



OFFICE OF THE FSM NATIONAL PUBLIC AUDITOR

Press Release # 2014-09

ONPA Releases Audit on FSM Loans 2099-FSM (SF) and 2100-FSM From the Asian Development Bank (ADB)

The ONPA announces the release of Audit Report No. 2014-08, Audit of FSM Loans from ADB for; Omnibus Infrastructure Development Projects (OIDP). The report is available for public viewing online at www.fsmopa.fm.

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit was performed for the purpose of expressing an opinion as to whether the financial statement present fairly, in all material respects, the cash receipts and disbursements of the project for the year ended September 30, 2013.

The OIDP project was undertaken to enhance public health and environmental quality through improved water supply, wastewater infrastructure, and power generation in FSM.

The audit concluded that the financial statements present fairly, in all material respects, the project cash receipts and disbursements. However, findings regarding internal control deficiencies were reported as described below.

- Lack of actions on prior audit recommendations resulted in findings still cited in the current audit as listed below:
 - Segregation of Duties
 - Lack of Reconciliation and Review
 - Manual Checks
 - Interest Income not Earned
 - Maintenance of Records
 - Statement of Project Account and Record Keeping
 - Maintenance of Imprest Fund
- Other findings regarding internal control deficiencies include the following:
 - There were gaps in the numbering sequence for Withdrawal Applications prepared by the Project Accountant and the Chuuk Public Utilities Corporation (CPUC).

- A payment was disbursed from the imprest account under loan number 2099 for payment of supplies not related to the ODP projects.

A modified opinion was rendered due to documentation issues which impacted our auditing procedures. The audit report included recommendations to address the aforementioned deficiencies and management expressed its agreement.

*****END*****

Office of the National Public Auditor
P.O. Box PS-05
Palikir, Pohnpei FM 96941
Telephone: (691) 320-2862/2863
Fax: 320-5482
Website: www.fsmopa.fm