



## OFFICE OF THE FSM NATIONAL PUBLIC AUDITOR

### Press Release #2015-07

### **ONPA Releases Audit Report on National Government Financial Management Information System**

The Office of the National Public Auditor (ONPA) announces the release of Audit Report No. 2015-07, National Government FMIS: Full Capabilities not Utilized to Provide Efficient Financial Management and Reporting Services. A digital copy of the report is available for public review online at [www.fsmopa.fm](http://www.fsmopa.fm) and printed copies are available at the ONPA office in Palikir, Pohnpei.

The Secretary of Finance and Administration requested ONPA to identify areas for improvement in the National Treasury's operation. The ONPA performed an audit survey to identify issues and concerns and the results of the audit survey indicated opportunities that exist to improve the operational efficiency of the existing integrated Financial Management Information System (FMIS).

A financial management information system is an information system that automates the financial management in the National Government. It collects accurate, timely, complete, reliable, and consistent information; provides adequate management reporting and audit trails to facilitate audits; supports government-wide and agency policy decisions; budget preparation and execution and facilitates financial statement preparation.

The audit objectives were to: (1) determine whether all the needed modules and features of the existing financial management information system were fully implemented; and if implemented, to further determine whether the functions, information and reporting needs of the users were satisfied; (2) determine whether the operation of the financial management information system provided adequate information security.

The ONPA found that the FMIS capabilities were not fully utilized to provide efficient financial management and reporting services. In particular, the ONPA found that needed modules and features such as the integrated bank reconciliation, direct deposit of payroll, budget preparation and others were yet to be implemented. On the other hand, the modules that were considered operational status (e.g. Accounts Payable, Accounts Receivable, General Ledger, Fixed Assets, Payroll and others) have not been fully satisfying the functions, information and reporting needs of users.

In addition, ONPA found that the operation of the FMIS did not provide adequate information security. Adequate controls were not in place to provide reasonable assurance that the control objectives would be met regarding integrity, security, and availability of information systems processing and data management. In the absence of a completely documented contingency plan, there was no assurance of prompt recovery and business continuity of the system's operational functioning in times of disaster. In addition, the ONPA found that potential problems could arise such as fraud and financial misstatements because of conflicted users access rights that were granted without observing the principle of proper segregation of functions or users were granted excessive rights than needed to perform their official job duties and assigned roles.

You may click here [FSMOPA/AUDIT](#) to access the full report.

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