

OFFICE OF THE NATIONAL PUBLIC AUDITOR
FEDERATED STATES OF MICRONESIA

**Kosrae CFSM Funded Public Projects and Social Programs
Were Approved Without Appropriate Selection Processes**

Audit Report No. 2019 – 05



Haser H. Hainrick
National Public Auditor



FEDERATED STATES OF MICRONESIA
Office of The National Public Auditor
P.O. Box PS-05, Palikir, Pohnpei FSM 96941
Tel: (691) 320-2862/2863; Fax: (691) 320-5482;
CID Hotline: (691) 320-6768; E-mail: hhainrick@fsmopa.fm

July 26, 2019

His Excellency David W. Panuelo, President
Honorable Members of the FSM 21st Congress
Federated States of Micronesia

RE: Audit of the CFSM Funded Public Projects and Social Programs in Kosrae State

We have completed our audit of the FSM Congress appropriations for public projects and social programs in the State of Kosrae for Fiscal Years 2014 to 2017.

Between Fiscal Years 2014 and 2017 the Congress of the Federated States of Micronesia passed sixteen (16) Public Laws to appropriate funds from the General Fund to fund public projects and social programs in the four states of the Federated States of Micronesia (FSM) (referred to as CFSM public projects and social programs). The objectives of this performance audit were to determine:

- whether appropriate processes for reviewing and selecting projects were developed;
- whether project funds were expended in accordance with their intended purposes; and
- whether implementations of CFSM public projects and social programs were in accordance with laws and regulations.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS).

During our review of these projects we observed that there was no adequate review and scrutiny of projects purpose, cost, and benefits were performed by the Kosrae Congressional Delegation Office before proposed projects and project funding amounts were submitted to Congress and enacted into public law. We also observed that the Delegation Office did not coordinate or request assistance from the Kosrae State Governor's office in reviewing and selecting projects. For the most part, the State Government had little or no involvement with these projects.

Regarding management of public projects and social programs, we found out that public contracting and financial regulations were not followed, and there were insufficient controls over expenditures. In particular, the Project Control Documents, that were

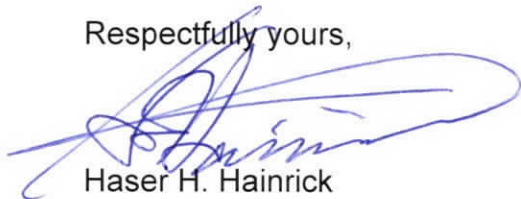
completed by the project sponsor, were not always clear, complete, or accurate, or effective as a control document.

The Department of Finance and Administration which is responsible for safeguarding public resources, failed to take necessary actions to ensure that appropriate documents were submitted when allottees were accounting for funds disbursed to them and also failed to recover public funds from allottees even where it was clear that such were used for purposes other than those described in the appropriation law.

Accordingly, the FSM National and the Kosrae State Governments have little assurance that the Congressional funded Public Projects and Social Programs in Kosrae were managed with the State's interest and priority, or compliment the State's infrastructure or development plans; be confident that the project costs were reasonable or appropriate and that financial regulations were followed.

Our findings and recommendations are described in detail in the performance audit report attached to this letter.

Respectfully yours,



Haser H. Hainrick
National Public Auditor

Xc: Vice President
Secretary, Department of Finance & Administration
Governor, Kosrae State
All Allottees
Manager, Finance Field Office in Kosrae

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1. INTRODUCTION

Complaints from government officials and citizens prompted this audit on the appropriations made by the Congress of the FSM to fund social and economic development projects in the FSM States, commonly known as public projects. The last audit on CFSM public projects covered the fiscal year 2013. Our current audit covered the four states, Pohnpei, Chuuk, Kosrae and Yap, and is for the fiscal years 2014 to 2017. This report is part of the FSM-wide audit and is in respect to CFSM public projects that were implemented in Kosrae States, while reports for those projects implemented in the other three FSM states will be issued separately.

2. Background

Between fiscal years 2014 and 2017, the Congress of the Federated States of Micronesia passed sixteen Public Laws to appropriate funds from the General Fund in order to fund public projects in the four states of the Federated States of Micronesia (FSM). Based on these public laws, the total number of projects funded were 1,834, however, only 1,431 were allotted by Budget Office.

As of September 30, 2017, Congress amended thirteen out of the sixteen public laws for the following purposes:

- (i) replaced original projects with new projects;
- (ii) added new projects;
- (iii) decreased or increased appropriation amounts;
- (iv) changed allottees; and
- (v) changed lapse dates.

2.1. Budget

Table 1.0 below shows the total amount appropriated¹ by Congress, budgeted, allotted and spent during fiscal years 2014 to 2017.

2.1.1 Funding for Public Projects in all four FSM States

As of September 30, 2017, Congress appropriated \$53,925,000 for CFSM public projects since year 2014, Budget Office allocated² \$52,745,000 or 98%. However, the total amount allotted³ by Budget Office was \$43,912,391, leaving the total unallotted at \$11,164,462.

The total amount encumbered/expended was \$26,510,851, leaving a balance of \$17,401,540 out of the amount allotted.

Table 1.0: Summary of CFSM Public Project Funds

States	No. of Project	Number Allotted	Appropriation	Budget Allocation	Budget Allotment	Encumbered / Expenditure	Balance	Unallotted
Yap	113	82	\$7,375,000	\$7,075,000	\$3,817,800	\$3,416,818	\$400,982	\$3,257,200
Chuuk	685	645	22,900,000	22,625,000	22,625,000	14,271,550	8,353,450	2,331,852
Pohnpei	665	494	16,350,000	16,025,000	11,353,104	5,108,853	6,244,252	4,671,897
Kosrae	371	210	7,300,000	7,020,000	6,116,487	3,713,631	2,402,858	903,513
Total	1,834	1,431	\$53,925,000	\$52,745,000	\$43,912,391	\$26,510,851	\$17,401,540	\$11,164,462

¹ Amount enacted by FSM Congress (refers to as the appropriation law)

² Amount set apart by Budget Office

³ Amount issued by Budget Office in the advice of allotment

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2.1.2 Funding for Public Projects in Kosrae State

During fiscal year 2014 to 2017, the total number of projects funded for the Kosrae State was 371 with a total amount of \$7,300,000. Of the amount appropriated, the Budget Office allocated \$7,020,000 and allotted \$6,116,487, leaving \$903,513 as the total unallotted. The total amount expended was \$3,713,631, leaving a balance of \$2,402,858 out of the total amount allotted, see Table 2 below for details.

Table 2.0: Schedule of Public Laws and Public Project Funds

Public Laws and Amendments	Appropriation	Budget Allocation	Budget Allotment	Expend-iture	Balance	Unallotted
FY2017						
Public Law 20-31/20-41	600,000	600,000	348,000	18,187	329,813	252,000
Public Law 19-170	50,000	50,000	50,000	36,153	13,847	-
Public Law 19-152/19-162/20-08	100,000	100,000	85,000	43,312	41,688	15,000
Public Law 19-141	100,000	100,000	100,000	48,307	51,693	-
Public Law 19-124/19-140/20-05	900,000	900,000	900,000	160,499	739,501	-
Public Law 19-121/19-130/19-142/20-09	1,100,000	1,100,000	824,500	579,364	245,136	275,500
Sub-total	\$2,850,000	\$2,850,000	\$2,307,500	\$885,822	\$1,421,678	542,500
FY2016						
Public Law 19-89/19-159/20-06	200,000	200,000	160,000	118,714	41,286	40,000
Public Law 19-64/19-81/19-97/19-137/20-29	300,000	300,000	218,000	72,952	145,048	82,000
Public Law 19-60	300,000	300,000	300,000	298,909	1,091	-
Public Law 19-54/19-75/19-79	600,000	600,000	540,000	378,709	161,291	60,000
Sub-total	\$1,400,000	\$1,400,000	\$1,218,000	\$869,284	\$348,716	\$182,000
FY2015						
Public Law 19-10/19-26/19-42/19-51/19-72/19-163/20-03	400,000	400,000	390,000	181,693	208,307	10,000
Public Law 18-117/18-120/19-04/19-08/19-35	400,000	400,000	345,000	221,113	123,887	55,000
Public Law 18-99/18-106/18-113/19-05/19-107/20-18	400,000	400,000	390,000	329,222	60,778	10,000
Sub-total	\$1,200,000	\$1,200,000	\$1,125,000	\$732,028	\$392,972	\$75,000

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Public Laws and Amendments	Appropriation	Budget Allocation	Budget Allotment	Expend-iture	Balance	Unallotted
FY2014						
Public Law 18-70/18-98/19-07/19-24/19-101/19-114	750,000	750,000	665,000	569,795	95,205	85,000
Public Law 18-42/18-56	400,000	100,000	100,000	100,000	-	-
Public Law 18-35/18-49/18-61/18-63	700,000	720,000	700,987	556,700	144,287	19,013
Sub-total	\$1,850,000	\$1,570,000	\$1,465,987	\$1,226,495	\$239,492	\$104,013
GRAND TOTAL	\$7,300,000	\$7,020,000	\$6,116,487	\$3,713,631	\$2,402,858	\$903,513

2.1.3 Public Project Administration

The Project Control Document (PCD) is a key control document that, if prepared accurately and completely, should help in ensuring the CFSM public projects have accountability, traceability and assist in oversight for quality and performance review during the project life cycle.

3. OBJECTIVES, SCOPE, METHODOLOGY

3.1. Objectives

The objectives of this performance audit were to determine whether:

- (a) appropriate processes for reviewing and selecting projects were developed and implemented;
- (b) project funds were expended in accordance with their intended purposes; and
- (c) project implementation complied with applicable laws and regulations.

3.2. Scope

The audit covered Congressional appropriations made during the fiscal years 2014 to 2017 as per Public Laws (as amended) PL 18-35, 18-42, 18-70, 18-99, 18-117, 19-10, 19-54, 19-60, 19-64, 19-89, 19-121, 19-124, 19-141, 19-152, 19-170, and 20-31.

The gathering, reviewing and testing of relevant information and documentation included previous and subsequent periods for analytical purposes. We conducted this audit pursuant to the authority vested in the National Public Auditor as codified under Chapter 5, Title 55 of the FSM Code which states in part that, *"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."*

3.3. Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. 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

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audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit fieldwork was conducted at the Field Office for the Department of Finance & Administration (DoFA) and at the Congressional Delegation Office in Kosrae State. For our questions regarding public project selection methods, we interviewed one of the two Senators at the Kosrae Delegation Office as well as some delegation staff, allottees, and Project Managers. We also reviewed the criteria used by the Compact Capital Improvement Projects (CCIP) and the Infrastructure Development Projects (IDP) in their project selection processes. Regarding the implementation of projects, we reviewed the detailed expenditure reports and judgmentally selected projects that had already expended not less than 50% of their actual allocated project funds.

Audit procedures included analyzing appropriation laws, advice of allotments, project control documents, and expenditure reports for public projects. Accordingly, we reviewed contracts, checks, invoices, receipts and other relevant documents supporting decision making processes and expenditures. We also conducted inspections on road construction related projects, equipment purchased, and other physical assets to validate their existence. We interviewed National, State and Municipal Government officials as well as project managers and inspection officials.

4. PRIOR AUDIT COVERAGE

This performance audit was on public projects funded by the Congress of the FSM for the State of Kosrae. Audit of Congressional funded public projects for Kosrae State, for Fiscal Years 2005-2006, was issued in October 2007. Audit report for all four states public projects for the fiscal years ended September 30, 1997, 1996, 1995 and 1994 was issued in April 1999.

The last full audit report for all four FSM States was for the fiscal year ended September 30, 2013, which was issued in February 2015.

Throughout our audit, we identified findings that were previously reported. Please refer to Appendix G on page 39 to 43, showing the status of implementation of our prior findings and recommendations.

5. CONCLUSIONS

Based on our audit, we concluded that:

- The Kosrae Congressional Delegation Office, in collaboration with the Kosrae State Government, have not established nor implemented appropriate processes for reviewing and selecting public projects.
- In some cases, project funds were expended but not in accordance with their intended purposes.
- Allottees did not conduct adequate background checks on public projects to be funded by the FSM Government which resulted in having huge amount of funds ending up in servicing public officials including the allottee traveling expenses on what is termed as 'outreach programs' to USA and other countries.

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- Implementation of some public projects was not in accordance with the applicable laws and regulations, including the *Financial Management Act of 1979* and its regulations.
- There were cases were:
 - ✓ The total amount apportioned to various public projects exceeded the sum appropriated in the relevant Public Laws (as amended).
 - ✓ Disbursements to some of the public projects by the Kosrae FSM Finance Field Office exceeded the amounts apportioned for those projects.
 - ✓ Disbursements were made for activities that were not related to public's economic and social development projects.

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

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6. FINDINGS AND RECOMMENDATIONS

6.1. Finding No. 1: Lack of Appropriate Processes in Selecting Public Projects

The establishment of Project Control Documentation (PCD) focused among other things, to document and guide the application process for public projects. While there are some missing important guiding information in the PCD, the document serves as an important control tool for the implementation and monitoring of public projects. The main point behind the guidance therein was that allottees, consultants and public officials responsible for initiating, implementing and monitoring of public projects should comply with the requirements stated therein. The establishment of PCD was based on Financial Management Act 1979 and its regulations thereon.

Other leading practices would require that Budget Office should assess applications (request for projects) for funding against program selection criteria which include the following.

- (a) Whether the project is strategic fit - The proposed project is aligned to the local growth need;
- (b) Whether there is Value for money - Applications must demonstrate a clear case that the investment will deliver relevant activities, outputs, and results that would not otherwise take place;
- (c) Whether there is management and control - The necessary management capacity, systems and processes are in place to meet the requirements of the funds;
- (d) Whether there is deliverability - The project is deliverable within the requirements of the operational program taking into account risks, constraints and dependencies;
- (e) Compliance with procurement; State Funding, publicity requirements and eligibility rules - The applicant must be fully conversant with the compliance requirements, the fund specific eligibility rules;
- (f) Cross-cutting themes - The project takes account of and contributes to the Cross-Cutting themes (horizontal principles) and meets the legal obligations of each:
 - Gender Equality and non-discrimination; and
 - Sustainable Development and

Additionally, according to *Chapter 3 of the Kosrae State's Strategic Development Plan (KSSDP)*, the long-term ambition for Kosrae State is to ultimately achieve sustainable development. Development in this essence is inclusive of economic and social development which is envisaged to ultimately transform the well-being of the Kosraean people.

Based on our review of the Appropriation Laws and the Project Control Documents (PCDs), we found that:

- (i) The department of Finance and Administration through its Division of Budget and Treasury deliberately approved project proposals (PCDs) and released funds to projects that did not meet the definition or bear the characteristics of economic and

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social development of people of Kosrae, such as sport entertainment, outreach programs and meetings that were not supported by social or economic development agenda, etc.

- (ii) There are several CFM Projects and other program activities that were funded by Congress that even the Allottee did not have a clear understanding as to what they focused on and yet were not related to sustainable economic and social developments for the people of State of Kosrae.

Some of the projects include the following:

#	Project Title	Account No	Allotment	Expenditure
SOCIAL PROGRAMS			\$	\$
1	Community Outreach Programs			
(a)	Delegation outreach/travel	A3-25-85-90-43467-17	25,000	18,187.32
(b)	Outreach/travel needs	A3-25-85-90-43452-17	50,000	36,153.12
(c)	Delegation outreach program/travels	A3-25-85-90-43442-17	20,000	18,308.04
(d)	Kosrae Congressional Delegation citizens outreach program	A3-25-85-90-43431-17	60,000	21,440.38
(e)	Community Outreach and Advocacy program	A3-25-85-90-43406-16	40,000	38,086.29
(f)	Delegation Office Community Outreach and Advocacy Program	A3-25-85-90-43362-16	20,000	10,991.90
(g)	Community Outreach and Advocacy	A3-25-85-90-43369-16	19,000	15,839.24
(h)	Outreach program	A3-25-85-90-43342-15	30,000	25,911.74
(i)	Outreach and advocacy program	A3-25-85-90-43249-15	60,000	41,297.36
(j)	Outreach program	A3-25-85-90-43317-15	35,000	31,569.98
(k)	Kosrae outreach and advocacy program	A3-25-85-90-43249-14	40,000	39,856.16
(l)	Kosrae Congressional Delegation Constituents outreach programs	A3-25-85-90-43418-14	30,000	27,621.02
(m)	Travel needs (outreach program)	A3-25-85-90-43199-14	45,000	34,482.71
	Sub-Total		474,000	399,745.26
	<i>Outreach program: where funds were utilized for travelling abroad on the pretext of conducting outreach to Kosraean abroad.</i>			
2	Kosrae High School Lunch Program			
(a)	Kosrae High School Lunch Program	A3-25-85-90-43344-16	40,000	39,858.84
(b)	Kosrae High School Lunch program	A3-25-85-90-43344-15	40,000	39,899.97
(c)	High School Lunch Program	A3-25-85-90-43294-14	55,000	53,371.03
(d)	High School Lunch Program	A3-25-85-90-43138-14	50,000	49,590.47
(e)	High School Lunch program	A3-25-85-90-43344-17	43,000	42,124.19
	Sub-Total		243,000	239,844.50
	<i>KHS Lunch Program: funds were also used to serve senior citizens, and in most cases used for purchasing biscuits, donuts, buns.</i>			
3	G-14 Fundraising			
(a)	G-14 Fund raising	A3-25-85-90-43195-16	10,000	10,000.00
(b)	Fundraising for G-14 basketball team	A3-25-85-90-43195-14	10,000	10,000.00
(c)	G-14 Fund raising	A3-25-85-90-43195-15	10,000	10,000.00
	Sub-Total		30,000	30,000.00
	<i>In G-14 Fundraising, funds were used to travel to Seattle, USA for goodwill games with Kosraean community</i>			
4	Kosrae Special Parent Network			
(a)	Kosrae Special Parent Network	A3-25-85-90-43184-15	5,000	4,775.50
(b)	Kosrae Special Parent Network (KSPN)	A3-25-85-90-43184-14	5,000	4,306.65

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(c)	Kosrae Special Parent Network	A3-25-85-90-43372-16	5,000	5,000.00
	Sub-Total		15,000	14,082.15
	<i>Kosrae Special Parent Network, where funds were mainly spent on meeting allowances.</i>			
5	Others			
	As listed in Appendix A		434,500	398,735.03
6	Scholarship as listed in Appendix A		140,000	131,572.40
	<i>Funds were used to pay for prior outstanding debts for Kosraean students attending COM-FSM in Palikir, Kosrae COM-FSM campus and also outstanding debts at the COM-FSM dormitory. Funds were supposedly to be used to provide financial assistance to Kosraean students attending Xavier High School; however, fund was used to pay for their prior outstanding debts</i>			
	Total		1,336,500	1,173,979.34

Please refer to **Appendix A** on page 16 for additional projects that in our view do not fit the definition of Public Funded Projects which mainly fall into four main categories: economic development, social development, infrastructure development and government services as delineated in the PCD form.

As a result, a total of approximately **\$1,173,979.34** of the **\$1,336,500** appropriated by Congress was vulnerable to misuse, abuse and waste. The absence of appropriate processes in selecting of projects will constrain the envisaged sustainable development for the people of the State of Kosrae.

6.1.1. Causes

- (i) There were no appropriate processes in place for submitting application for funding public projects to the Congress and selecting of public projects to be funded through the Congress. Projects were funded based on criteria that were not documented and were not availed to us, except that the projects were submitted to Congress Delegation office and later on submitted to the FSM Congress for approval.
- (ii) The Congress Members from Kosrae:
 - (a) Did not align their project selection with the State SDP when accepting requests from their constituents, or when selecting which projects to fund.
 - (b) Did not coordinate/communicate with Kosrae State Government and the Local Governments prior to accepting projects for funding support.
 - (c) Did not fully commit to support the State's SDP although a lot of public funds have been allocated to them to use for public projects.
 - (d) On the other hand, they appeared to prioritize their constituency building effort for their own political gain, defeating the State's SDP which requires the alleviation of the living conditions and well-being of the public at large through sustainable development programs that yield meaningful and long-term benefits.
- (iii) Official of the Department of Finance and Administration (DoFA) did not comply with the requirement of Financial Management Act of 1979 and its

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regulations in approving PCDs and disbursement of funds. While the guidelines delineated in PCD form provided clear guidance on the responsibilities and accountability of DoFA officials with regard to approval and disbursement of public project funds, compliance in some cases was lacking leading to disbursement of funds to projects that did not focus on economic and social development.

6.1.2. Possible Effects

- (i) Numerous public projects received funding from Congress even though not directly contributing to the sustainable development for Kosrae State.
- (ii) Multiplication of misuse of public funds – with laxity at the Department of Finance and Administration many allottees would believe that they can apply and use public funds for any project;
- (iii) Congress Public Projects funds were regarded as source of funds for entertainment and short-term social activities by States and constituencies leaders; and
- (iv) Failure to achieve the intended social and economic development goals for the people of Kosrae.

6.1.3. Recommendations

We recommend that:

- (i) The Government of State of Kosrae should establish and document appropriate processes and criteria for selecting and approving public projects to be funded before the same are submitted to the Congress;
- (ii) Secretary, Department of Finance and Administration should ensure that the Budget Division officials conduct proper review of the PCDs and comply with the requirements of FMAs and its regulations thereon as delineated in the PCD form without fail;
- (iii) Secretary, Department of Finance and Administration should ensure that the Finance Division officials disburse funds to allottees only after reviewing the adequacy of information in the PCDs approved by the Budget Division officials, and other supporting documents;
- (iv) Secretary, Department of Finance and Administration should properly monitor the activities of the Finance Field Offices and conducts of its staff;
- (v) A Commission be established by the Kosrae leadership whose singular key function will be to identify and select public projects in line with the Kosrae SDP and priority needs for Congress to fund; and promulgate and to implement all the necessary operational framework to discharge its mandates efficiently and effectively; and

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- (vi) Congress should yearly allocate sufficient funding to enable the Commission to effectively discharge its roles and functions.

6.2. Finding No. 2 – Project expenditures were incurred and paid even though unrelated to the intent of law

The public laws which appropriated funds for public projects require that allottees shall administer the funds in accordance with the *Financial Management Act of 1979*. Further, allottees are required to ensure that funds are used solely for the purposes specified in the Act.

In addition, Part 10.2 (a) (c) of the *Financial Management Regulations* states that prior to an allotment of national government funds for any public project, the allottee of those funds shall complete a Project Control Document (PCD) in a form specified by the Budget Officer. Among other things, the PCD shall:

- (a) Describe the project and its public purposes in sufficient detail to permit determination of the legality of the proposed expenditures, including their relationship to the purpose of the line item of the applicable national appropriation law; and.
- (b) Provide such detail as to the nature and type of expenditures to be made as is called for on the form.

During our audit, we found 3 public projects that did not comply with *the Financial Management Regulations* and the PCDs. Specifically, we found that project funds were spent on purposes other than their intended purposes. A few examples include the following:

(i) Outreach Program/Travels

We were informed that project funds were supposed to be used to support travel needs for the Kosrae Congressional Delegation Outreach Program. The outreach program was supposed to be for service improvement, for project follow-ups, and for any other travel needs identified and prioritized by the state and national government. However, we found the following problems: **an employee from the Kosrae State Finance used the Outreach Program funds to travel to Kansas to attend a daughter's graduation**. Obviously, this was a personal purpose and government funds should have not been used for such.

(ii) Kosrae Attorney General's Office subsidy

Some of the funds were used to pay for refreshments for police officers and investigators, a purpose not intended in the PCD.

(iii) Municipal Governments subsidy

Subsidy funds were spent on buying lunch and other food items, which were expenditures not authorized in the PCD.

This problem occurred because the allottees and the Finance Field Office were negligent in their roles of ensuring that project expenditures were authorized and then paid only for purposes intended by law as required by Financial Management Act and by Part II-C of the PCDs

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As a result, a total of \$14,606.91 was disbursed on expenditures not related to the intent of the projects as stated in the PCDs and was vulnerable to waste, abuse and misuse. Please refer to Appendix B on page 20 for more details.

#	Description	Amount Involved (\$)
1.0	Kosrae Delegation Outreach Program	
1.1	Attending Daughters Graduation Ceremony in Kansas, USA	1,000.00
	Sub-Total	1,000.00
2.0	Others	
2.1	Kosrae Attorney General's Office subsidy	13,213.86
2.2	Municipal governments subsidy	393.05
	Sub-Total	13,606.91
	Total	14,606.91

We recommend the Secretary of Finance and Administration should ensure that:

- (i) All allottees of public project funds in Kosrae State comply with the Financial Management Regulations and Part II of the PCD.
- (ii) All allottees prepare PCD's accurately, completely with succinct clarity to demonstrate clear linkage for planned expenditures with the purposes of the public projects as intended in the law.
- (iii) The Assistant Secretary for Budget should review all PCDs carefully and approve the issuance of advice of allotment only based on prepared PCDs that are accurate, complete and clear with specific data that will support the achievement of the intent of the law.
- (iv) The Head of the Finance Field Office not to approve the disbursement of public project funds unless and until there is full documentations and assurance that the payment is in accord with the intent of the law and PCD.
- (v) There is appropriate monitoring mechanism on the performance of all responsible staff/officials within the Division of Budget and at all Finance Field Offices in the States to ensure that their work performance, in this case relative to public projects, are carried out properly and to institute disciplinary actions in the event of poor work performance.
- (vi) To establish controls pertaining to outreach programs/travels.

6.3. Finding No. 3: Over \$445,258 worth of Expenditures Appeared Not in Compliance with Laws and Regulations

The allottees of public project appropriations are responsible for ensuring that funds are expended in accordance with relevant laws, which include the *Financial Management Act of 1979* and its associated regulations and procedures.

In addition, the Secretary for the Department of Finance & Administration is responsible to ensure that disbursements from the General Fund are handled in accordance with applicable laws, rules and regulations. For instance, Chapter 2, FSMC, Title 55, Section 224 on Disbursement Procedures states that, "Unless otherwise specifically provided by

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law, the following procedures shall control the administration and management of all funds appropriated from the General Fund:

- (a) All such funds shall remain in the custody and control of the Secretary of Finance until they are obligated and disbursed by him in accordance with law.
- (b) Such funds shall be deemed to be obligated as of the date the person or entity to whom the funds are allotted enters into a legally binding written agreement supported by the documentary evidence required by section 219 of this chapter or rules and regulations issued pursuant to authority vested by section 228 of this chapter.
- (c) The Secretary of Finance shall disburse such funds as may be required to liquidate valid obligations within 30 days of their becoming payable.

During our audit, we identified the following disbursements which did not comply with the *Financial Management Act of 1979* and its regulations.

• Disbursement not properly approved	\$151,847
• Disbursement not properly supported	\$142,011
• Expenditures exceeded approved budget	\$ 49,941
• Untimely submission of payment requests and disbursements	\$ 33,350
• Other exceptions	<u>\$ 68,109</u>
Total	\$445,258

The details of the above exceptions are discussed below.

(i) Disbursements Not Properly Approved - \$151,847

We observed that the Kosrae Finance Field Office had several Accounts Payable Vouchers that were not approved nor certified by the designated certification officer, refer to Table 3.0 below.

Table 3.0: Summary of Disbursements Not Approved

#	Project Title	Posted Amount	Comments
1	B.A. program A3-25-85-90-43140-15		
	85-90-43140-15 8320 Professional Services	\$32,749.00	Not approved by finance representative
2	BA Program A3-25-85-90-43140-14		
2.1	85-90-43140-14 8330 Scholarships	\$1,400.00	Not approved by finance representative
2.2	85-90-43140-14 8343 Meeting/Other Allowance	\$1,125.00	Not approved by finance representative
3	BA Program A3-25-85-90-43087-14		
3.1	85-90-43087-14 8330 Scholarships	\$7,132.00	Not approved by finance representative
3.2	85-90-43087-14 8330 Scholarships	\$9,250.00	Not approved by finance representative
4	COM-FSM - Kosraean's Students outstanding debt A3-25-85-90-43235-15		
	85-90-43235-15 8330 Scholarships	\$37,180.00	Not approved by finance representative
5	Utwe-Walung Channel A3-25-85-90-43241-14		
	85-90-43241-14 8310 Gen Contractual Services	\$14,550.00	Not approved by finance representative
6	Others (See the whole list in Appendix C on page 22)	\$48,461	Not approved by finance representative

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#	Project Title	Posted Amount	Comments
	Total	\$151,847.00	

(ii) Disbursements Not Properly Supported - \$142,011

We found 27 public project disbursements that were not properly supported. In some cases, the disbursement documents did not have the signature/initial of approving Finance Officers, checks issued for scholarship only bore the name of students and not the name of college/university, no documentation from the college/institution to support the student's scholarship application or financial need.

Some of these incidents are listed below in Table 3.1

Table 3.1: Disbursements not properly supported

#	Project Title	Posted Amt (\$)	Comments
1	B.A. program A3-25-85-90-43140-15		<i>Insufficient supporting document (see item 1 on the list in Appendix C)</i>
	85-90-43140-15 8320 Professional Services	35,499.00	
2	Fiji school of medicine scholarship for Kosraean A3-25-85-90-43448-17		<i>Insufficient supporting document (see item 11 on the list in Appendix C)</i>
	85-90-43448-17 8330 Scholarships	10,000.00	
3	Fwalwe-Walung Channel A3-25-85-90-43198-14		<i>Insufficient supporting document (see item 12 on the list in Appendix C)</i>
	85-90-43198-14 8310 Gen Contractual Services	12,600.00	
4	G-14 fund raising A3-25-85-90-43195-16		<i>Insufficient supporting document (see item 13 on the list in Appendix C)</i>
	85-90-43195-16 8110 Travel & Transportation	8,650.00	
5	Scholarship (University of Hawaii Law School) A3-25-85-90-43189-14		<i>Insufficient supporting document (see item 23 on the list in Appendix C)</i>
	85-90-43189-14 8330 Scholarships	20,000.00	
6	Utwe-Walung circumferential road A3-25-85-90-43190-14		<i>Insufficient supporting document (see item 27 on the list in Appendix C)</i>
	85-90-43190-14 8228 Petroleum/Oil/Lubricants.	15,967.07	
7	Others - (See full list in Appendix D on page 26)	39,294.93	
	Total	142,011.00	

(iii) Expenditures Exceeded Approved Budget - \$49,941

The Financial Management Act prohibits the spending of public funds in excess of the sum made available by law.

However, we found 22 public projects that were expended more than their approved budget.

Please refer to *Appendix E on page 30* for detail.

(iv) Untimely Submission of Payment Requests and Disbursements - \$33,350

The Financial Management Act states that the disbursement of funds shall be within 30 days of the submission of a payment request unless the withholding of payment approval is necessary to prevent the misappropriation or over-obligation of a specific appropriation.

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During our audit, we found disbursements made after the 30-days requirement and the date of some receipts preceded the date of payment requests. (See Table 3.2 below for details)

Table 3.2: Untimely submission of requests for payments and disbursements

#	Project Title	Posted Amt (\$)	Comments
1	Kosrae Special Parent Network A3-25-85-90-43184-15		Treasury Received date of receipt was earlier than date on Miscellaneous Payment request transmittal form
	85-90-43184-15 8343 Meeting/Other Allowance	420.00	
2	Scholarships for KSA students A3-25-85-90-43413-17		Miscellaneous Payment request transmittal form is dated November 2014 and Treasury date of receipt is August 2016
	85-90-43413-17 8330 Scholarships	20,000.00	
3	Tafunsak/Walung water system extension & improvement A3-25-85-90-43334-14		Payment was made 10 months after invoice date
	85-90-43334-14 8226 Office Supplies & Materials	8,079.72	
4	Utwa farm road & access roads/drainages A3-25-85-90-43219-14		Miscellaneous Payment request transmittal form was dated 4-months (7/2/2014) prior to payment
	85-90-43219-14 8226 Office Supplies & Materials	3,600.00	
	85-90-43219-14 8234 Repair & Maintenance Services	1,250.00	
		33,349.72	

(v) Other Exceptions - \$68,109

The Secretary of Finance and Administration must ensure that processing of payment requests complies with the Financial Management Act and its regulations to prevent improper disbursement of project funds.

During our review of documentary evidences supporting the expenditures for Kosrae CFSM projects, we noted that some requests for payments were not interrelated. Some of these incidents are as shown in Table 3.3 below:

Table 3.3: Other similar and related exceptions

#	Project Title	Posted Amt.	Comments
1	Concordia University of Oregon Master Degree Scholarship A3-25-85-90-43257-15		
	85-90-43257-15 Professional Services	\$8,364	PO amount different from PR
2	Kosrae Housing Program subsidy A3-25-85-90-43386-17		
	85-90-43386-17 8110 Travel & Transportation	\$1,286	Wrong check and supporting documents
3	Kosrae Island Veterans Association A3-25-85-90-43360-16		
	85-90-43360-16 8220 Food	\$3,150	Amount on APV is \$1,000.00
	85-90-43360-16 8220 Food	\$808	Miscellaneous Payment Request Transmittal Form not signed by designated allottee
4	Purchase of Senior citizens bus and associated cost (spare tires, freight, POL, spare parts and maintenance) A3-25-85-90-43244-14		The account number used was for Communication, and was used without proper authorization
	85-90-43244-14 8212 Communications	\$49,500	
5	River clearing and related costs A3-25-85-90-43311-15		Payment was made on a different project account other than the one stated in

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#	Project Title	Posted Amt.	Comments
	85-90-43311-15 8310 Gen Contractual Services	\$5,000	Miscellaneous Payment Request Transmittal Form
	Total	\$68,109	

Failure of public officials to comply with the Financial Management Act of 1979 and its regulations (as indicated in the table below).

Table below show the findings and the responsible parties.

#	Findings	Allottees/Offices
1	Disbursements not properly approved	DoFA-Finance
2	Disbursements of project funds not properly supported	DoFA-Finance
3	Expenditures exceeded approved budget	DoFA - Finance/ Budget Office
4	Untimely submission of payment requests and disbursements	DoFA - Finance/ Allottee
5	Other similar exceptions	DoFA- Finance

Non-compliance to the policies and procedures give room to fraud and other vices that if not addressed timely will continue to cause loss of public funds; and multiplication of malpractices in the public finance management due to lack of deterrent measures.

We recommend that the Secretary of Department of Finance & Administration should ensure that:

- (i) All officials within the Department of Finance and Administration perform their duties in compliance Financial Management Act and its regulations;
- (ii) All Project Control Documents (PCDs) are complete, valid, focused on community development, and linked to national or state's strategic goals prior to allocation of funds and disbursement of funds;
- (iii) Requests for payments are properly supported with necessary documents relating to the submitted PCD;
- (iv) Requests for payments are submitted to FSM Finance on a timely basis;
- (v) Requests for payments and APVs are approved prior to disbursement of government funds; and
- (vi) Allotment of project funds are up-to-date and in accordance with appropriation laws.

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APPENDICES

Appendix A. Public Projects Not Related to Sustainable Social and Economic Development for Kosrae State

#	Project Title	Account No	Allotment	Expenditure
SOCIAL PROGRAMS			\$	\$
1	Community Outreach Programs			
(a)	Delegation outreach/travel	A3-25-85-90-43467-17	25,000	18,187.32
(b)	Outreach/travel needs	A3-25-85-90-43452-17	50,000	36,153.12
(c)	Delegation outreach program/travels	A3-25-85-90-43442-17	20,000	18,308.04
(d)	Kosrae Congressional Delegation citizens outreach program	A3-25-85-90-43431-17	60,000	21,440.38
(e)	Community Outreach and Advocacy program	A3-25-85-90-43406-16	40,000	38,086.29
(f)	Delegation Office Community Outreach and Advocacy Program	A3-25-85-90-43362-16	20,000	10,991.90
(g)	Community Outreach and Advocacy	A3-25-85-90-43369-16	19,000	15,839.24
(h)	Outreach program	A3-25-85-90-43342-15	30,000	25,911.74
(i)	Outreach and advocacy program	A3-25-85-90-43249-15	60,000	41,297.36
(j)	Outreach program	A3-25-85-90-43317-15	35,000	31,569.98
(k)	Kosrae outreach and advocacy program	A3-25-85-90-43249-14	40,000	39,856.16
(l)	Kosrae Congressional Delegation Constituents outreach programs	A3-25-85-90-43418-14	30,000	27,621.02
(m)	Travel needs (outreach program)	A3-25-85-90-43199-14	45,000	34,482.71
	Sub-Total		474,000	359,745.26
	<i>Most of the funds were utilized for travelling abroad on the pretext of conducting outreach to Kosraean abroad.</i>			
2	Kosrae High School Lunch Program			
(a)	Kosrae High School Lunch Program	A3-25-85-90-43344-16	40,000	39,858.84
(b)	Kosrae High School Lunch program	A3-25-85-90-43344-15	40,000	39,899.97
(c)	High School Lunch Program	A3-25-85-90-43294-14	55,000	53,371.03
(d)	High School Lunch Program	A3-25-85-90-43138-14	50,000	49,590.47
(e)	Purchase of vehicle/part for KHS lunch program	A3-25-85-90-43135-14	15,000	15,000.00
(f)	High School Lunch program	A3-25-85-90-43344-17	43,000	42,124.19
	Sub-Total		243,000	239,844.50
	<i>KHS Lunch Program: where some of the funds were diverted to serve senior citizens, and in most cases used for purchasing biscuits, donuts, buns and it is obvious that this cannot be sustained once there are no funds from FSM Government</i>			
3	G-14 Fundraising			
(a)	G-14 Fund raising	A3-25-85-90-43195-16	10,000	10,000.00
(b)	Fundraising for G-14 basketball team	A3-25-85-90-43195-14	10,000	10,000.00
(c)	G-14 Fund raising	A3-25-85-90-43195-15	10,000	10,000.00
	Sub-Total		30,000	30,000.00
	<i>Funds were used to travel too Seattle, USA for goodwill games with Kosraean community</i>			
4	Kosrae Special Parent Network			
(a)	Kosrae Special Parent Network	A3-25-85-90-43184-15	5,000	4,775.50
(b)	Kosrae Special Parent Network (KSPN)	A3-25-85-90-43184-14	5,000	4,306.65
(c)	Kosrae Special Parent Network	A3-25-85-90-43372-16	5,000	5,000.00
	Sub-Total		15,000	14,082.15
	<i>Kosrae Special Parent Network, where funds were mainly spent on meeting allowances.</i>			
5	Others			
(a)	Contributions to SNLC & other community events, activities & functions	A3-25-85-90-43440-17	5,000	5,004.43

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#	Project Title	Account No	Allotment	Expenditure
	<i>Contribution to State and National Leadership Conference (SNLC) and other community events, this activity does not fall in any of the categorized items in PCD</i>			
(b)	Kosrae Junior Tennis Association	A3-25-85-90-43307-17	17,000	15,060.14
	<i>Funds were requested for travelling expenses to Guam for tennis competition</i>			
(c)	Tafunsak 2016 Christmas event preparation/activities	A3-25-85-90-43424-17	5,000	5,000.00
	<i>Funds were given for purchasing and hiring various items for Christmas events that were hosted by Tafunsak Congregational Church</i>			
(d)	Pohnpei/Kosrae fast pitch team	A3-25-85-90-43455-17	5,000	3,820.00
(e)	Contribution to Utwe Choir	A3-25-85-90-43459-16	12,000	12,000.00
	<i>Contribution to Utwe Choir: funds were spent on air transport costs for Utwe Gospel Choir to and from Pohnpei</i>			
(f)	Graduation Commencement at the University of South Pacific (Air fare, lodging, logistical needs, graduation fee, ground transportation)	A3-25-85-90-43437-17	5,000	5,000.00
	<i>Funds were used for air fare, lodging, logistical needs, graduation fee, ground transportation)</i>			
(g)	Vehicle purchase for delegation office	A3-25-85-90-43348-15	35,000	34,866.70
	<i>The purchase of vehicle for delegation office cannot be categorized as public project aimed at social and economic development of people of Kosrae</i>			
(h)	Purchase of vehicle/POL/travel (Kosrae State Legislature, Speaker's Office)	A3-25-85-90-43368-16	30,000	21,496.15
	<i>The purchase of vehicle for delegation office cannot be categorized as public project aimed at social and economic development of people of Kosrae</i>			
(i)	Purchase of vehicle for Kosrae State Department of Finance	A3-25-85-90-43260-15	25,000	15,057.62
	<i>The purchase of vehicle for delegation office cannot be categorized as public project aimed at social and economic development of people of Kosrae</i>			
(j)	Fund Raising (Rebar Team)	A3-25-85-90-43206-14	5,000	5,000.00
	<i>Fundraising (Rebar Team): funds were requested for traveling</i>			
(k)	Contributions to social activities, programs and events	A3-25-85-90-43343-15	10,000	19,928.62
	<i>Funds were provided to assist in all public recognized events to be carried out by the government or churches</i>			
(l)	Kosrae mediation program	A3-25-85-90-43205-17	10,000	7,920.23
	<i>Fund was used to assist individuals who have a dispute or a conflict to reach a settlement instead of going through the court for disposal</i>			
(m)	Kosrae Supreme Court staff development	A3-25-85-90-43435-17	20,000	17,364.00
	<i>Fund was used for training for staff from the Kosrae Supreme Court</i>			
(n)	Contribution to Junior State of America Summer Program at Princeton University	A3-25-85-90-43456-17	5,500	5,400.00
	<i>Fund was used to pay for student attending Junior State of America at Princeton University</i>			
(o)	Little League travel to PNI and related costs	A3-25-85-90-43443-17	20,000	19,506.27

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#	Project Title	Account No	Allotment	Expenditure
	<i>Fund was used to purchase team uniforms and other items that will support KSA little league team</i>			
(p)	KSA Legislative staff training	A3-25-85-90-43444-17	10,000	9,329.80
	<i>Fund was spent for Kosrae Legislature staffs to attend trainings in clerical/secretarial services, legislative legal services and in finance/auditing and other admin areas. Fund will also be used for training at regional and international conferences as they offer excellent training opportunities for legislative staffs.</i>			
(q)	Training for governor's office Secretaries	A3-25-85-90-43417-17	10,000	7,935.00
	<i>Fund was used to pay for training for 3 of the Governor's secretaries on computer programs in Pohnpei with the Computer Network, Inc.</i>			
(r)	Purchase of cell phones, I-Pads, computers, printers	A3-25-85-90-43415-17	15,000	12,000.00
	<i>Fund was used to purchase cell phones, i-pads, computers for constituents/community workers, working in the communities for Community Action Projects. Purchase of these items will enable them to do different tasks at required time.</i>			
(s)	Purchase of I-phones, I-pads & Laptops	A3-25-85-90-43363-16	10,000	10,000.00
	<i>To purchase communication devices for use as awards to high school graduates and I-phones/i-pads to statement and/or constituents (assisting CFSM Kosrae Delegation Office) working in the communities for Community Action Projects.</i>			
(t)	Purchase of I-Pads/I-phones	A3-25-85-90-43194-14	10,000	14,800.00
	<i>Supplies purchased were served as incentives to the valedictory and salutatorian students' of 2014 class.</i>			
(u)	Kosrae Department of Health staff development	A3-25-85-90-43385-16	15,000	9,963.78
	<i>Fund was used to strengthen and enhance ongoing Professional Capacity Development of healthcare providers in Kosrae through continuing medical education activities, workshops, seminars, conferences, and trainings; however, fund was spent on food and refreshment.</i>			
(v)	Renovation of Sharon Inn building	A3-25-85-90-43337-15	20,000	20,000.00
	<i>Fund was spent on supplies, lumbers & cements for the renovation of the Sharon Inn building in Lelu municipality</i>			
(w)	Travel needs & tuition costs Fielding graduate, University of Santa Barbara, California	A3-25-85-90-43256-15	10,000	9,817.60
	<i>To provide financial assistance for online studies with Fielding Graduate University of California, Santa Barbara and San Francisco; however, fund was spent on travel from Kosrae to California and return.</i>			
(x)	SDA Women Association fund raising	A3-25-85-90-43304-15	10,000	9,999.84
	<i>Funds were used to purchase food and office supplies for the SDA Woman Association fundraising</i>			
(y)	Purchase of vehicle & freight & handling cost (FSM Treasury - Kosrae)	A3-25-85-90-43252-15	25,000	24,769.88
	<i>For Office use on daily deposits; fixed assets physical inventory; inspections on CFSM soft projects and other office matters. Funds will also be used for freight, spare parts, import duties, handling and POL, also will defray the cost of repair on the vehicle, better services to the people and State.</i>			
(z)	Purchase of Senior citizens bus and associated cost (spare tires, freight, POL, spare parts and maintenance)	A3-25-85-90-43244-14	60,000	52,646.57
	<i>Fund was used to purchase a 25 seats bus for senior citizens, spare parts and freight</i>			
(aa)	Kosrae Visitors Bureau (Travel/Promotions)	A3-25-85-90-43182-14	10,000	9,062.20
	<i>Fund was used for 500 copies of brochures production and printing cost for marine diving fair tradeshow</i>			
(bb)	Students travel costs	A3-25-85-90-43216-14	10,000	6,241.90

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#	Project Title	Account No	Allotment	Expenditure
	<i>Fund was used to purchase airfare for a student to take the law school admission test at the University of Illinois</i>			
(cc)	Kosrae Public Auditor training	A3-25-85-90-43238-14	10,000	9,744.30
	<i>Fund was spent to attend PASAI Governing Board meeting in Western Samoa and PITI workshop for Kosrae Public Auditor</i>			
	Sub-Total		434,500	398,735.03
SCHOLARSHIP				
1	C.O.M Palikir KSA student debts	A3-25-85-90-43410-17	20,000	20,000.00
2	Kosraean student tuitions, debts, other school related costs at Xavier High School	A3-25-85-90-43400-16	20,000	20,000.00
3	COM-FSM outstanding debts for dormitory students	A3-25-85-90-43350-15	40,000	40,000.00
4	COM-FSM Kosraean student outstanding debts	A3-25-85-90-43235-15	40,000	37,180.00
5	Payment for outstanding accounts for COM-FSM Students	A3-25-85-90-43235-14	20,000	14,392.40
	<i>Funds were used to pay for prior outstanding debts for Kosraean students attending COM-FSM in Palikir, Kosrae COM-FSM campus and also outstanding debts at the COM-FSM dormitory. Funds were supposedly to be used to provide financial assistance to Kosraean students attending Xavier High School; however, fund was used to pay for their prior outstanding debts</i>			
	Sub-Total		140,000	131,572.40
	Total		1,336,500	1,173,979.34

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Appendix B. Expenditures not Related to the Intend of the Projects

#	Advice of Allotments and PCDs and Project Title	Posted Amount (\$)	Description of Disbursement
1	Delegation outreach program/travels A3-25-85-90-43442-17		
(a)	06/27/2017 235985T-0000002 APJ outreach activities	1,000.00	Travel to Kansas to attend daughter's graduation
		1,000.00	
2	Kosrae Attorney General's Office subsidy A3-25-85-90-43209-14		
	85-90-43209-14 8220 Food		
(a)	07/15/2015 177246T-0000037 APJ REFRESHMENT (AG'S OFFICE)	760.00	Refreshment provided for AG's Office
(b)	08/28/2015 180515T-0000045 APJ FOOD (AG'S OFFICE)	84.00	Refreshment provided for police officers and prosecutors training
(c)	08/28/2015 180515T-0000049 APJ FOOD (AG'S OFFICE)	240.00	Refreshment provided for police officers and prosecutors training
(d)	08/28/2015 180515T-0000053 APJ FOOD (AG'S OFFICE)	307.20	Refreshment provided for police officers and prosecutors training
	85-90-43209-14 8220 Food	1,391.20	
	85-90-43209-14 8226 Office Supplies & Materials		
(e)	05/20/2015 173622T-0000001 APJ SUPPLIES (KOS. AG'S OFFICE)	313.00	Office supplies and materials
(f)	08/19/2015 179813T-0000077 APJ OFFICE SUPPLIES (AG'S OFFICE)	542.58	Office supplies and materials
	85-90-43209-14 8226 Office Supplies & Materials	855.58	
	85-90-43209-14 8230 Advertising, Printing & Repro		
(g)	07/31/2015 178734T-0000093 APJ PRINTING (AG'S OFFICE)	140.00	Printing for AG's office
	85-90-43209-14 8230 Advertising, Printing & Repro	140.00	
	85-90-43209-14 8236 Utilities		
(h)	05/20/2015 173622T-0000017 APJ CASH POWER (KOS. AG'S OFFICE)	30.00	Payment for cash power at AG's office
	85-90-43209-14 8236 Utilities	30.00	
	85-90-43209-14 8343 Meeting/Other Allowance		
(i)	07/24/2015 178181T-0000108 APJ MEETING ALLOW. (AG'S OFF.)	40.00	
(j)	07/24/2015 178181T-0000112 APJ MEETING ALLOW. (AG OFF.)	40.00	
(k)	07/24/2015 178181T-0000116 APJ MEETING ALLOW. (AG OFF.)	40.00	
(l)	07/24/2015 178181T-0000120 APJ MEETING ALLOW. (AG OFF.)	40.00	
(m)	07/24/2015 178181T-0000124 APJ MEETING ALLOW (AG OFF.)	40.00	
(n)	07/24/2015 178181T-0000128 APJ MEETING ALLOW (AG OFF.)	40.00	
(o)	07/24/2015 178181T-0000132 APJ MEETING ALLOW. (AG OFF.)	40.00	
(p)	07/24/2015 178181T-0000136 APJ MEETING ALLOW. (AG OFF.)	40.00	
(q)	07/24/2015 178181T-0000140 APJ MEETING ALLOW (AG OFF.)	40.00	
(r)	07/24/2015 178181T-0000144 APJ MEETING ALLOW. (AG OFF.)	20.00	
(s)	07/24/2015 178181T-0000148 APJ MEETING ALLOW. (AG OFF.)	20.00	

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#	Advice of Allotments and PCDs and Project Title	Posted Amount (\$)	Description of Disbursement
(t)	07/24/2015 178181T-0000152 APJ MEETING ALLOW. (AG. OFFICE)	20.00	
(u)	07/24/2015 178181T-0000180 APJ MEETING ALLOW. (AG. OFF.)	40.00	
(v)	07/24/2015 178181T-0000184 APJ MEETING ALLOW. (AG. OFF.)	40.00	
(w)	07/24/2015 178181T-0000188 APJ MEETING ALLOW.	40.00	
(x)	07/24/2015 178181T-0000192 APJ MEETING ALLOW. (AG. OFF.)	40.00	
(y)	07/24/2015 178181T-0000196 APJ MEETING ALLOW. (AG. OFF.)	40.00	
(z)	07/24/2015 178181T-0000200 APJ MEETING ALLOW. (AG. OFF.)	40.00	
(aa)	07/24/2015 178181T-0000204 APJ MEETING ALLOW. (AG. OFF.)	10.00	
(ab)	07/24/2015 178181T-0000208 APJ MEETING ALLOW. (AG. OFF.)	40.00	
(ac)	07/24/2015 178181T-0000212 APJ MEETING ALLOW. (AG. OFF.)	40.00	
(ad)	07/24/2015 178181T-0000216 APJ MEETING ALLOW. (AG'S OFF.)	20.00	
(ae)	07/24/2015 178181T-0000258 APJ MEETING ALLOW. (AG'S OFFICE)	40.00	
	85-90-43209-14 8343 Meeting/Other Allowance	810.00	
	85-90-43209-14 8222 Freight		
(af)	03/14/2016 195194T-0000009 APJ FSM TREASURY KOSRAE	293.80	
	85-90-43209-14 8222 Freight	293.80	
	85-90-43209-14 8226 Office Supplies & Materials		
(ag)	07/07/2017 238047T-0000000 GLJ BADGES	1,462.71	
(ah)	08/16/2017 240565T-0000000 GLJ OFFICE SUPPLIES & MATERIALS	8,200.62,	
	85-90-43209-14 8226 Office Supplies & Materials	9,663.33	
	85-90-43209-14 8250 Misc Goods & Services		
(ai)	07/07/2017 238047T-0000002 GLJ FREIGHT	29.95	
	85-90-43209-14 8250 Misc Goods & Services	29.95	
3	Municipal governments subsidy A3-25-85-90-43149-14		
	85-90-43149-14 8220 Food		
(a)	11/17/2014 161021T-0000125 APJ FOOD (UMG)	393.05	Foods
	85-90-43149-14 8220 Food	393.05	
	Total	14,606.91	

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Appendix C. Not Approved Accounts Payable Vouchers

#	Project Title	Posted Amount (\$)	Comments
1	B.A. program A3-25-85-90-43140-15		
	85-90-43140-15 8320 Professional Services		
	10/07/2015 183857T-0000001 APJ Scholarship (BA Deg. Prog.)	3,500.00	Not approved by finance representative
	10/07/2015 183857T-0000001 APJ Scholarship (BA Deg. Prog.)	3,500.00	Not approved by finance representative
	10/07/2015 183857T-0000005 APJ Scholarship (BA Deg. Prog.)	2,750.00	Not approved by finance representative
	10/07/2015 183857T-0000009 APJ Scholarship (BA Deg. Prog.)	2,750.00	Not approved by finance representative
	10/07/2015 183857T-0000017 APJ Scholarship (BA Deg. Prog.)	2,750.00	Not approved by finance representative
	10/07/2015 183857T-0000021 APJ Scholarship (BA Deg. Prog.)	2,750.00	Not approved by finance representative
	10/07/2015 183857T-0000029 APJ Scholarship (BA Deg. Prog.)	2,750.00	Not approved by finance representative
	10/07/2015 183857T-0000033 APJ Scholarship (BA Deg. Prog.)	1,549.00	Not approved by finance representative
	10/07/2015 183857T-0000037 APJ Scholarship (BA Deg. Prog.)	3,500.00	Not approved by finance representative
	10/07/2015 183857T-0000041 APJ Scholarship (BA Deg. Prog.)	3,500.00	Not approved by finance representative
	10/07/2015 183857T-0000045 APJ Scholarship (BA Deg. Prog.)	2,750.00	Not approved by finance representative
	10/07/2015 183857T-0000113 APJ Scholarship (BA Deg. Prog.)	700.00	Not approved by finance representative
	85-90-43140-15 8320 Professional Services	32,749.00	
2	BA Program A3-25-85-90-43140-14		
	85-90-43140-14 8330 Scholarships		
	01/16/2015 164952T-0000059 APJ Scholarship (BA Deg. Prog.)	1,400.00	Not approved by finance representative
	85-90-43140-14 8330 Scholarships	1,400.00	
	85-90-43140-14 8343 Meeting/Other Allowance		
	12/19/2014 163799T-0000013 APJ Meeting Allowances Scholarship (BA Deg. Prog.)	350.00	Not approved by finance representative
	12/19/2014 163799T-0000021 APJ Meeting Allowances (BA Deg. Prog.)	350.00	Not approved by finance representative
	12/19/2014 163799T-0000025 APJ Meeting Allowances (BA Deg. Prog.)	425.00	Not approved by finance representative
	85-90-43140-14 8343 Meeting/Other Allowance	1,125.00	
3	BA Program A3-25-85-90-43087-14		
	85-90-43087-14 8330 Scholarships		
	05/12/2014 147914T-0000018 APJ Scholarship (BA Deg. Prog.)	7,000.00	Not approved by finance representative
	06/02/2014 149451T-0000053 APJ Reimb (PHD Walden Univ.)	132.00	Not approved by finance representative
	85-90-43087-14 8330 Scholarships	7,132.00	
	85-90-43087-14 8330 Scholarships		

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#	Project Title	Posted Amount (\$)	Comments
	12/15/2014 163949T-0000106 APJ Scholarship (BA Deg. Prog.)	2,750.00	Not approved by finance representative
	12/31/2014 163813T-0000125 APJ Scholarship (Ba. Deg. Prog.)	2,750.00	Not approved by finance representative
	01/16/2015 164952T-0000058 APJ Scholarship (Ba Deg. Prog.)	250.00	Not approved by finance representative
	04/30/2015 172739T-0000001 APJ Scholarship (Ba Deg. Prog.)	3,500.00	Not approved by finance representative
	85-90-43087-14 8330 Scholarships	9,250.00	
4	COM-FSM - Kosraeans students outstanding debt A3-25-85-90-43235-15		
	85-90-43235-15 8330 Scholarships		
	05/06/2015 174776T-0000045 APJ Scholarship (COM Outstanding)	15,711.35	Not approved by finance representative
	07/27/2015 178157T-0000041 APJ Debts-Kosrae Students (COM Kosrae)	13,704.05	Not approved by finance representative
	08/10/2015 179185T-0000045 APJ Outstanding Debts (BA Scholarship)	7,764.60	Not approved by finance representative
	85-90-43235-15 8330 Scholarships	37,180.00	
5	FMI-Yap Kosraean students financial assistance A3-25-85-90-43303-15		
	85-90-43303-15 8330 Scholarships		
	03/20/2015 171099T-0000001 APJ Scholarship	1,000.00	Not approved by finance representative
	03/20/2015 171099T-0000005 APJ Scholarship	1,000.00	Not approved by finance representative
	03/20/2015 171099T-0000009 APJ Scholarship	1,000.00	Not approved by finance representative
	03/23/2015 169892T-0000017 APJ Scholarship (FSM-FMI Fund)	1,000.00	Not approved by finance representative
	85-90-43303-15 8330 Scholarships	4,000.00	
6	Fundraising for G-14 basketball team A3-25-85-90-43195-14		
	85-90-43195-14 8110 Travel & Transportation		
	11/10/2014 160603T-0000037 APJ AIR FARE(G-14)	7,375.00	Not approved by finance representative
	85-90-43195-14 8110 Travel & Transportation	7,375.00	
7	Fwalwe-Walung Channel A3-25-85-90-43198-14		
	85-90-43198-14 8310 Gen Contractual Svcs		
	05/28/2014 149078T-0000001 APJ Gen. Contractual Serv. (FALEWA-	12,600.00	Not approved by finance representative
	85-90-43198-14 8310 Gen Contractual Svcs	12,600.00	
8	Kosrae High School Lunch program A3-25-85-90-43344-15		
	85-90-43344-15 8310 Gen Contractual Svcs		
	10/07/2015 183857T-0000117 APJ Gen Contractual Serv (KHS HOT L	1,000.00	Not approved by finance representative
	10/07/2015 183857T-0000121 APJ Gen. Contract. Serv (KHS HOT LU	1,000.00	Not approved by finance representative
	85-90-43344-15 8310 Gen Contractual Svcs	2,000.00	
9	Kosrae Port Authority subsidy A3-25-85-90-43175-14		

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#	Project Title	Posted Amount (\$)	Comments
	10/17/2014 161197T-0000163 APJ Supplies(KPA)	6,580.00	Not approved by finance representative& amount stated in PO. Invoice and Cheque differs
	85-90-43175-14 8226 Office Supplies & Materials	6,580.00	
10	Kosrae Public Auditor training A3-25-85-90-43238-14		
	85-90-43238-14 8110 Travel & Transportation		
	07/23/2014 153129T-0000005 APJ AIR FARE-PITIU (JACKSON, HARRY)	469.00	Not approved by finance representative
	85-90-43238-14 8110 Travel & Transportation	469.00	
11	Kosrae Visitors Bureau (Travel/Promotions) A3-25-85-90-43182-14		
	85-90-43182-14 8230 Advertising, Printing & Repro		
	04/16/2014 148193T-0000185 APJ REIMB. PRINTING(KVB)	104.60	Not approved by finance representative
	85-90-43182-14 8230 Advertising, Printing & Repro	104.60	
12	Lelu Town Government subsidy A3-25-85-90-43232-14		
	85-90-43232-14 8226 Office Supplies & Materials		
	10/07/2015 183857T-0000049 APJ Filling Materials(LTG)	1,200.00	Not approved by finance representative
	10/07/2015 183857T-0000081 APJ Supplies(LTG)	599.79	Not approved by finance representative
	10/07/2015 183857T-0000097 APJ Supplies(LTG)	357.88	Not approved by finance representative
	85-90-43232-14 8226 Office Supplies & Materials	2,157.67	
13	Malem Basketball/Tennis courts A3-25-85-90-43220-14		
	85-90-43220-14 8226 Office Supplies & Materials		
	07/23/2014 153129T-0000096 APJ Supplies(MMG)	103.97	Not approved by finance representative
	85-90-43220-14 8226 Office Supplies & Materials	103.97	
14	Malem farm road A3-25-85-90-43306-14		
	85-90-43306-14 8226 Office Supplies & Materials		
	10/07/2015 183857T-0000085 APJ Supplies(MMG)	584.50	Not approved by finance representative
	85-90-43306-14 8226 Office Supplies & Materials	584.50	
15	Malem Municipal government subsidy A3-25-85-90-43159-14		
	85-90-43159-14 8220 Food		
	07/27/2015 178157T-0000025 APJ Take-Outs(MMG)	600.00	Not approved by finance representative
	85-90-43159-14 8220 Food	600.00	
16	Payments for outstanding accounts for COM-FSM Students A3-25-85-90-43235-14		
	85-90-43235-14 8330 Scholarships		
	06/18/2014 150711T-0000005 APJ Outstanding Debts(KSA-Students)	6,958.85	Not approved by finance representative
	85-90-43235-14 8330 Scholarships	6,958.85	
17	SDA Women Association fund raising A3-25-85-90-43304-15		

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#	Project Title	Posted Amount (\$)	Comments
	85-90-43304-15 8226 Office Supplies & Materials		
	10/07/2015 183857T-0000101 APJ Supplies(SDA Women)	427.45	Not approved by finance representative
	85-90-43304-15 8226 Office Supplies & Materials	427.45	
18	Tsunami trail, Fwinkol, Utwe A3-25-85-90-43323-15		
	85-90-43323-15 8310 Gen Contractual Srvcs		
	07/24/2015 178181T-0000001 APJ Gen. Contra. Serv.(TSUNAMI TRA	4,500.00	Not approved by any incl. finance representative
	85-90-43323-15 8310 Gen Contractual Srvcs	4,500.00	
19	Utwe - Walung channel A3-25-85-90-43241-14		
	85-90-43241-14 8310 Gen Contractual Srvcs		
	08/29/2014 155895T-0000038 APJ Gen. Contr. Serv.(UMG)	4,850.00	Not approved by finance representative
	08/29/2014 155895T-0000042 APJ Gen. Contractual Serv.(UMG)	4,850.00	Not approved by finance representative
	08/29/2014 155895T-0000046 APJ Gen. Contractual Serv.(UMG)	4,850.00	Not approved by finance representative
	85-90-43241-14 8310 Gen Contractual Srvcs	14,550.00	
	Total	\$ 151,847	

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Appendix D: No Supporting Documents

#	Project Title	Posted Amt.	Comments
1	B.A. program A3-25-85-90-43140-15		
	85-90-43140-15 8320 Professional Services		
	10/07/2015 183857T-0000001 APJ SCHOLARSHIP(BA DEG. PROG.)	3,500.00	No letter of award
	10/07/2015 183857T-0000001 APJ SCHOLARSHIP(BA DEG. PROG.)	3,500.00	No letter of award
	10/07/2015 183857T-0000005 APJ SCHOLARSHIP(BA DEG. PROG.)	2,750.00	No letter of award
	10/07/2015 183857T-0000009 APJ SCHOLARSHIP(BA DEG. PROG.)	2,750.00	No letter of award
	10/07/2015 183857T-0000013 APJ SCHOLARSHIP(BA DEG. PROG.)	2,750.00	No letter of award
	10/07/2015 183857T-0000017 APJ SCHOLARSHIP(BA DEG. PROG.)	2,750.00	No letter of award
	10/07/2015 183857T-0000021 APJ SCHOLARSHIP(BA DEG. PROG.)	2,750.00	No letter of award
	10/07/2015 183857T-0000029 APJ SCHOLARSHIP(BA DEG. PROG.)	2,750.00	No letter of award
	10/07/2015 183857T-0000033 APJ SCHOLARSHIP(BA DEG. PROG.)	1,549.00	No letter of award
	10/07/2015 183857T-0000037 APJ SCHOLARSHIP(BA DEG. PROG.)	3,500.00	No letter of award
	10/07/2015 183857T-0000041 APJ SCHOLARSHIP(BA DEG. PROG.)	3,500.00	No letter of award
	10/07/2015 183857T-0000045 APJ SCHOLARSHIP(BA DEG. PROG.)	2,750.00	No letter of award
	10/07/2015 183857T-0000113 APJ SCHOLARSHIP(BA DEG. PROG.)	700.00	No letter of award
	85-90-43140-15 8320 Professional Services	35,499.00	
2	B.A. program for Kosraean Students Scholarship A3-25-85-90-43140-16		
	85-90-43140-16 8343 Meeting/Other Allowance		
	05/06/2016 199904T-0000073 APJ MEET. ALLOWANCE (KBDI BOARD)	300.00	No breakdown on allowance amount
	05/06/2016 199904T-0000077 APJ MEET. ALLOW.(KBDI BOARD)	450.00	No breakdown on allowance amount
	05/06/2016 199904T-0000081 APJ MEET. ALLOWANCE(KBDI BOARD)	450.00	No breakdown on allowance amount
	05/06/2016 199904T-0000085 APJ MEET. ALLOWANCE(KBDI BOARD)	450.00	No breakdown on allowance amount
	05/16/2016 201690T-0000005 APJ MEET. ALLOWANCE (BA DEG. PROG.)	150.00	No breakdown on allowance amount
	05/16/2016 201690T-0000009 APJ MEET. ALLOWANCE (BA DEG. PROG.)	150.00	No breakdown on allowance amount
	05/16/2016 201690T-0000013 APJ MEET. ALLOWANCE(BA DEG. PROG.)	150.00	No breakdown on allowance amount
	05/16/2016 201690T-0000017 APJ MEET. ALLOWANCE(BA DEG. PROG.)	150.00	No breakdown on allowance amount
	85-90-43140-16 8343 Meeting/Other Allowance	2,250.00	
3	BA Program A3-25-85-90-43140-14		
	85-90-43140-14 8343 Meeting/Other Allowance		
	12/19/2014 163799T-0000013 APJ MEETING ALLOWANCES(BA DEG. PRO	350.00	No breakdown on allowance amount
	12/19/2014 163799T-0000017 APJ MEETING ALLOWANCES(BA-DEG. PRO	425.00	No breakdown on allowance amount
	12/19/2014 163799T-0000021 APJ MEETING ALLOWANCES(BA-DEG. PRO	350.00	No breakdown on allowance amount
	12/19/2014 163799T-0000025 APJ MEETING ALLOWANCES(BA DEG. PRO	425.00	No breakdown on allowance amount
	85-90-43140-14 8343 Meeting/Other Allowance	1,550.00	
4	BA Program A3-25-85-90-43087-14		
	85-90-43087-14 8343 Meeting/Other Allowance		
	07/30/2014 153454T-0000217 APJ MEET.ALLOWANCE (SCHOLARSHIP PR	200.00	No breakdown on allowance amount
	85-90-43087-14 8343 Meeting/Other Allowance	200.00	
5	Community Outreach and Advocacy A3-25-85-90-43369-16		
	85-90-43369-16 8110 Travel & Transportation		
	07/15/2016 206088T-0000005 APJ AIR FARE/KENYE G ISMAEL	469.00	Not clear supporting documents

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#	Project Title	Posted Amt.	Comments
	85-90-43369-16 8110 Travel & Transportation	469.00	
6	Community Outreach and Advocacy program A3-25-85-90-43406-16		
	85-90-43406-16 8110 travel & Transportation		
	09/26/2016 212143T-0000033 APJ AIR FARE/KENYE G ISMAEL	1,685.99	No invoice from United Airline
	09/26/2016 212143T-0000037 APJ AIR FARE/SHRUE J GEORGE	1,685.99	No invoice from United Airline
	85-90-43406-16 8110 travel & Transportation	3,371.98	
7	Contribution to Junior State of America Summer Program at Princeton University A3-25-85-90-43456-17		
	85-90-43456-17 8270 Contributions, Subsidies & Gra		
	06/02/2017 234042T-0000017 APJ CONTRIBUTION(JUNIOR STATESMEN)	5,400.00	Insufficient supporting document
	85-90-43456-17 8270 Contributions, Subsidies & Gra	5,400.00	
8	Delegation Office Community Outreach and Advocacy Program A3-25-85-90-43362-16		
	85-90-43362-16 8110 Travel & Transportation		
	04/27/2016 198996T-0000017 APJ CONTINENTAL AIRLINES	2,732.76	Incomplete documentation, no invoice from the Vendor
	04/27/2016 198996T-0000021 APJ CONTINENTAL AIRLINES	2,732.76	Incomplete documentation, no invoice from the Vendor
	85-90-43362-16 8110 Travel & Transportation	5,465.52	
9	Delegation outreach/travel A3-25-85-90-43467-17		
	85-90-43467-17 8110 Travel & Transportation		
	08/28/2017 241416T-0000001 APJ AIR FARE/DALTON KIHLENG	469.00	Not clear supporting documents
	08/28/2017 241416T-0000005 APJ AIR FARE/DJ MAAKI	469.00	Not clear supporting documents
	85-90-43467-17 8110 Travel & Transportation	938.00	
10	Department of Resources & Economic Affairs subsidy (seedling product) A3-25-85-90-43192-14		
	85-90-43192-14 8310 Gen Contractual Svcs		
	07/30/2014 153454T-0000025 APJ GEN. CONTRACTUAL SERV.(DREA)	215.00	No contract attached
	85-90-43192-14 8310 Gen Contractual Svcs	215.00	
11	Fiji school of medicine scholarship for Kosrae A3-25-85-90-43448-17		
	85-90-43448-17 8330 Scholarships		
	05/01/2017 231074T-0000001 APJ SCHOLARSHIP	10,000.00	No award letter
	85-90-43448-17 8330 Scholarships	10,000.00	
12	Fwalwe-Walung Channel A3-25-85-90-43198-14		
	85-90-43198-14 8310 Gen Contractual Svcs		
	05/28/2014 149078T-0000001 APJ GEN. CONTRACTUAL SERV.(FALEWA-	12,600.00	No contract attached
	85-90-43198-14 8310 Gen Contractual Svcs	12,600.00	
13	G-14 fund raising A3-25-85-90-43195-16		
	85-90-43195-16 8110 Travel & Transportation		
	05/02/2017 231281T-0000029 APJ AIR FARE (G- 14 TEAM)	8,650.00	Not clear supporting documents
	85-90-43195-16 8110 Travel & Transportation	8,650.00	
14	High school lunch program A3-25-85-90-43344-17		

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#	Project Title	Posted Amt.	Comments
	85-90-43344-17 8220 Food		
	09/06/2017 242311T-0000021 APJ LOCAL FOOD(LUNCH PROG.)	750.00	no invoice
	09/15/2017 243206T-0000061 APJ LOCAL STARCHS(KHS)	750.00	no invoice
	85-90-43344-17 8220 Food	1,500.00	
15	High School Lunch Program A3-25-85-90-43294-14		
	85-90-43294-14 8220 Food		
	08/28/2015 180515T-0000001 APJ FOOD(HOT LUNCH PROG.)	1,000.00	No invoice/ costs not clearly defined
	08/28/2015 180515T-0000005 APJ FOOD(HOT LUNCH PROGRAM)	1,000.00	No invoice/ costs of food not clearly defined/ for lunch?
	85-90-43294-14 8220 Food	2,000.00	
16	High School Lunch Program A3-25-85-90-43138-14		
	85-90-43138-14 8310 Gen Contractual Svcs		
	11/14/2014 161022T-0000238 APJ GEN. CONTRACT. SERV.(HOT-LUNCH	1,000.00	No invoice/ costs not clearly defined
	12/05/2014 177761T-0000065 APJ GEN. CONTRACT. SERV.(HOT-LUNCH	2,000.00	No invoice/ costs not clearly defined
	85-90-43138-14 8310 Gen Contractual Svcs	3,000.00	
17	Kosrae Housing Authority subsidy A3-25-85-90-43386-16		
	85-90-43386-16 8110 Travel & Transportation		
	07/15/2016 206088T-0000037 APJ AIR FARE/MATCHUGO JACK	284.04	No invoice
	85-90-43386-16 8110 Travel & Transportation	284.04	
18	Kosrae Junior Tennis Association A3-25-85-90-43307-17		
	85-90-43307-17 8110 Travel & Transportation		
	05/25/2017 233170T-0000010 APJ air fare/sterling s	880.39	Nothing from Airline to verify amt
	05/25/2017 233170T-0000014 APJ air fare/jimmy jack	809.39	Nothing from Airline to verify amt
	05/25/2017 233170T-0000018 APJ air fare/sarkausweston l	809.39	Nothing from Airline to verify amt
	05/25/2017 233170T-0000022 APJ air fare/sterkisi abraham	809.39	Nothing from Airline to verify amt
	85-90-43307-17 8110 Travel & Transportation	3,308.56	
19	Little League travel to PNI and related costs A3-25-85-90-43443-17		
	85-90-43443-17 8110 Travel & Transportation		
	07/18/2017 237805T-0000007 APJ TRIP TO PNI	2,044.00	No travel voucher
	85-90-43443-17 8110 Travel & Transportation	2,044.00	
20	Malem Municipal Government subsidy A3-25-85-90-43159-17		
	85-90-43159-17 8110 Travel & Transportation		
	04/19/2017 230094T-0000080 APJ AIR FARE/LIKIAKSA ELESNA	326.00	No itinerary from United Airline
	04/19/2017 230094T-0000084 APJ AIR FARE/GRANT JONAS	326.00	No itinerary from United Airline
	85-90-43159-17 8110 Travel & Transportation	652.00	
21	Malem Municipal government subsidy A3-25-85-90-43159-14		
	85-90-43159-14 8220 Food		
	07/27/2015 178157T-0000025 APJ TAKE-OUTS(MMG)	600.00	Insufficient supporting documents
	85-90-43159-14 8220 Food	600.00	
22	Outreach program A3-25-85-90-43342-15		
	85-90-43342-15 8110 Travel & Transportation		
	11/30/2015 188677T-0000005 APJ OUTREACH TEXAS/CAL(MONGKEYA, W	2,454.60	No invoice

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#	Project Title	Posted Amt.	Comments
	85-90-43342-15 8110 Travel & Transportation	2,454.60	
23	Scholarship (University of Hawaii Law School) A3-25-85-90-43189-14		
	85-90-43189-14 8330 Scholarships		
	10/14/2014 158765T-0000001 APJ SCHOLARSHIP	20,000.00	Insufficient supporting documents (No transcript, approval letter)
	85-90-43189-14 8330 Scholarships	20,000.00	
24	Scholarship for Phd candidates- Walden University A3-25-85-90-43207-14		
	85-90-43207-14 8330 Scholarships		
	07/09/2014 152171T-0000169 APJ SUMMER TUITION-2014(PHD-WALDE	5,260.00	Insufficient supporting documents (No inv., only email)
	85-90-43207-14 8330 Scholarships	5,260.00	
25	Scholarships for KSA students A3-25-85-90-43413-17		
	85-90-43413-17 8330 Scholarships		
	01/25/2017 221925T-0000033 APJ SCHOLARSHIP (KBDI)	5,000.00	No school certification
	85-90-43413-17 8330 Scholarships	5,000.00	
26	Students travel costs A3-25-85-90-43216-14		
	85-90-43216-14 8110 Travel & Transportation		
	05/08/2014 148234T-0000001 APJ AIR FARE (ASHER-SIGRAH, SHANTY)	2,182.00	Insufficient supporting documentation (TA)
	85-90-43216-14 8110 Travel & Transportation	2,182.00	
27	Utwe-Walung circumferential road A3-25-85-90-43190-14		
	85-90-43190-14 8228 POL		
	04/01/2015 170113T-0000031 APJ REIMB. CFSM PROJECTS	8,688.30	Only supporting doc. is fund status report;
	10/21/2015 184931T-0000003 APJ REIMB. CFSM PROJ. (OCT-2015)	7,278.77	Only supporting doc. is fund status report;
	85-90-43190-14 8228 POL	15,967.07	
	Total	\$ 142,011	

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Appendix E. Over Expended Kosrae CFSM Projects

#	Project Title	Appropriation	Allotment	Expenditure	Balance
1	Contributions to SNLC - and other community events, activities & functions	5,000	5,000	5,004.43	(4.43)
2	Kosrae Housing Program subsidy	42,000	42,000	43,530.30	(1,530.30)
3	Kosrae delegation B.A. program	30,000	30,000	35,900.00	(5,900.00)
4	B.A. program for Kosraean Students	20,000	20,000	21,461.00	(1,461.00)
5	Contractual services for special assistant and office trainees	10,000	10,000	10,166.00	(166.00)
6	Contributions to social activities, programs and events	10,000	10,000	19,928.62	(9,928.62)
7	FMI-Yap Kosraean students financial assistance	5,000	5,000	6,000.00	(1,000.00)
8	POL for Kosrae Public Safety	5,000	5,000	5,262.42	(262.42)
9	Travel needs (Kosrae Tourism, Public Auditor and Rock hopper activities)	12,000	12,000	14,431.91	(2,431.91)
10	BA Program	20,000	20,000	20,135.00	(135.00)
11	Malem Youth group	10,000	10,000	10,126.92	(126.92)
12	Lelu Town Government subsidy	20,000	20,000	20,063.13	(63.13)
13	Malem Municipal government subsidy	10,000	10,000	10,475.54	(475.54)
14	Contractual services	5,000	10,000	14,378.10	(4,378.10)
15	Kosrae Port Authority subsidy	30,000	30,000	30,727.94	(727.94)
16	We Care Referral Program	20,000	20,000	33,458.79	(13,458.79)
17	Kosrae Island Veteran Association	10,000	10,000	11,624.67	(1,624.67)
18	Kosrae Women Christian Associations	20,000	20,000	20,780.00	(780.00)
19	Purchase of I-Pads/I-phones	10,000	10,000	14,800.00	(4,800.00)
20	Inpea farm road/culvert	5,000	5,000	5,036.31	(36.31)
21	Kosrae State Public Safety (fuel)	10,000	10,000	10,649.49	(649.49)
	GRAND TOTAL	\$ 309,000	\$ 314,000	\$ 363,940.57	(\$49,940.57)

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Appendix F: Master List of CFSM Funded Public Projects for the State of Kosrae as of September 30, 2017

#	Project Title	PL Amount (\$)	Appropriation (\$)	Allotment (\$)	Difference (\$)	Expenditure (\$)	Balance (\$)
	Public Law 20-31/20-41	600,000					
1	Delegation outreach/travel		25,000	25,000	-	18,187.32	6,812.68
	Sub-total		25,000	25,000	-	18,187.32	6,812.68
	Public Law 19-170/20-02	50,000					
2	Outreach/travel needs		50,000	50,000	-	36,153.12	13,846.88
	Sub-total		50,000	50,000	-	36,153.12	13,846.88
	Public Law 19-152/19-162/20-08	100,000					
3	Fiji school of medicine scholarship for Kosraen		10,000	10,000	-	20,000.00	(10,000.00)
4	Delegation outreach program/travels		20,000	20,000	-	18,308.04	1,691.96
5	Contributions to SNLC - and other community events, activities and functions		5,000	5,000	-	5,004.43	(4.43)
	Sub-total		35,000	35,000	-	43,312.47	(8,312.47)
	Public Law 19-141	100,000					
6	Kosrae State Government defunded programs and activities		100,000	100,000	-	48,307.17	51,692.83
	Sub-total		100,000	100,000	-	48,307.17	51,692.83
	Public Law 19-124/19-140/20-05/20-15	900,000					
7	Kosrae priority infrastructure projects		600,000	600,000	-	160,499.12	439,500.88
	Sub-total		600,000	600,000	-	160,499.12	439,500.88
	Public Law 19-121/19-130/19-142/20-09	1,100,000					
8	Kosrae Conservation and Safety Organization		15,000	15,000	-	8,395.34	6,604.66
9	Kosrae mediation program		10,000	10,000	-	7,920.23	2,079.77
10	Kosrae Congressional Delegation citizens outreach program		60,000	60,000	-	21,440.38	38,559.62
11	Kosrae Junior Tennis Association		17,000	17,000	-	15,060.14	1,939.86
12	Isra, Utwe water system		30,000	30,000	-	28,840.55	1,159.45
13	Finoing, Utwe farm road		40,000	40,000	-	3,080.06	36,919.94
14	Malem Municipal Government subsidy		31,000	31,000	-	25,244.99	5,755.01
15	Kosrae Housing Program subsidy		42,000	42,000	-	43,530.30	(1,530.30)
16	Tafunsak Municipal Government subsidy		15,000	15,000	-	12,900.28	2,099.72
17	YELA Conservation activities		20,000	20,000	-	13,223.93	6,776.07
18	Kosrae Public Safety (Vehicle/POL)		19,000	19,000	-	3,416.95	15,583.05
19	Kosrae State Legislature subsidy		33,000	33,000	-	29,143.24	3,856.76
20	Graduation Commencement at the University of South Pacific (Air fare, lodging, logistical needs, graduation fee, ground transportation)		5,000	5,000	-	5,000.00	-

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#	Project Title	PL Amount (\$)	Appropriation (\$)	Allotment (\$)	Difference (\$)	Expenditure (\$)	Balance (\$)
21	Kosrae Supreme Court staff development		20,000	20,000	-	17,364.00	2,636.00
22	Contribution to Junior State of America Summer Program at Princeton University		5,500	5,500	-	5,400.00	100.00
23	Little League Field renovation		5,000	5,000	-	3,953.93	1,046.07
24	Little League travel to PNI and related costs		20,000	20,000	-	19,506.27	493.73
25	Kosrae survey and mapping subsidy		10,000	10,000	-	9,586.38	413.62
26	High school lunch program		43,000	43,000	-	42,124.19	875.81
27	Kosrae Xavier students' tuitions		20,000	20,000	-	19,729.85	270.15
18	Kosrae delegation B.A. program		30,000	30,000	-	35,900.00	(5,900.00)
29	Tafunsak-Walung waterways/channels clearance/improvements		20,000	20,000	-	20,000.00	-
30	Purchase of outboard motors/POL		20,000	20,000	-	14,516.50	5,483.50
31	KSA Legislative staff training		10,000	10,000	-	9,329.80	670.20
32	Training for governor's office Secretaries		10,000	10,000	-	7,935.00	2,065.00
33	Cell phones, I-Pads, computers, printers		15,000	15,000	-	12,000.00	3,000.00
34	Lelu town government subsidy		30,000	30,000	-	20,795.17	9,204.83
35	Utwe municipal office subsidy		30,000	30,000	-	20,459.48	9,540.52
36	KSA delegation scholarship board meeting allowances/outreach		10,000	10,000	-	9,400.00	600.00
37	Scholarships for KSA students		40,000	40,000	-	35,000.00	5,000.00
38	C.O.M. Palikir KSA students' debts		20,000	20,000	-	20,000.00	-
39	Tsunami shelter for Malem		20,000	20,000	-	6,106.42	13,893.58
40	Kosrae Christian Women Association		25,000	25,000	-	17,065.85	7,934.15
41	KSA students travel and related costs		10,000	10,000	-	4,680.00	5,320.00
42	Tafunsak 2016 Christmas event preparation/activities		5,000	5,000	-	5,000.00	-
43	Utwe Youth Endeavor activities		3,000	3,000	-	2,495.20	504.80
44	Pohnpei/Kosrae fast pitch team		5,000	5,000	-	3,820.00	1,180.00
	Sub-total		763,500	763,500	-	579,364.43	184,135.57
	Public Law 19-89/19-159/20-06	200,000					
45	Tafunsak Youth Tolu musical instrument		5,000	5,000	-	4,744.56	255.44
46	Kosrae Housing Authority subsidy		25,000	25,000	-	18,075.77	6,924.23
47	Utwa Channels cleanup		5,000	5,000	-	5,000.00	-
48	Scholarship-Kosraean students at University of Guam		15,000	15,000	-	15,000.00	-
49	POL for Kosrae Public Safety		5,000	5,000	-	1,807.75	3,192.25

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#	Project Title	PL Amount (\$)	Appropriation (\$)	Allotment (\$)	Difference (\$)	Expenditure (\$)	Balance (\$)
50	Scholarship-Kosraean students Southern Utah University		5,000	5,000	-	4,000.00	1,000.00
51	Contribution to Utwe Choir		12,000	12,000	-	12,000.00	-
52	Community Outreach and Advocacy program		40,000	40,000	-	38,086.29	1,913.71
53	Kosraean student's tuition, debts, other school related costs at Xavier High School		20,000	20,000	-	20,000.00	-
	Sub-total		132,000	132,000	-	118,714.37	13,285.63
	Public Law 19-64/19-81/19-97/19-137/20-29	300,000					
	Contributions to other projects activities, programs and events:						
54	B.A. program for Kosraean Students		20,000	20,000	-	21,461.00	(1,461.00)
55	Contractual Services for Office Staff and Security Guards		20,000	20,000	-	9,978.17	10,021.83
56	Delegation Office Community Outreach and Advocacy Program		20,000	20,000	-	10,991.90	9,008.10
57	Wan Taf River Cleaning		5,000	5,000	-	4,779.43	220.57
58	Utwa-Walung Channel Clean-up		15,000	15,000	-	14,950.28	49.72
59	Renovation of Walung House		10,000	10,000	-	7,600.85	2,399.15
60	Kosrae Visitors Bureau subsidy		10,000	10,000	-	3,190.00	6,810.00
	Sub-total		100,000	100,000	-	72,951.63	27,048.37
	Public Law 19-60/20-30	300,000					
61	State of Kosrae		300,000	300,000	-	298,909.10	1,090.90
	Sub-total		300,000	300,000	-	298,909.10	1,090.90
	Public Law 19-54/19-75/19-79/19-129/20-04	600,000					
62	Kosrae High School Lunch Program		40,000	40,000	-	39,858.84	141.16
63	Purchase of I-phones, I-pads & Laptops		10,000	10,000	-	10,000.00	-
64	Purchase of vehicle/POL/travel (Kosrae State Legislature, Speaker's Office)		30,000	30,000	-	21,496.15	8,503.85
65	Lelu Town Government subsidy		20,000	20,000	-	17,398.70	2,601.30
66	Malem Municipal Government subsidy		10,000	10,000	-	9,154.70	845.30
67	Kosrae Conservation Society Organization (KCSO) subsidy		10,000	10,000	-	7,982.00	2,018.00
68	Kosrae Chamber of Commerce subsidy		5,000	5,000	-	2,708.50	2,291.50
69	Malem Multi-purpose building renovation		20,000	20,000	-	17,873.11	2,126.89
70	G-14 fund raising		10,000	10,000	-	10,000.00	-
71	Kosrae Office of the Attorney General subsidy		10,000	10,000	-	4,229.97	5,770.03
72	Kosrae Special Parent Network		5,000	5,000	-	5,000.00	-

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#	Project Title	PL Amount (\$)	Appropriation (\$)	Allotment (\$)	Difference (\$)	Expenditure (\$)	Balance (\$)
73	Utwa Farmers Association subsidy		10,000	10,000	-	8,966.64	1,033.36
74	Kosrae Department of Health staff development		15,000	15,000	-	9,963.78	5,036.22
75	Kosrae State Legislature staff development		15,000	15,000	-	7,285.18	7,714.82
76	Kosrae Xavier High School students' tuition and related costs		10,000	10,000	-	10,000.00	-
77	Law School scholarship		20,000	20,000	-	20,000.00	-
78	Yekula project		20,000	20,000	-	19,667.23	332.77
79	Kosrae Island Veterans Association		10,000	10,000	-	16,707.32	(6,707.32)
80	Kosrae Women Association		25,000	25,000	-	23,133.07	1,866.93
81	Yelum Drainage Improvement		6,000	6,000	-	5,996.29	3.71
82	Inpea farm road improvement/completion		7,000	7,000	-	261.74	6,738.26
83	Kosrae State Legislature subsidy		12,000	12,000	-	11,271.81	728.19
84	Yewak farm road improvement		20,000	20,000	-	13,000.00	7,000.00
85	Sripunyot water system improvement		2,000	2,000	-	939.74	1,060.26
86	Tafunsak Multipurpose building		10,000	10,000	-	2,957.50	7,042.50
87	Community Outreach and Advocacy		19,000	19,000	-	15,839.24	3,160.76
88	Mutunte water system improvement		12,000	12,000	-	11,973.97	26.03
89	Kosrae banana and breadfruit chips production		12,000	12,000	-	8,000.29	3,999.71
90	Utwa fishermen association		8,000	8,000	-	7,959.76	40.24
91	James R. Palsis Marine Park subsidy		20,000	20,000	-	19,990.35	9.65
92	Pelyuul water system improvement		12,000	12,000	-	10,283.47	1,716.53
93	Utwa Charter Convention		5,000	5,000	-	4,809.65	190.35
94	Scholarship for Kosraean students at Fiji School of Medicine		5,000	5,000	-	4,000.00	1,000.00
	Sub-total		445,000	445,000	-	378,709.00	66,291.00
	Public Law 19-10/19-26/19-42/19-51/19-72/19-163/20-03/20-25	400,000					
95	COM-Poultry Pilot Project		20,000	20,000	-	3,487.98	16,512.02
96	Ditch improvement (Srem to Infala, Malem)		2,000	2,000	-	2,000.00	-
97	Outreach program		30,000	30,000	-	25,911.74	4,088.26
98	B.A. program		40,000	40,000	-	38,249.00	1,751.00
99	Kosrae High School Lunch program		40,000	40,000	-	39,899.97	100.03
100	Contractual services for special assistant and office trainees		10,000	10,000	-	10,166.00	(166.00)
101	Malem multi-purpose building		20,000	20,000	-	19,999.68	0.32
102	Utwe multi-purpose building		20,000	20,000	-	19,049.99	950.01

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#	Project Title	PL Amount (\$)	Appropriation (\$)	Allotment (\$)	Difference (\$)	Expenditure (\$)	Balance (\$)
103	Contributions to social activities, programs and events		10,000	10,000	-	19,928.62	(9,928.62)
104	Reimbursement obligation to Kosrae Junior Tennis Program		3,000	3,000	-	3,000.00	-
	Sub-total		195,000	195,000	-	181,692.98	13,307.02
	Public Law 18-117/18-120/19-04/19-08/19-35/19-102/20-26	400,000					
105	Concordia University scholarship for Master's degree		20,000	20,000	-	18,910.00	1,090.00
106	Tsunami trail, Boro, Lelu		20,000	20,000	-	5,484.85	14,515.15
107	Renovation of Sharon Inn building		20,000	20,000	-	20,000.00	-
108	Vehicle and freight & related costs for youth group in Kaa, Lelu		10,000	10,000	-	9,854.45	145.55
109	COM-FSM outstanding debts for dormitory students		40,000	40,000	-	40,000.00	-
110	Kosrae High School Lunch program		20,000	20,000	-	19,764.03	235.97
111	Seawall project and related expenses at Lik, Lelu		10,000	10,000	-	1,960.00	8,040.00
112	Office of the Lt. Governor subsidy		10,000	10,000	-	9,315.74	684.26
113	Fishing project (outboard motors, boats, fishing gears)		20,000	20,000	-	19,207.44	792.56
114	Lelu Town government subsidy		10,000	10,000	-	4,550.94	5,449.06
115	Tuition costs for Kosraen students at Xavier High School		10,000	10,000	-	8,140.00	1,860.00
116	Tsunami trail, Fwinkol, Utwe		10,000	10,000	-	9,469.72	530.28
117	Sialat farm road improvement		20,000	20,000	-	693.00	19,307.00
118	Public Work fuel subsidy		10,000	10,000	-	9,856.30	143.70
119	Inauguration 2015 travel and related cost		-	10,000	(10,000)	9,040.25	959.75
120	Vehicle purchase for delegation office		35,000	35,000	-	34,866.70	133.30
	Sub-total		265,000	275,000	(10,000)	221,113.42	53,886.58
	Public Law 18-99/18-106/18-113/19-05/19-107/20-18	400,000					
121	Outreach and advocacy program		60,000	60,000	-	41,297.36	18,702.64
122	Lelu Town Government subsidy		20,000	20,000	-	16,816.49	3,183.51
123	Purchase of I-phones and I-pads		10,000	10,000	-	5,200.00	4,800.00
124	Tofol Tennis Courts upgrade		10,000	10,000	-	7,000.00	3,000.00
125	Kosrae State court subsidy		5,000	5,000	-	4,991.00	9.00
126	Purchase of vehicle for Kosrae State Department of Finance		25,000	25,000	-	15,057.62	9,942.38
127	Concordia University of Oregon Master Degree scholarship		20,000	20,000	-	19,774.00	226.00

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#	Project Title	PL Amount (\$)	Appropriation (\$)	Allotment (\$)	Difference (\$)	Expenditure (\$)	Balance (\$)
128	Travel needs & tuition costs Fielding graduate, University of Santa Barbara, California		10,000	10,000	-	9,817.60	182.40
129	G-14 fund raising		10,000	10,000	-	10,000.00	-
130	SDA Women Association fund raising		10,000	10,000	-	9,999.84	0.16
131	Kosrae Special Parent Network		5,000	5,000	-	4,775.50	224.50
132	FMI-Yap Kosraean students financial assistance		5,000	5,000	-	6,000.00	(1,000.00)
133	Purchase of vehicle & freight & handling cost (FSM Treasury - Kosrae)		25,000	25,000	-	24,769.88	230.12
134	COM-FSM - Kosraeans students outstanding debt		40,000	40,000	-	37,180.00	2,820.00
135	POL for Kosrae Public Safety		5,000	5,000	-	5,262.42	(262.42)
136	Outreach program		35,000	35,000	-	31,569.98	3,430.02
137	Travel needs (Kosrae Tourism, Public Auditor and Rock hopper activities)		12,000	12,000	-	14,431.91	(2,431.91)
138	Kosrae State Legislature subsidy (office equipment and travel)		20,000	20,000	-	17,185.09	2,814.91
139	River clearing and related costs		20,000	10,000	10,000	10,000.00	-
140	Kosrae State Government 2015 Inauguration related expenses		20,000	20,000	-	16,310.00	3,690.00
141	Kosrae State Department of Education (travel needs for conference and meetings)		20,000	20,000	-	18,701.00	1,299.00
142	Contributions to community activities and events		10,000	10,000	-	3,081.84	6,918.16
	Sub-total		397,000	387,000	10,000	329,221.53	57,778.47
	Public Law 18-70/18- 98/19-07/19-24/19- 101/19-114/20-07	750,000					
143	BA Program		20,000	20,000	-	20,135.00	(135.00)
144	High School Lunch Program		55,000	55,000	-	53,371.03	1,628.97
145	We Care Referral Program		20,000	20,000	-	8,668.07	11,331.93
146	Scholarship (University of Hawaii Law School)		20,000	20,000	-	20,000.00	-
147	Malem Youth group		10,000	10,000	-	10,126.92	(126.92)
148	Pilyuul Youth Center renovation		5,000	5,000	-	4,486.17	513.83
149	Kosrae-Pohnpei fast pitch teams (travel, accommodation, rental and meals)		5,000	5,000	-	4,918.00	82.00
150	Kosrae High School Dining area renovation		30,000	30,000	-	30,000.00	-
151	Kosrae Micro Finance Subsidy		10,000	10,000	-	6,626.74	3,373.26
152	Kosrae outreach and advocacy program		40,000	40,000	-	39,856.16	143.84
153	Purchase of Senior citizens bus and associated cost (spare tires, freight, POL, spare parts and maintenance)		60,000	60,000	-	52,646.57	7,353.43

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#	Project Title	PL Amount (\$)	Appropriation (\$)	Allotment (\$)	Difference (\$)	Expenditure (\$)	Balance (\$)
154	Lelu Town Government subsidy		20,000	20,000	-	20,063.13	(63.13)
155	Malem Municipal government subsidy		10,000	10,000	-	10,475.54	(475.54)
156	Tafunsak municipal government subsidy		10,000	10,000	-	7,457.25	2,542.75
157	Lelu municipal government subsidy		10,000	10,000	-	3,749.85	6,250.15
158	Kosrae Congressional Delegation Constituents outreach programs		30,000	30,000	-	27,621.02	2,378.98
159	Xavier High School (tuition costs for Kosraen Students)		10,000	10,000	-	9,470.00	530.00
160	Mediation program		10,000	10,000	-	9,492.85	507.15
161	Kosrae Junior Tennis		10,000	10,000	-	9,965.33	34.67
162	Contractual services		5,000	10,000	(5,000)	14,378.10	(4,378.10)
163	Survey and Mapping		40,000	40,000	-	39,380.00	620.00
164	Access road/drainage		20,000	20,000	-	7,500.00	12,500.00
165	Malem farm road		20,000	20,000	-	19,982.39	17.61
166	Utwe-Walung circumferential road		30,000	30,000	-	29,996.31	3.69
167	Finfokoa Malem water extension		35,000	35,000	-	34,195.24	804.76
168	Kosrae Port Authority subsidy		30,000	30,000	-	30,727.94	(727.94)
169	Private sector development		25,000	25,000	-	8,192.50	16,807.50
170	Scholarship - COM-FSM trail counselor program		10,000	10,000	-	9,854.50	145.50
171	Kosrae High School - Vocational Education program		7,213	10,000	(2,787)	7,706.45	2,293.55
172	Tafunsak/Walung water system extension & improvement		10,000	10,000	-	8,936.20	1,063.80
173	Kosrae State Scholarship Board outreach initiatives		15,000	15,000	-	9,816.19	5,183.81
	Sub-total		632,213	640,000	(7,787)	569,795.45	70,204.55
	Public Law 18-42/18-56/19-15	400,000					
174	Airport Terminal Facility Improvement in Kosrae and upgrade or replacement of ARFF switchgear or Transformer		100,000	100,000	-	100,000.00	-
	Sub-total		100,000	100,000	-	100,000.00	-
	Public Law 18-35/18-49/18-61/18-63/19-06	700,000					
175	BA Program		30,000	30,000	-	23,532.00	6,468.00
176	High School Lunch Program		50,000	50,000	-	49,590.47	409.53
177	We Care Referral Program		20,000	20,000	-	33,458.79	(13,458.79)
178	Fundraising (Junior Tennis Players)		10,000	10,000	-	9,992.23	7.77
179	Fwalwe-Walung Channel		15,000	15,000	-	14,999.10	0.90
180	Tafunsak-Walung Channel		10,000	10,000	-	8,103.95	1,896.05
181	Lelu Town Government administrative support services		20,000	20,000	-	19,652.69	347.31
182	Kosrae Island Veteran Association		10,000	10,000	-	11,624.67	(1,624.67)

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#	Project Title	PL Amount (\$)	Appropriation (\$)	Allotment (\$)	Difference (\$)	Expenditure (\$)	Balance (\$)
183	Kosrae Women Christian Associations		20,000	20,000	-	20,780.00	(780.00)
184	Purchase of I-Pads/I-phones		10,000	10,000	-	14,800.00	(4,800.00)
185	Kosrae Visitors Bureau (Travel/Promotions)		10,000	10,000	-	9,062.20	937.80
186	Fundraising for G-14 basketball team		10,000	10,000	-	10,000.00	-
187	Inpea farm road/culvert		5,000	5,000	-	5,036.31	(36.31)
188	SDA Youth Musical Instruments		10,000	10,000	-	9,796.75	203.25
189	Payments for outstanding accounts for COM-FSM Students		20,000	20,000	-	14,392.40	5,607.60
190	Students travel costs		10,000	10,000	-	6,241.90	3,758.10
191	Kosrae Public Auditor training		10,000	10,000	-	9,744.30	255.70
192	Scholarship for Phd candidates-Walden University		15,000	15,000	-	14,868.00	132.00
193	Utwe - Walung channel		15,000	15,000	-	14,550.00	450.00
194	Kosrae Special Parent Network (KSPN)		5,000	5,000	-	4,306.65	693.35
195	Purchase of vehicle/part for KHS lunch program		15,000	15,000	-	15,000.00	-
196	Purchase of communication equipment (Police detectives)		5,000	5,000	-	4,996.94	3.06
197	Fund Raising (Rebar Team)		25,000	5,000	20,000	5,000.00	-
198	Kosrae State subsidy		25,000	25,000	-	22,172.80	2,827.20
199	Department of Resources & Economic Affairs subsidy (seedling product)		30,000	30,000	-	25,631.13	4,368.87
200	Kosrae Conservation Society Organization		10,000	10,000	-	8,633.95	1,366.05
201	Kosrae Attorney General's Office subsidy		20,000	20,000	-	17,506.86	2,493.14
202	Kosrae State Public Safety (fuel)		10,000	10,000	-	10,649.49	(649.49)
203	Kosrae Island Resource Management Authority (KIRMA)		10,000	10,000	-	9,688.29	311.71
204	Municipal governments subsidy		40,000	40,000	-	33,573.56	6,426.44
205	Malem Basketball/Tennis courts		30,000	30,000	-	21,845.55	8,154.45
206	Utwa farm road & access roads/drainages		30,000	30,000	-	29,680.00	320.00
207	Travel needs (outreach program)		45,000	45,000	-	34,482.71	10,517.29
208	Manpower/capacity building Kosrae State		-	5,987	(5,987)	5,987.00	-
209	Malem access road		5,000	5,000	-	2,320.00	2,680.00
210	Payment for LSAT Preparation and other Associated expenses		5,000	5,000	-	4,999.00	1.00
	Sub-total		610,000	595,987	14,013	556,699.69	39,287.31
	GRAND TOTAL	7,300,000	4,748,712	4,743,487	6,226.00	3,713,630.80	1,028,856.20

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Appendix G: Prior Audit Findings and Recommendations

Audit No	Findings	Recommendations	Implemented (Yes/No)
2015-04	Lack of definitive parameters led Congress to appropriate \$1.6 million for all sorts of activities and programs under "public projects" which did not yield any meaningful and lasting public benefits	<ul style="list-style-type: none"> • <i>The FSM President should develop and propose for an act that will define the intent and the allowable "public projects" and "social programs" to provide definitive parameters and guidance in the selection of the kinds of projects suitable for the use of CFSM funds.</i> • <i>FSM Congress should review and take into consideration any proposal by the President in regards to definitive parameters on the types of projects and purposes for which the CFSM Public Projects and Social Programs fund can be used.</i> • <i>Furthermore, we recommend that the allottee/sub-allottee should develop and implement the criteria for selecting the CFSM project proposals and program recipients.</i> 	No
	\$685,650 public projects lacked transparency and accountability	<i>The Director of the Office of SBOC should require that all construction projects be supported with project designs and detailed cost estimate to provide transparency and accountability prior to issuance of advice of allotment.</i>	No
	At least \$93,381 CFSM funds were spent for badly constructed and unimplemented projects, unused materials and equipment, and unaccounted expenditures	<ul style="list-style-type: none"> (i) <i>Allottees should have adequate planning to ensure that capable manpower and materials are in place before requesting the allotment of project funds.</i> (ii) <i>TC&I should comply with the requirements on project monitoring and completion reports.</i> (iii) <i>DoFA to ensure that required project supporting documents are submitted before disbursing the funds.</i> 	No
	Over \$200,000 worth of expenditures appeared not in compliance with laws and regulations	<p><i>That concerned officials and government officials should ensure that the spending of funds should be in accordance with the control requirements of the pertinent laws and regulations:</i></p> <ul style="list-style-type: none"> (i) <i>Allottee/Sub-allottee - Spending of project funds consistent with the intent</i> 	No

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Audit No	Findings	Recommendations	Implemented (Yes/No)
		<p><i>of the appropriation, allotment and/or project purpose;</i></p> <p>(ii) <i>Senator - Senator's restriction in handling or administering project funds and in affecting any form of influence during the implementation of the projects funded by Congress</i></p> <p>(iii) <i>Allottee & Sub-allottee/DoFA - Develop and implement procedures to mitigate conflict of interest</i></p> <p>(iv) <i>SBOC/Allottee/Sub-allottee/DoFA - To ensure that allotments do not exceed what is in the appropriation law and expenditures do not exceed the approved appropriation amount</i></p>	
2013-02	Failure to execute key control	<p><i>Director of the Office of SBOC should review procedures to:</i></p> <p>(i) <i>Ensure awareness and compliance with the existing guidelines, requirements, laws and regulations for preparing the PCDs.</i></p> <p>(ii) <i>Properly execute key controls that exist to ensure that PCDs are completely and accurately filled out by rejecting incomplete PCDs and requesting allottee to resubmit.</i></p> <p>(iii) <i>Ensure an independent Project Inspection Official is a requirement in PCD whenever an inspection of project progress/completion is applicable to the project or program before a payment is made.</i></p> <p>(iv) <i>Consider collaborating with DF&A in helping to implement a strong annual education and certification program for eligible allottees, as identified by DoFA's list of eligible</i></p> <p><i>Secretary of DoFA should:</i></p> <p>(i) <i>Ensure that the allottee and/or sub-allottee become aware of and comply with existing guidelines and requirements of the law to consistently monitor, track and properly close out the projects as required.</i></p>	No

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Audit No	Findings	Recommendations	Implemented (Yes/No)
		(ii) <i>Solicit collaboration from SBOC (as mentioned above) as they (DF&A) manage and monitor the eligible allottee program, including annual education and certification.</i>	
	Expenditures of \$306,521 could not be verified	<p><i>The Secretary of DF&A (or designee) should:</i></p> <p>(i) <i>Conduct training on policies and procedures to ensure that allottees/sub-allottees become aware of the existing guidelines and requirements of the law, their responsibilities to implement the entire process required of public projects and to review every payment request accordingly.</i></p> <p>(ii) <i>Consistently review and only certify payment requests in accordance with the requirements of the regulations and procedures.</i></p> <p>(iii) <i>Ensure that appropriate documentation is present before disbursement of payments, and that files are maintained as required by law.</i></p>	No
	Assets were being misused (personal use) or lost	<p><i>The Secretary of DF&A should:</i></p> <p><i>Implement procedures to ensure that the allottees/sub-allottees:</i></p> <p>(i) <i>Are fully aware of their responsibilities, and</i></p> <p>(ii) <i>follow the laws, procedures and regulations pertaining to labeling of projects.</i></p>	No
	Disbursement for \$401,619 without certifications	<p><i>We recommend that the Secretary of DoF&A should ensure that:</i></p> <p>1. <i>The allottee and/or sub-allottee become aware of the existing guidelines and requirements of the law to implement and administer the entire project administration process, and to review every payment request accordingly.</i></p> <p>2. <i>The project inspection officials become aware of their responsibilities to manage, inspect and report the status of public projects.</i></p>	No

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Audit No	Findings	Recommendations	Implemented (Yes/No)
		3. Consistently review and certify payment requests in accordance with the requirements of the regulations and procedures.	
2008-01	Selection standards not met resulting in questionable public projects	<p>(i) Congress should:</p> <p>(a) Define the term "social and economic development projects" in the CFSM appropriation law to provide sufficient guidance on how to determine what kind of project would qualify for CFSM funding. Furthermore, providing a clear definition would correct what DOJ considered to be "defective" in the CFSM appropriation law in their legal opinion to ONPA.</p> <p>(b) Adopt selection standards for the CFSM public projects similar to those commonly used by other agencies in the region.</p> <p>(c) Adopt proposal standards in agreement with selection standards. The proposal standards would have to be met before the project will be considered for selection as a public project.</p> <p>(ii) That the Congressional Members for Kosrae State to consider forming a committee, including members from the State Government, to review and assess public projects proposals to ensure they meet the selection standards and to recommend projects for CFSM funding. The committee should document their assessment for the public record. A more coordinated effort in planning and reviewing public projects can increase the likelihood that proposed projects are consistent with the State's development plans and have the support and assistance of State resources if needed.</p>	No
	Prudent management practices not followed resulting in mismanaged and misused project funds	1. The Governor require management officials of the Education Department and other state departments, and agencies to carefully review the FMR and provide signed certification	No

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Audit No	Findings	Recommendations	Implemented (Yes/No)
		<p><i>verifying their thorough understanding of the provisions and requirements of the FMR.</i></p> <p>2. <i>The FSM Secretary of the DoFA should:</i></p> <p>A. <i>Direct the FSM Finance Representative Officer in Kosrae:</i></p> <p>1. <i>To follow FMR regulations to ensure all disbursements to the Kosrae State Government are made against only valid obligations under CFSM projects;</i></p> <p>2. <i>To ensure all disbursements of funds comply with the Financial Management Act of 1979, FMR, and all other policies and procedures of the National Government.</i></p> <p>B. <i>Consider removing from the roster of eligible allottees for CFSM public projects, the DAS CTA. By removing his name from the roster, this current sub-allottee would not be further extended in his duties.</i></p> <p>3. <i>The FSM Budget Officer should ensure that PCDs are properly filled out before approving the advice of allotment that makes the funds available. Specifically, the FSM Budget Officer should:</i></p> <p>A. <i>Ensure that all information in the PCD is properly filled out and supported by appropriate documentation;</i></p> <p>B. <i>Ensure that information provided in the PCD is sufficiently detailed in describing project purpose, cost, and implementation strategy;</i></p> <p><i>Ensure that part V (project justification and approval information) in the PCD is accurate, complete, and supported with documentation.</i></p>	

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Appendix H. Inspection Photos

A. High School Lunch Program truck



A.1 (front)



A.2 (side)

B. High School Lunch Program vehicle



B.1(front)



A.2 (back)

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C. Speaker vehicle



C.1 (back)



C.2 (front)

D. State Dept of Finance and Administration vehicle



D.1 (back)



D.2 (front)

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E. Airport Improvement



E.1 Departure waiting area

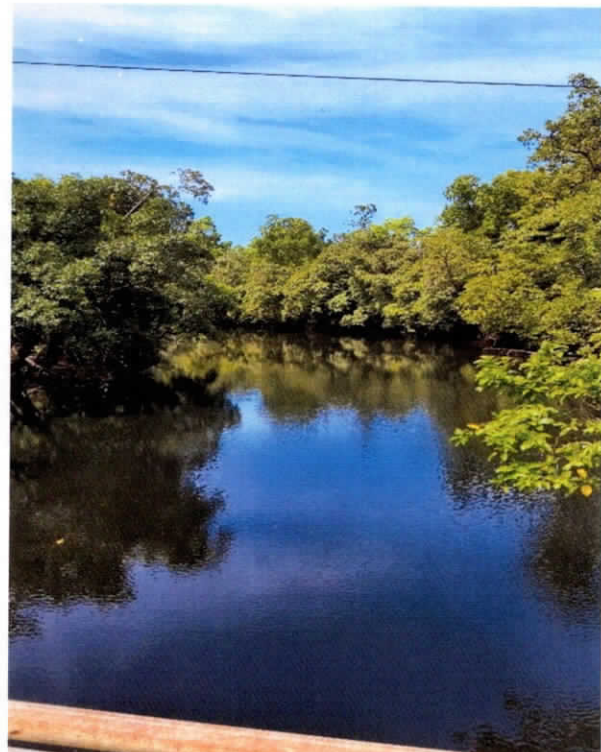


E.2 ARFF switchgear and transformer

F. Drainage and Channel cleanup



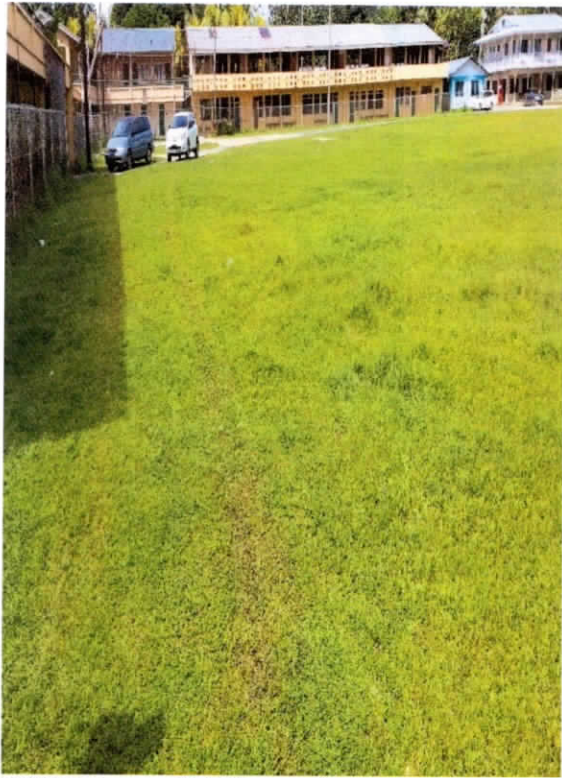
F.1 Yelum Drainage Improvement



F.2 Utwa Channel cleanup

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G. Field Renovation and Multi-Purpose Building



G.1 Little League Field Renovation



G.2 Utwe Multi-Purpose Building

H. Basketball and Tennis Court



H.1 Malem Basketball/Tennis Court



H.2 Tofol Tennis Court

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MANAGEMENT RESPONSE

Kosrae FSM Finance Field Office Management Response



GOVERNMENT OF THE
FEDERATED STATES OF MICRONESIA
DEPARTMENT OF FINANCE & ADMINISTRATION
Division of National Treasury
Kosrae Field Office
Tofol Kosrae, FM 96944
tel. (691) 370-3347

May 13, 2019

Mr. Leonce Anthony
Audit Manager
FSM Office of the National Public Auditor
Palikir Pohnpei, FSM 96941

Dear Audit Manager:

I would like to thank the Management and your Audit Staff for the opportunity to respond to the Audit Report of the Kosrae CFSM Funded Public Projects.

This is a letter in response to the findings and recommendations given in the draft audit report. The report notes findings and recommendations where substantial improvements are needed.

Going through the findings I found that some documentations or supporting documents were in files, documents were approved and signed but for one particular finding where it stated that payment was made 10 months later than the invoice date. I went through this and found that invoices were dated 11/2/2015 but I believe was misread as February 11, 2015. Payment with ck #315449 was made for that transaction on 12/11/2015-one month later not 10. If it is not too late to ask for the possibility to correct this, please let us know.

Recommendations for the Field Office for the findings of the Audit Report were recognized and we are ready to use them as our guidelines in order to improve our weaknesses on documentations and etc.

Thank you once again for this opportunity and for all the recommendations given and we are looking forward to do our part for improvement.

Should there be questions regarding this letter, please do let us know.

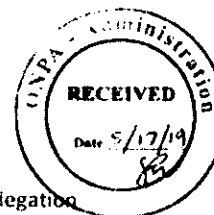
Respectfully,


Margarette Abraham
FSM Finance, Kosrae Field Office Rep.

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Kosrae FSM Congress Delegation Office Management Response

My Response to Your Draft Audit Report on Kosrae Delegation Office



First, I want to thank you and your supervisor for taking time to visit the Kosrae Delegation Office in regard to the draft report.

Second, I want to share my disappointment in the report as it contains many alternative facts that should have been investigated before they were drafted in black and white for everyone to see.

This report, it seems, was drafted with the help of an individual who seems to think that members of Congress from Kosrae are employees of the state of Kosrae and that we are required to adhere to the dictates of the Kosrae Development Plan (SDP). There is no laws or rules nor regulations that speak to that affect

My goals are different than the goals of the state which are addressed in the SDP

I have many concerns regarding your report. Some are listed below:

1. Why are we being blamed for not complying with laws and regulations regarding these projects when it is the responsibilities of other offices and agencies?
2. "In some cases, project funds were expended but not in accordance with their intended purpose". Why is this a delegation issue?
3. "Allottees did not conduct adequate background check...." Why is this a delegation issue?
4. "Implementation of some projects was not in accordance with applicable laws". Why is this a delegation issue?

In your report, you stated the following in bullet forms that Congress members from Kosrae State:

1. "Did not align their project selection with the State SDP when accepting requests from their constituents or when selecting which project to fund".

ANSWER: In each project bill the heading would state "for projects and social programs in the state of Kosrae". There is nothing in public project bills/laws that requires members to work with the state or to address state SDP

2. "Did not coordinate/communicate with Kosrae State government and the local governments prior to accepting projects for funding support". ANSWER: Where are the laws or the regulations that require me to do so?
3. "On the other hand, they **appeared** to prioritize their constituency building effort...." ANSWER: This is not factual. I wish the auditors would only referred to facts not assumptions

If these are not violations of any laws or regulations, why do you address them in the report?

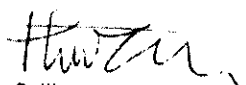
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And then you went ahead and discuss discrepancies in the following public projects:

1. Outreach Program. ANSWER: All the travels that you raised were reviewed by the FSM AG office and signed by the President and monitored by the FSM Finance office. Why are we being blamed for? These travel requests met the requirements as dictated in the law and that is why these travels took place. Otherwise, Finance would never had allowed those travels to take place.
2. Tafunsak 2016 Christmas event preparation/activities. ANSWER: Again, if you read the heading of the bill that this line item came from, it would say "for projects and social programs in the state of Kosrae" which would include his line item. So where is the violation or why is this an issue?
3. G-14 Fund Raising. ANSWER: This project also falls under the "social programs". So where is the violation or why is this an issue?
4. SDA women fundraising. ANSWER: This project also falls under the "social programs" issue. So where is the violation or why is this an issue?
5. Kosrae Mediation Program. ANSWER: The use of the fund was allowed and not in violation of any law because the use of the fund was addressed in the Project Control Documents [PCDs].
6. Kosrae High School lunch program/purchase of vehicle. ANSWER: The vehicle is used to transport food products from various vendors and to help with administrative matters. You failed to show proof of the thousands of take-out plates and the names of senior citizens mentioned under this heading. We hope that future reports will be supported by facts.

Your recommendations are not accepted as I am not in any way require by law or regulations to work with state leaders in addressing SDPs. In essence, you are telling me to work with people that do not support me.

THANK YOU.



Paliknoa K. Welly
Chairman,
Kosrae Delegation -FSM 21st Congress

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FSM Finance Management Response



Secretary of Finance
&
Administration

**GOVERNMENT OF THE
FEDERATED STATES OF MICRONESIA**
Department of Finance and Administration
P.O. Box PS 158
Palikir, Pohnpei FM 96941
Tel: (691) 120-2640/5852 Fax: (691) 120-7728
E-mail: fsmsofa@mail.fm



July 05, 2019

Dear Mr. Hamrick

We wish to thank you for the opportunity to review and respond to the recently completed Kosrae CFMS Public Project Audit. Below is our response to each of the finding.

1.1. Finding No. 1: Project expenditures were incurred and paid even though unrelated to the intent of law

Response: We have reviewed the finding and agree to implement the recommendations to strengthen our internal controls and processes to ensure all project expenditures are processed accordingly with the intended purpose of the law. And this is cleared in our financial management regulation that all payment requests must be fully supported and in line with the law. Specifically, to address this finding, we would need to work closely with our Deputy Assistant Secretary in Kosrae to ensure a thorough review of any incoming CFMS project requests complies with its intended purpose of the law and what has been approved detailed out in the PCD. Our intention is to always comply with FMA and its regulations.

1.2. Finding No. 2: Over \$445,258 worth of Expenditures Appeared Not in Compliance with Laws and Regulations

1.2.1. Disbursements Not Properly Supported - \$142,011

Response: We concurred to this finding. However, we believe most of the cited items are documented properly, we will ensure that no continuation of violating the FMR specifically on the problem ones.

1.2.2. Expenditures Exceeded Approved Budget - \$49,941

Response: For this specific finding, we agree that expenditures cannot exceed the approved budget and that's against the law. It is mandated by law that Assistant Secretary of National Treasury will work collaboratively with Deputy Assistant Secretary of

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Kosrae field office to monitor and ensure the fund status reports on all accounts to ensure compliance.

1.2.3. Untimely Submission of Payment Requests and Disbursements - \$33,350

Response: Finance has set procedures that all requests of payment be processed not more than a week. Unless the requestor or a department did not submit an invoice and or other supporting documents timely can cause this problem. However, we will ensure that control mechanism be implemented and enforced fully.

1.2.4. Other Exceptions - \$68,109

Response: To address this finding, we have currently revised our old financial management regulation and starting March 07, 2019 a new FMR became effective. It is crystal clear that all payment requests submitted to finance or any of our field offices must have complete supporting documents before processing. However, we need to ensure that Deputy Assistant Secretary of Kosrae will strictly review all the payment requests to make sure they comply with the PCD and the intended purpose of the law.

We thank you for the opportunity to respond to your findings and looking forward to working with you in resolving the weaknesses and implementing recommendations to ensure improvement in our process.

Thank you,



Erick Paul

Assistant Secretary,

National Treasury, FSM-DOFA

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ONPA EVALUATION OF MANAGEMENT RESPONSE

We requested for a management response from the Congressmen, Secretary of Finance and Administration, and the Manager, Kosrae FSM Finance Field Office. Some management responses generally agreed with the findings and recommendations in the report. However, we would like to clarify some statements made in the management responses as follows:

1.0 Kosrae FSM Finance Field Office

On Finding No. 3 – Over \$445,258 worth of expenditures appeared not in compliance with laws and regulations

- (i) Disbursements not properly approved
- (ii) Disbursements not properly supported
- (iii) Untimely submission of payment requests and disbursements

1.1. Response by FSM Finance Field Office in Kosrae:

Going through the findings, I found that some documentations or supporting documents were in files, documents were approved and signed but for one particular finding where it stated that payment was made 10 months later than the invoice date. I went through this and found that invoices were dated 11/2/2015 but I believe was misread as February 11, 2015. Payment with ck#315449 was made for that transaction on 12/11/2015 one month later not 10. If it is not too late to ask for the possibility to correct this, please let us know.

1.2. ONPA Evaluation:

We would like to point out that in reviewing the expenditures and the supporting documents, we found Accounts Payable Vouchers (APVs) that were prepared and approved by the Finance Office Field Office Representative. However, the APVs pointed out in this report were those that were prepared but not approved by the Finance Field Office Representative.

Additionally, in reviewing the expenditures we found insufficient supporting documents, (e.g. no award letter for scholarships, no invoice, no breakdown on meeting allowances)

Finally, we found that the transaction for ck#315449 (dated 12/11/2015) was posted into the system on 9/30/16 which is 10 months later.

Based on these facts and lack of any other evidences to the contrary, the finding will be retained as it is.

2.0 Kosrae FSM Congress Delegation Office

2.1. ONPA Evaluation:

We evaluated the management response and decided to retain the findings based on the following:

- (i) All of the above issues are the responsibility of Finance and the allottees; but were not addressed or applicable to the Kosrae FSM Congress Delegation Office.

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On Finding No. 1 – Lack of appropriate processes in selecting public projects

2.2. Congressman Response:

- (i) In each project bill the heading would state “for projects and social programs in the State of Kosrae. There is nothing in public project bills/laws that requires members to work with the state or to address state SDP.
- (ii) Where are the laws or the regulations that require me to coordinate/communicate with Kosrae State Government and the local governments prior to accepting projects for funding support?
- (iii) This is not factual. I wish the auditors would only refer to facts not assumptions that Congress appeared to prioritize their constituency building effort.

And then went ahead and discuss discrepancies in the following public projects:

- (i) Outreach Program. **ANSWER:** All the travels that you raised were reviewed by the FSM AG office and signed by the President and monitored by the FSM Finance office. Why are we being blamed for? These travel requests met the requirements as dictated in the law and that is why these travels took place. Otherwise, Finance would never had allowed those travels to take place.
- (ii) Tafunsak 2016 Christmas event preparation/activities. **ANSWER:** Again, if you read the heading of the bill that this line item came from, it would say “for projects and social programs in the State of Kosrae” which would include this line item. So where is the violation or why is this an issue?
- (iii) G-14 Fundraising. **ANSWER:** This project also falls under the “social programs”. So where is the violation or why is this an issue?
- (iv) SDA Women fundraising. **ANSWER:** This project also falls under the “social programs” issue. So where is the violation or why is this an issue?
- (v) Kosrae Mediation Program. **ANSWER:** The use of the fund was allowed and not in violation of any law because the use of the fund was addressed in the Project Control Documents (PCDs).
- (vi) Kosrae High School lunch program/purchase of vehicle. **ANSWER:** The vehicle is used to transport food products from various vendors and to help with administrative matters. You failed to show proof of the thousands of take-out plates and the names of senior citizens mentioned under this heading. We hope that future reports will be supported by facts.

2.3. ONPA Evaluation:

We reiterate the findings in the audit report based on the following:

- (i) According to our meeting with the Senator at the Kosrae Congress Delegation Office on July 2, 2018, there was *no criteria* used in the selection of projects to be funded by

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the FSM Congress; however, projects are funded based on funding availability. It is so vital to put in place documented processes and criteria to guide the use of public funds.

- (ii) Most of the recommendations for finding number 1 is for the Secretary of Finance to address; except for item (vii).

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NATIONAL PUBLIC AUDITOR COMMENTS

We would like to thank the management and staff of the Department of Finance and Administration in Palikir, Pohnpei and at the Field Office in Kosrae State, the Senators from the Congressional Delegation Office in Kosrae, the Governor, and the Allottees for their assistance and cooperation during the course of the audit.

We have provided copies of the final audit report to the President and members of the FSM Congress, the Secretary of Finance and Administration, the Governor and the Allottees for their use and information. Furthermore, we will make copies available to other interested parties upon request.

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



Haser H. Hainrick
National Public Auditor

July 26, 2019

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ONPA CONTACT AND STAFF ACKNOWLEDGEMENTS

ONPA CONTACT Haser H. Hainrick, National Public Auditor
Email: hhainrick@fsmopa.fm

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

Leonce Anthony, Audit Manager, MBA, CIA, FCPA & CFE
Erwihne David, Audit Supervisor
Keller Phillip, Auditor-In-Charge
Brandon Rodriguez, Staff Auditor
Joey Iwo, Staff Auditor
Neong Yoma, Staff Auditor
Jane Gallen, Staff Auditor

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P.O. Box PS-05
Palikir, Pohnpei FM 96941
Phone: (691) 320-2862/3

CONTACT Website: www.fsmopa.fm
Hotline: (691) 320-6768