	Executive Secretary
7/15/14	\$5/100,10/100,20/75	3,000.00	872966	Executive Secretary
8/26/2014	\$20/10	200.00	873177	Executive Secretary
1/13/15	\$5/52,\$10/100,\$20/87	3,000.00	879391	Executive Secretary
6/16/15	\$5/100,10/100,20/75	3,000.00	885662	Executive Secretary
Total		\$13,100.00		
Department of Resources and Development				
1/7/14	\$20/10	200.00	865607	Executive Secretary
6/25/14	\$20/15	300.00	871682	Executive Secretary
7/2/14	\$20/15	300.00	871923	Executive Secretary
9/17/14	\$20/25	500.00	875056	Executive Secretary

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Date	QUANTITY	Amount	check#	Position
9/17/14	\$10/30	300.00	875027	Executive Secretary
1/8/15	\$20/30	600.00	879350	Executive Secretary
3/12/15	\$20/15	300.00	882082	Executive Secretary
3/12/15	\$20/15	300.00	882082	Executive Secretary
3/30/15	\$20/15	300.00	882772	Executive Secretary
Sub-total		\$3,100.00		
2/4/14	\$5/10, \$10/5, \$20/5, \$100/1	300.00	867483	Assistant Secretary
9/10/14	\$10/10, \$20/10	300.00	874541	Assistant Secretary
Sub-total		\$ 600.00		
5/21/14	\$10/30	300.00	870439	Program Manager
12/17/14	\$10/10, \$20/10	300.00	878322	Program Manager
Sub-total		\$ 600.00		
1/20/15	\$300/1	300.00	880367	Dep. Asst.Secretary
4/21/15	\$300/1	300.00	883576	Dep. Asst. Secretary
6/29/15	\$300/1	300.00	886031	Dep. Asst. Secretary
Sub-total		\$ 900.00		
8/24/15	\$20/15	300.00	888742	Unknown
12/30/15	\$300/1	300.00	894649	Unknown
Subtotal		\$ 600.00		
TOTAL		\$ 5,800.00		

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APPENDIX B: FY 2015 Prepaid Tel-Card Expenditure by Departments

<i>Department/Offices</i>	<i>General Fund</i>	<i>Compt. II Fund</i>	<i>US Grants</i>	<i>Non-Us Grants</i>	<i>Observer Fund</i>	<i>CIP</i>
Congress	\$ 1,200.00					
FSM Supreme Court	\$ 100.00					
Presidents Office	\$ 5,298.00					
PIO	\$ 800.00					
Personnel	\$ 500.00					
Dept. of Foreign Affairs	\$ 6,000.00					
Public Defender	\$ 1,500.00					
Department of Justice	\$ 4,815.00					
Registrar	\$ 250.00					
National Police	\$ 500.00					
Immigration	\$ 340.00					
DOFA Admin	\$ 1,000.00					
Tax Reform	\$					\$ 400.00
Investment	\$ 1,300.00					
Treasury	\$ 2,800.00					
CTA	\$ 350.00					
Health and Social Affairs Admin	\$ 3,915.00		\$ 19,133.00			\$ 100.00
Other Health Programs	\$ 400.00		\$ 4,150.00			
SPED			\$ 1,000.00			
SBOC	\$ 1,756.20					
R&D	\$ 4,900.00			\$ 300.00		
Energy				\$ 300.00		
OEEM	\$ 2,362.40		\$ 3,600.00	\$ 200.00		
TC&I	\$ 6,400.00					
PMU	\$ 2,500.00					
Insurance Board	\$ 930.00					
NORMA	\$ 3,000.00				\$1,000.00	
N-Election	\$ 3,598.00					
Post Office	\$ 100.00					
ED#1	\$ 225.00	\$ 300.00				
COMP MGT	\$ 250.00					

<i>Expenditure on Prepaid Telcards</i>	\$ 57,089.60	\$ 300.00	\$ 27,883.00	\$ 800.00	\$ 1,000.00	\$ 500.00
<i>Total Expenditure</i>	<u>\$ 87,572.60</u>					

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APPENDIX C: FY 2014 Prepaid Tel-Card Expenditure by Departments

<i>Department/Office</i>	<i>General Fund</i>	<i>Compt.II fund</i>	<i>US Grants</i>	<i>Non-US Grants</i>	<i>Observer Fund</i>	<i>CIP</i>
Presidents Office	\$ 3,600.00					
PIO	300.00					
Personnel	700.00					
Foreign Affairs	6,900.00					
Public Defender	2,000.00					
DOJ	5,900.00					
DOFA						
Investment	1,400.00					
CTA & Treasury	900.00					800.00
Health and Social Affairs	4,261.00		22,043.00			
SBOC	4,300.00					300.00
R&D	6,900.00					
OEEM	1,400.00		2,500.00			
TC&I	5,800.00					
CDA	500.00					
Insurance Board	450.00					
NORMA	1,000.00				1,000.00	
N-Election	3,550.00					
PMU		1,400.00				
ED#1				600.00		

*Expenditure on
Prepaid cards by
fund acct.*

	\$49,861.00	\$1,400.00	\$24,543.00	\$600.00	\$1,000.00	\$1,100.00
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Total Expenditure **\$78,504.00**

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MANAGEMENT RESPONSE



[Office of the Secretary](#)

Government of the Federated States of Micronesia
Department of Finance & Administration
P.O. Box PS158 Palikir, Pohnpei FM 96941



July 15, 2016

MEMORANDUM

TO: FSM Public Auditor

FROM: Secretary of Finance & Administration *[Signature]*

SUBJECT: Audit Response on Prepaid Tel-Card purchases

[Signature]
8.18.2016

Please accept my apology for the late response. My responses will be as follows:

Finding No 1: Absence of written Policies and procedures governing the purchase and use of Prepaid Telephone Cards.

Auditee Response: I concurred the finding and we are working on one that will distribute soon.

Finding No 2: Excessive Purchases of Prepaid Calling Cards

Auditee Response: I again concurred with the finding, however, with the issuance of the written Policies and Procedures, I believe there will be control over that. I will also request the assistance of the Department Head to manage their expenses and monitor such expenses.

Finding No 3: Prepaid Calling Cards were used to share loads

Auditee Response: I again concurred with the finding, however, the policies and procedures that will soon be released will include that restriction in it.

I really do appreciate your audit as it gave us awareness of our weaknesses and will try our best to ensure that policies and procedure is established to safeguard the usage of such.

Thank you,

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Office of the National Public Auditor
Prepaid Tel-Card Purchases: Highly Susceptible To Abuse and Misuse Due to Lack of
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ONPA'S EVALUATION OF MANAGEMENT RESPONSE

We requested for a management response from the Secretary of Finance and Administration. The management response generally agreed with our findings and recommendations in the report.

Office of the National Public Auditor

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NATIONAL PUBLIC AUDITOR'S COMMENTS

We would like to thank the management and staff of the concerned departments and offices at the FSM National Government for their assistance and cooperation during the course of the audit. Furthermore, we would like to thank the staff at the FSM Telecommunications Corporation for their assistance during our fieldwork.

In addition to providing copies of the final report to the President and Members of the 19th FSM Congress, we will also send copies to the Department/Office Heads of the National Government. Additionally, we will make copies available to other interested parties upon request.

If there are any questions or concerns regarding this report, please do not hesitate in contacting our Office. Contact information for the Office can be found on the last page of this report along with the National Public Auditor and the staff who made major contributions to this report.



Haser Hainrick
National Public Auditor

August 23, 2016

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ONPA CONTACT AND STAFF ACKNOWLEDGEMENTS

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