



FEDERATED STATES OF MICRONESIA

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ONPA Releases New Audit of the FSM National Postal Service for Fiscal Years 2009 through 2012 (up to May 2012 only)

The Office of the National Public Auditor (ONPA) announces the release of Audit Report No. 2013-03, *Audit of National Postal Service (NPS) for Fiscal Years 2009 through 2012 (up to May 2012 only)* dated April 30, 2013. A digital copy of the report is available for public review online at www.fsmopa.fm and printed copies are available at the ONPA offices in Palikir, Pohnpei and Weno, Chuuk. The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.

The audit was conducted in response to the Postmaster General's request for an audit considering her recent appointment as the new PMG and her need to understand the overall circumstances of the FSM Post Offices.

Based on the operational risks we uncovered during the preliminary survey, we developed our audit objectives to include determining whether: (1) Stamp stocks and other philatelic products reflected on records were being counted, managed and protected; and (2) All revenues due to NPS from Inter-Governmental Philatelic Corporation (IGPC) and postal clerks' sales were collected and properly accounted for.

Based on our audit, we found that improvement was necessary in the areas of management and protection of postage stamp inventories and philatelic products. Furthermore, improvement in control is also necessary to ensure that revenues due to NPS from IGPC are fully collected. Our findings disclosed the following:

- \$5.9 Million worth of postage and philatelic products inventory as of fiscal year ending 2011 equivalent to 16 years sales was excessive
- \$467,550 expired and damaged postage stamps and stamp papers equivalent to a little over one-year sales accumulated in the inventory
- Lack of internal control procedures in the stock room and sales agents' operations caused unexplained large amount of stock count discrepancies.
- Inadequate segregation of duties increased the risk of fraud and undetected errors
- Inadequate contract monitoring caused failures to collect postal revenue amounting to \$76,482 and check the accuracy of income and financial reporting

We discussed our findings and recommendations with the Postmaster General and other key staff of the NPS. Their response, which indicated their agreement with the findings and recommendations, is included in the final report which is now available online at www.fsmopa.fm.

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