

OFFICE OF THE NATIONAL PUBLIC AUDITOR
FEDERATED STATES OF MICRONESIA

**PERFORMANCE AUDIT ON IMPLEMENTATION OF RECOMMENDATIONS
OF AUDIT REPORT No. 2016-06**

**The FSM Consulate General Office in Guam
and
The Department of Foreign Affairs
DID NOT TAKE CORRECTIVE ACTIONS TO ADDRESS ALL AUDIT
FINDINGS AND RECOMMENDATIONS**

Audit Report No. 2020-02



**Haser H. Hainrick
National Public Auditor**



FEDERATED STATES OF MICRONESIA

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January 14, 2020

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

RE: PERFORMANCE AUDIT ON IMPLEMENTATION OF RECOMMENDATIONS OF AUDIT REPORT NO. 2016-06 ISSUED ON SEPTEMBER 09, 2016

We conducted a performance audit on the Findings and Recommendations of our prior audit on the FSM Guam Consulate General Office in Guam, which was our Audit Report No. 2016-06, issued on September 09, 2016.

The objective of this performance audit was to follow-up on whether the managements of the FSM Consulate General Office in Guam and the Department of Foreign Affairs in Palikir have implemented corrective actions to address the audit findings and recommendations disclosed in Audit Report No. 2016-06.

Based on our follow-up audit, we found that the managements of FSM Consulate General Office in Guam and the Department of Foreign Affairs in Palikir did not take appropriate corrective actions to address all of the Audit Findings and Recommendations in our Audit Report No. 2016-06. All the recommendations that were not implemented are listed below.

1.0 We recommended that the Consul General should:

- (i) Set up appropriate performance indicators or targets, and implement adequate measures, monitoring and reporting of performance to assure that the FSM citizens in Guam, CNMI and Palau are afforded with adequate protection and that their interests are safeguarded as required by law;
- (ii) Document and communicate to all staff the responsibilities and key functional requirements expected of the Consul General and staff;
- (iii) Require the consulate staff to attend training in consular responsibilities, including the principles, tools and techniques for consular services;
- (iv) Study the existing personnel in the consulate office to determine its adequacy in discharging the consulate office functions;
- (v) Submit monthly the activity progress report and the annual performance activity report as required by Public Law 2-6;

(vi) Consul General should develop an Operating Manual for the Guam Consulate Office; and

(vii) Develop and implement internal controls governing the employees' reimbursement of fuel costs for personal vehicles on official business purpose. Such internal controls should include but not limited to:

- (a) Design and implement 'Fuel Request Reimbursement Form' to document the request and approval of fuel reimbursement; and
- (b) Implement a log to document all vehicles approved for use by staff on official business. The information in the log should include detailed information about each vehicle e.g., owner, vehicle type, plate number, mileage, purpose of the trip, reference receipts #, amount of fuel purchases.

2.0 We also recommended that, the Secretary of the Department of Foreign Affairs should:

- (i) Set-up appropriate performance indicators or targets, and implement adequate measures, monitoring and reporting of the consular performance to ensure an effective service delivery through the achievement of goals and objectives; and
- (ii) Revisit the Executive Order that created the Consulate Office and clearly define the mandate, roles and responsibilities related to consular management reporting and oversight functions.

Finally, it is worth acknowledging the commitment by the current Consul General in Guam who has confirmed a timeframe of six-months (effective July 12th 2019) for completing the implementation of the above-mentioned audit recommendations.

Respectfully yours,



Haser Hainrick
National Public Auditor

Xc: Secretary, Department of Foreign Affairs
Counsel General, Consulate General Office in Guam
FSM Ambassador to the United States of America
Secretary, Department of Finance & Administration

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1. INTRODUCTION

1.1. Background

On September 9, 2016, the Office of the National Public Auditor issued an Audit Report no. 2016-06, as a result of a performance audit conducted on the activities of the FSM Consulate General Office in Guam. The Audit Report revealed that the management of FSM Consulate General Office in Guam did not implement appropriate processes and internal controls over the development of performance measures and targets. Additionally, we also found that there were no monitoring and reporting of the Consulate performance, and thus, opportunities to render efficient and effective consular service delivery were not given proper attention. Specifically, we reported the following audit findings:

- (i) FSM Consular Functions and Services in Protecting and Safeguarding FSM Citizen in Guam need Improvement;
- (ii) No Written Guidelines and Regulations to Guide the Operations of the Consulate Office;
- (iii) Lack of Checking, Monitoring and Reporting of Information to Effectively Evaluate the Performance and Accomplishments of the Consulate Office; and
- (iv) Reimbursements of Fuel Costs to Consulate Staff for using their Own Vehicles Lacks Authorization.

In the management response dated September 02, 2016, that was attached to Audit Report No. 2016-06, the Department of Foreign Affairs had noted and acknowledged the audit findings and provided assurance that it will work with the Consulate Office in addressing the audit recommendations.

2. OBJECTIVE, SCOPE, AND METHODOLOGY

2.1. Objective

The objective of this performance audit was to follow-up on whether the management of the FSM Consulate General Office in Guam and the Department of Foreign Affairs in Palikir have taken appropriate corrective actions to address the prior audit findings and recommendations disclosed in Audit Report No. 2016-06.

2.2. Scope

The scope of this performance audit focused on the status of the implementation of our recommendations as agreed by the management of the FSM Consulate General Office in Guam and the Department of Foreign Affairs. This performance audit was conducted through communication with the FSM Consulate General Office in Guam and at the Department of Foreign Affairs.

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We conducted this performance 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:

"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."

2.3. Methodology

We conducted this performance audit in accordance with the generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Under GAGAS, performance audit is inclusive of internal controls, compliance, prospective analysis audit objectives, as delineated in para 1.22, Government Audit Standards 2018.

To determine whether the FSM Consulate General Office Management has taken appropriate corrective actions to address the audit findings and recommendations, the audit team developed an Audit Implementation Status Matrix of Recommendations for the Consul General to complete as to the status of implementation pertaining to the previous audit recommendations reflected in the Audit Report No. 2016-06. *Refer to Appendix 'A' for Consul General's Response.*

We also conducted an interview with the Deputy Secretary of the Department of Foreign Affairs to clarify and verify the status provided to the audit team by the FSM Consulate General Office in Guam.

3. PRIOR AUDIT COVERAGE

This is the second performance audit on the FSM Consulate General Office in Guam.

4. CONCLUSION

Based on the results of our audit, we concluded that the Management of the FSM Consulate General Office in Guam and the Department of Foreign Affairs have not taken appropriate actions to address all the findings and recommendations thereon as reported in our Audit Report No. 2016-06.

The results of this audit are discussed in detail in the following pages.

5. IMPLEMENTATION STATUS OF OUR RECOMMENDATIONS, AUDIT REPORT NO. 2016-06.

5.1. On Finding 1 (Audit Report 2016-06): FSM Consular Functions and Services in Protecting and Safeguarding FSM Citizen in Guam Need Improvement

We issued five (5) recommendations under Finding 1

5.1.1. Audit Report 2016-06: Recommendation No. 1

- (i) **We recommended** that the Consul-General should set up appropriate performance indicators or targets, and implement adequate measures, monitoring and reporting of performance to assure that the FSM citizens in Guam, CNMI and Palau are afforded with adequate protection and that their interests are safeguarded as required by law.
- (ii) **Prior Management Response was:** The department concurred with the finding for the need for improvement in consular functions and services and that they will work with the Consulate for the needed improvement. The department also noted that the large and increasing number of FSM citizens in Guam will always be a challenge for the limited number of their staff at the Consulate.
- (iii) **Current Implementation Status:** The recommendation was not implemented. The current Consul General has provided a six (6) months' timeframe to implement the recommendation.
- (iv) **Effect of Non-implementation:** Absence of performance management platform will have a negative impact on the Consulate Office by not meeting its goals and objectives. In addition, this could also result in waste of public funds allocated for the Consulate Office.
- (v) **Cause of Non-Implementation:** Several factors contributed to the non-implementation of the recommendation. These factors include office relocation, change in top management, limited resources, and failure to put in place an action plan to implement the audit recommendations.

5.1.2. Audit Report 2016-06: Recommendation No. 2

- (i) **We recommended** that the Consul General should document and communicate to all staff the responsibilities and key functional requirements expected of the Consul General and staff.
- (ii) **Prior Management Response was:** Management concurred with the audit finding and recommendation.
- (iii) **Current Implementation Status:** The recommendation was not implemented. The current Consul General has provided a six (6) months' timeframe (Effective July 12th 2019) to implement the recommendation.

- (iv) **Effect of Non-Implementation:** As a result of non-implementation, staff will not perform to their full potential and may not be aware of their required duties and responsibilities which will have a negative impact on the Consulate Office by not achieving its goals and objectives effectively and efficiently.
- (v) **Cause of Non-Implementation:** Change in management at the Consulate Office and the lack of oversight by the Home Office (Department of Foreign Affairs) on the implementation of the audit recommendations.

5.1.3. Audit Report 2016-06: Recommendation No. 3

- (i) **We recommended** that the Consul General should require the consulate staff to attend training in consular responsibilities, including the principles, tools and techniques for consular services.
- (ii) **Prior Management Response was:** Management concurred with the audit finding and recommendation.
- (iii) **Current Implementation Status:** The recommendation was not implemented and was referred to the Department of Foreign Affairs to respond.
- (iv) **Effect of Non-Implementation:** As a result of non-implementation, there's a possibility that the consular staff may fail to offer expected services effectively and efficiently.
- (v) **Cause of Non-Implementation:** According to the Department of Foreign Affairs, limited number of staffs at the FSM Consulate Office in Guam, limited funding, and lack of training opportunities contributed to the non-implementation as it only allowed staff at the home office to be prioritized for capacity building opportunities.

5.1.4. Audit Report 2016-06: Recommendation No. 4

- (i) **We recommended** that the Consul General should study the existing personnel in the Consulate Office to determine its adequacy in discharging the consulate office functions.
- (ii) **Prior Management Response was:** Management concurred with the audit finding and recommendation.
- (iii) **Current Implementation Status:** This recommendation was implemented. Based on our discussion with the Deputy Secretary of the Department of Foreign Affairs on July 22nd, 2019, the last Congress hearing in May 2019 had approved for an additional position (Foreign Officer) for the FSM Consulate General Office in Guam. Furthermore, the latest update received from the Home Office during the exit meeting held

on December 5th, 2019 confirmed that there will be an increase in staffing following the recruiting of two (2) additional Foreign Officers for the Guam Consulate Office.

- (iv) **Effect of Non-Implementation:** There's a possibility of FSM Consulate General Office in Guam Office not achieving its goals and objectives due to low productivity and unsatisfactory services to FSM citizens both residing in and visiting Guam.
- (v) **Cause of Delay in Implementation:** Previous management of the Consulate Office did not see the need for an additional staff. Additionally, the Department of Foreign Affairs failed to effectively provide oversight.

5.1.5. Audit Report 2016-06 Recommendation No. 5

- (i) **We recommended** that the Consul General should submit monthly the activity progress report and the annual performance activity report as required by Public Law 2-6.
- (ii) **Prior Management Response was:** Management concurred with the audit findings and recommendations.
- (iii) **Current Implementation Status:** The recommendation was not implemented by the Consulate General Office. Based on our discussion with the Deputy Secretary of the Department of Foreign Affairs, there are monthly activity reports compiled by the Home Office and the Mission Offices. There are also snapshot reports on current and pressing issues sent at times directly to President Office. However, the Audit verification revealed that the last activity report compiled was dated 2016.

Further, Department of Foreign Affairs stated that they do communicate daily through email with overseas mission for reporting and monitoring. However, the department could not provide any evidence to substantiate this assertion.

- (iv) **Effect of Non-Implementation:** Failure to comply with the reporting requirement is a violation of Public Law 2-6, and this may reflect lack of transparency and accountability on budget allocations; and there is a possibility of the Consulate General Office not achieving its goals and objectives.
- (v) **Cause of Non-Implementation:** Lack of effective monitoring by the Department of Foreign Affairs and change in Management at the Consulate General Office in Guam.

5.2. On Finding 2 (Audit Report 2016-06): No Written Guidelines and Regulations to Guide the Operations of the Consulate Office

We issued two (2) recommendations under Finding 2

5.2.1. Audit Report 2016-06: Recommendation No. 6

- (i) **We recommended** that the Consul General should develop an Operating Manual for the Guam Consulate General Office.
- (ii) **Prior Management Response was:** The Department concurred with the audit findings for the need to develop written guidelines and regulations for the Consulate. The former Consul General had also mentioned that there was a draft procedure manual that was developed by the department in the past, and the Consulate General Office had been using it as their guidelines, although it needed to be updated.
- (iii) **Current Implementation Status:** The recommendation was not implemented. The Consul General has provided a timeframe period of six (6) months (Effective July 12th 2019) to implement the recommendation.
- (iv) **Effect of Non-Implementation:** With the absence of an operational manual, it may lead to inconsistency and difficulties in carrying out consulate operations especially where there is management change or staff turnover.
- (vi) **Cause of Non-Implementation:** Change in Management at the Consulate General Office and failure by the immediate-past Consul General to put in place an action plan to implement the audit recommendations.

5.2.2. Audit Report 2016-06: Recommendation No.7

- (i) **We recommended** that the Secretary of the Department of Foreign Affairs, should monitor and provide effective oversight over the Consul General's work to ensure that an Operating Manual is developed in a timely fashion.
- (ii) **Prior Management Response was:** Management concurred with the audit findings and recommendations.
- (iii) **Current Implementation Status:** The recommendation was not implemented.
- (iv) **Effect of Non-Implementation:** Lack of guidance to management and staff at the Consulate Office may lead to inability to perform to full potential, failure to improve their current operations, and unsatisfactory services to FSM citizens both residing and visiting Guam.
- (v) **Cause of Non-Implementation:** Failure on the part of the Department of Foreign Affairs to put in place an action plan to implement the audit recommendations.

5.3. On Finding 3 (Audit Report No. 2016-06): Lack of Checking, Monitoring and Reporting of Information to Effectively Evaluate the Performance and Accomplishments of the Consulate Office

We issued two (2) recommendations under Finding 3.

5.3.1. Audit Report 2016-06: Recommendation No. 8

- (i) **We recommended** that the Secretary of the Department of Foreign Affairs should set-up appropriate performance indicators or targets, and implement adequate measurement, monitoring and reporting of the consular performance to ensure an effective service delivery through the achievement of goals and objectives.
- (ii) **Prior Management Response was:** “The Department concurs with the audit finding and will work with the Consulate in developing adequate measurement, monitoring and reporting of its consular services to make sure that it meets its target goals and objective”.
- (iii) **Current Implementation Status:** The recommendation was not implemented. Based on our discussion with the Department of Foreign Affairs (Home Office), the FSM Missions are expected to carry out their assigned duties and to perform accordingly. They also explained that, normally, administrative matters are handled by the missions and then reported to the Home Office.
- (iv) **Effect of Non-Implementation:** The department will not be able to monitor the performance of the consul general and the mission as a whole.
- (v) **Cause of Non-Implementation:** Failure on the part of the Department of Foreign Affairs to put in place an action plan to implement the audit recommendations.

5.3.2. Audit Report 2016-06: Recommendation No. 9

- (i) **We recommended** that the Secretary of the Department of Foreign Affairs should revisit the Executive Order that created the Consulate General Office and clearly define the mandate, roles and responsibilities related to consular management reporting and oversight functions.
- (ii) **Prior Management Response was:** Management concurred with the audit findings and recommendations.
- (iii) **Current Implementation Status:** This recommendation was not implemented.
- (iv) **Effect of Non-Implementation:** Lack of awareness on the requirements stated in the Executive Order may lead to management deviating from the mandate initially set for the Consulate General Office.

- (v) **Cause of Non-Implementation:** Failure on the part of the Department of Foreign Affairs to put in place an action plan to implement the audit recommendations.

5.4. On Finding 4 (Audit Report No. 2016-06): Reimbursements of Fuel Costs to Consulate Staff for using their Own Vehicles Lacks Authorization

5.4.1. Audit Report 2016-06: Recommendation No. 10

- (i) **We recommended** that the Consul General should develop and implement internal controls governing the employees' reimbursement of fuel costs for personal vehicles on official business purpose. Such internal controls should include but not limited to:
 - (a) "Fuel Request Reimbursement Form" to document the request and approval of fuel reimbursement.
 - (b) Implement a log to document all vehicles approved for use by staff on official business. The information in the log should include detailed information about each vehicle e.g., owner, vehicle type, plate number, mileage, purpose of the trip, reference receipts #, amount of fuel purchases
- (ii) **Prior Management Response was:** Management concurred with the audit findings that some controls need to be in place to ensure that such reimbursements are not abused.
- (iii) **Current Implementation Status:** This recommendation was implemented during the audit; following the current Consul General's agreement to develop and implement the control forms for the usage of office vehicles and reimbursement form for fuel purchasing when using personal vehicles for office errands.
- (vi) **Effect of Non-Implementation:** Potential risk of fraud, waste (budget overrun) and abuse.
- (vii) **Cause of Delay in Implementation:** Change in Management at the Consulate Office and failure to put in place an action plan to implement the audit recommendations.

6. NEW RECOMMENDATION

We reiterate our ten (10) recommendations issued as per our Audit Report no. 2016-06 on September 09, 2016 to the Department of Foreign Affairs and FSM Consulate General Office in Guam, and that they should be implemented as agreed to, by both managements of the Department and Consulate General Office.

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7. APPENDICES

Audit Report: 2016-06: The FSM Consulate General Office in Guam: Performance, Monitoring, and Reporting Affected Consular Services.
Date of Issue: September 09, 2016
Name of Agency(s): FSM Consulate General Office in Guam, FSM Department of Foreign Affairs

IMPLEMENTATION STATUS MATRIX OF RECOMMENDATIONS GIVEN UNDER AUDIT OF REPORT NO.2016-06

Serial No.	Finding	Recommendations	Action Taken (as per the detailed action plan/report submitted)	Status/progress (Implemented, Not Implemented, On-going)	Reasons provided by Auditee for noncompletion of action on any recommendations	Timeframe provided by Auditee to Implement Audit Recommendations
1.	FSM Consular Functions and Services in Protecting and Safeguarding FSM Citizen in Guam need Improvement	<p>The Consul-General should:</p> <ol style="list-style-type: none"> Set up appropriate performance indicators or targets, and implement adequate measurement, monitoring and reporting of performance to assure that the FSM citizens in Guam, CNMI and Palau are afforded with adequate protection and that their interests are safeguarded as required by law; Document and communicate to all staff the responsibilities and key functional requirements expected of the Consul General and staff; Require the consulate staff to attend training in consular responsibilities, including the principles, tools and 	No action taken	Not implemented	The current Consular General came onboard Oct. 2018	6 months
			No action taken	Not Implemented (No documents available)	The current Consular General came onboard Oct. 2018	6 months
			No action taken	Not Implemented	Consular General came onboard Oct. 2018. However, this recommendation	No timeframe provided

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Serial No.	Finding	Recommendations	Action Taken (as per the detailed action plan/report submitted)	Status/progress (Implemented, Not Implemented, On-going)	Reasons provided by Auditee for noncompletion of action on any recommendations	Timeframe provided by Auditee to Implement Audit Recommendations
		techniques for consular services;			should be addressed to the Dept. of Foreign Affairs as Dept. Head of all missions and trainings should be under their prevue.	
		4. Study the existing personnel in the consulate office to determine its adequacy in discharging the consulate office functions;	No action taken	Not Implemented	The current Consular General came onboard Oct. 2018. Less than a year on post and I see the need for additional staff to be able to adequately discharge consular duties.	Submitted request for additional staff in the FY20 budget proposal
		5. Submit monthly the activity progress report and the annual performance activity report as required by Public Law 2-6.	No action taken	Not Implemented	No guidance in place regarding performance reports, however, have submitted 2 reports since Oct. 2018. Will be more diligent in performance report submission	In progress
2.	No Written Guidelines and Regulations to Guide the Operations of the Consulate Office	1. Consul General should develop an Operating Manual for the Guam Consulate Office. 2. Secretary, Department of Foreign Affairs, should monitor and provide effective oversight over the Consul General's work to ensure that an Operating Manual is developed in a timely fashion.	No action taken	Not Implemented	The current Consular General came onboard Oct. 2018. Operation Manual is necessary	6 months
			No action taken	Not Implemented	Refer to the Dept. of Foreign Affairs	No Timeframe provided by Auditee

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Serial No.	Finding	Recommendations	Action Taken (as per the detailed action plan/report submitted)	Status/progress (Implemented, Not Implemented, On-going)	Reasons provided by Auditee for noncompletion of action on any recommendations	Timeframe provided by Auditee to Implement Audit Recommendations
3.	Lack of Checking, Monitoring and Reporting of Information to Effectively Evaluate the Performance and Accomplishments of the Consulate Office	The Secretary of the Department of Foreign Affairs should:	No action taken	Not Implemented	Refer to the Dept. of Foreign Affairs	No timeframe provided by Auditee
		1. Set-up appropriate performance indicators or targets, and implement adequate measurement, monitoring and reporting of the consular performance to ensure an effective service delivery thru the achievement of goals and objectives. 2. Revisit the Executive Order that created the Consulate Office and clearly define the mandate, roles and responsibilities related to consular management reporting and oversight functions.	No action taken	Not Implemented	Refer to the Dept. of Foreign Affairs	
4.	Reimbursement of Fuel Costs to Consulate Staff for using their Own Vehicles Lacks Authorization	The Consul General develop and implement internal controls governing the employees' reimbursement of fuel costs for personal vehicles on official business purpose. Such internal controls should include but not limited to:				
		1. Design and implement "Fuel Request Reimbursement Form" to document the request and approval of fuel reimbursement	No action taken	Not Implemented	No reimbursement standard form. Receipts are turned in with purpose or explanation for request to reimburse. With this recommendation, will put one in place.	In progress
		2. Implement a log to document all vehicles approved for used by staff on official business. The	No action taken	Not Implemented	No log book since I've been in office. But with	In progress

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Serial No.	Finding	Recommendations	Action Taken (as per the detailed action plan/report submitted)	Status/progress (Implemented, Not Implemented, On-going)	Reasons provided by Auditee for noncompletion of action on any recommendations	Timeframe provided by Auditee to Implement Audit Recommendations
		information in the log should include detailed information about each vehicle e.g., owner, vehicle type, plate number, mileage, purpose of the trip, reference receipts #, amount of fuel purchases.			this recommendation we will put one in place	

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8. MANAGEMENT RESPONSE



DEPARTMENT OF FOREIGN AFFAIRS

of the
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December 20, 2019

The Honorable Haser Hainrick
National Public Auditor
FSM National Government
Palikir, Pohnpei FM 96941

Re: Response to Performance Audit Report on Implementation of Recommendations of Audit Report No. 2016-06

Dear Mr. Hainrick:

We are pleased to provide the following responses to your letter of November 29, 2019 regarding the above-subject Audit Report on the FSM Consulate in Guam, as follows:

Finding 1: FSM Consular Functions and Services in Protecting and Safeguarding FSM Citizen in Guam need Improvement.

Recommendation no. 1: The Guam Consul General will work with the Department on establishing a Operating Manual for the Guam Office what will set up appropriate performance indicators, measurement and reporting methods that will evaluate the Consulate's performance in carrying out its established mandates to serve the FSM citizens in Guam, CNMI and Palau. Once a new Information & Research Officer is recruited, he or she will work with Consul General to come up with a draft operating manual for review in our next departmental by the Consulate, the Embassy in Washington DC, which oversees the Consulate and the Home Office for implementation. We will try to have a draft ready for review in our next departmental meeting in May with all our heads of missions.

Recommendation no. 2: All staffs are fully aware of their roles and responsibilities as stipulated in their job descriptions. The Guam Consul General will establish internal evaluation methods to document staff progress in meeting key functional requirements. Excepted completion date is January 2020.

Recommendation no. 3: The Department from time to time has been circulating information on training opportunities with all our staffs at the home office, including our overseas missions. Some of our overseas staff had the opportunity to attend training in the past but not all of them due limited funding for travel and lack of staff at the missions. However, the Department will continue to explore training opportunities for our overseas staff, including the Consulate in Guam.

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Recommendation no. 4: The Guam CG requested and received funding for 2 additional staff for the Guam Consulate. There are currently 1 Administrative Officer, 2 Foreign Service Officers, and 2 newly recruited Foreign Services who are still in the process of the recruitment process, in addition to the Consul General.

Recommendation no. 5: The Guam CG continues to provide updates and reports to the Department and President's Office when requested. Will formulate a more standard reporting method and implement by January 2020.

Finding 2: No Written Guidelines and Regulations To Guide the Operations of the Consulate Office.

Recommendation no. 6: Again, the Consulate will work with the Department in establishing an Operating Manual for the Consulate. Expected completion date, the recommended Operation Manual will be assigned to the incoming Information & Research Desk Officer in the home office to develop a draft for review by the Consulate, the Embassy in Washington DC and the home office. Hopefully, a draft will be prepared by our next annual departmental meeting in May for review as it can be used to develop similar Operation Manual for the Consulates in Hawaii and Portland.

Recommendation no. 7: The Department of Foreign Affairs has a comprehensive Manual of Procedure established in July 2003, which serves as a guide for our diplomatic and consular procedures for the Department and its Embassies and Consulates. The Manual of Procedure has been continuously revised and updated as needed. At the moment, there is no individual Manual of Procedure for each of the overseas missions; however, we will address this issue in our next annual departmental meeting.

Finding 3: Lack of Checking, Monitoring and Reporting of Information to Effectively Evaluate the Performance and Accomplishments of the Consulate Office.

Recommendation no. 8: The Department has developed a monthly reporting to allow each of the missions to report their accomplishments, challenges and ongoing issues; however, our monthly report is on hold due delay in reporting from other missions. We are now developing a new website for the Department, which will link the home office with the overseas missions to allow direct reporting on activities and sharing of information, publications, etc. The website is about 80% completed.

Our Performance Budget is also being used as indicators or targets to ensure effective service delivery by our Consulate in Guam and other overseas missions is our Performance Budget. The Performance Budget sets out the goals, objectives, activities and outputs for the Department and its overseas missions. Reporting on those targets are normally done through regular communications between the missions and their respective divisions at the Home Office, through our annual departmental meeting held in the month of May and through regular e-mail communications, etc.

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For information, our Information & Research desk officer, who is responsible for the development of our website has transferred to the Pacific Affairs sub-division. We are in the process of recruiting a new IR desk officer and, once on board, will revive our monthly reporting and continue development of our website.

Recommendation no. 9: Department is still trying to locate a copy of the Executive Order reference in the audit and will be shared with the Consulate General Office in Guam, the Embassy in Washington DC and the Division of American & European Affairs at the Home Office, which oversees the Guam Consulate General Office. However, information relating to functions and responsibilities of the Consulate has been shared with Consul General through e-mail for review and reference to clearly define the mandate, roles and responsibilities related to the consular management reporting and oversight functions.


Finding 4: Reimbursements of Fuel Costs to Consulate Staff for using their Own Vehicles Lacks Authorization.

Recommendation no. 10: The Consulate developed the attached internal control forms for this purpose, for your reference.

We thank you for sharing the draft performance audit for review and respond. The Department will work with the Consulate in Guam to implement those findings and the recommendations. Should you have any questions or need further clarifications, please let us know.

Thank you.

Sincerely yours,



Ricky F. Cantero
Acting Secretary

Attachment: Fuel Control Forms

xc: Consul General, FSM Consulate Office, Guam

9. ONPA EVALUATION OF MANAGEMENT RESPONSE

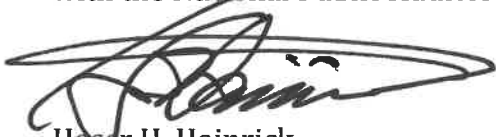
We requested for a management response from the Department of Foreign Affairs and FSM Consulate General Office in Guam. The management response generally agreed with our findings and recommendations in the report.

10. NATIONAL PUBLIC AUDITOR'S COMMENTS

We would like to thank the Management and staff of the FSM Consulate General Office in Guam and at the Department of Foreign Affairs in Palikir for their facilitation and cooperation during the course of the audit.

We have provided copies of the final follow-up audit report to the President and Members of the FSM Congress. 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

January 14, 2020

Office of the National Public Auditor
Follow-Up Audit on Implementation of Recommendations of Audit Report 2016-06
Audit Report 2020 -02

11. ONPA CONTACT AND STAFF ACKNOWLEDGEMENT

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

Leonce Anthony, Audit Manager, MBA (Finance & Accounting),
FCPA, CIA & CFE
Miriam Naivalu, Supervisor, BCom, PGDCom.
Rosadelima Alfons, Auditor-In-Charge
Felix Yinug, Staff Auditor

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