



Office of the National Public Auditor

PRESS RELEASE # 2013-04

Audit of the National Division of Immigration & Labor

The Office of the National Public Auditor announces the release of Audit Report No. 2013-04 which is entitled *Audit of the FSM National Division of Immigration and Labor*. For public review, digital copies are available at the ONPA official website at www.fsmopa.fm. Printed copies can also be obtained at the ONPA offices in Palikir, Pohnpei and on Weno, Chuuk. The audit was conducted in accordance with the *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States.

This audit focused primarily on Chapter 1 of Title 51 of the FSM Code regarding “*Protection of Resident Workers*,” which provided the legal framework for preferential employment opportunities to residents and for hiring of non-resident workers only when necessary. The audit scope covered labor related activities from October 1, 2009 through March 30, 2012.

We did this audit in response to the President’s request to evaluate and determine whether the Division of Immigration and Labor (DIL) has been properly enforcing the national immigration and labor laws. In particular, the President wanted to ascertain whether there is adequate enforcement of immigration and labor laws, and whether there are weaknesses in the system that may necessitate further strengthening and reforms.

The objective of the audit was to determine whether the National DIL had been implementing processes and controls:

1. To protect resident workers and give preference to them for job opportunities.
2. To continuously assess and develop the knowledge and skills of the citizens to achieve a sustainable local workforce.

As a result of the audit, we concluded that the National DIL did not adequately practice processes and controls to implement the requirements of the law in order to protect resident workers and to give preference to residents (citizens) for employment opportunities. Our findings included the following:

1. DIL's functions as required by law to protect resident workers were not adequately implemented.
2. No labor law for the Private Sector.
3. Referral of qualified residents using a registration system required by law was not in place.
4. Non-compliance with job vacancy announcement resulted in qualified resident workers not aware of some job opportunities.
5. Absence of evaluation resulted in the continuing dependence on non-resident workers.
6. Absence of standard job classification with defined job contents and requirements could result in hiring of favored and unqualified non-resident workers.
7. Training and capacity programs not monitored whether progressively and effectively promoting sustainable manpower.
8. About \$3 million in yearly scholarship funds were not clearly addressing the critical needed areas in the nation's workforce.

We made several recommendations for management to implement as follow;

For the Secretary, Department of Justice:

- Review Title 51 of the FSM Code and determine whether amendments are necessary in order to reflect the relevance of the Act with the present time.
- Develop labor regulations that provide specific guidelines that will ensure compliance with the Act and delineate the labor functions between the national and state governments.

For the Chief of DIL:

- Comply with all applicable labor laws and regulations and to properly perform and implement all immigration and labor functions required by the Act.
- Coordinate with all state Labor Offices, the Private Sector employers, the Department of Education, and all appropriate agencies to develop and assess programs that will effectively promote and maintain a sustainable local workforce including the assessment of the effectiveness of the existing training and capacity building program as well as the scholarship program.

The Management agreed with the findings and recommendations. ONPA will conduct a follow-up audit to evaluate the management's actions to implement the audit recommendations.

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