



OFFICE OF THE FSM NATIONAL PUBLIC AUDITOR

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ONPA Releases Performance Audit on Prepaid Tel-Card Purchases: Highly Susceptible to Abuse and Misuse Due to Lack of Effective Controls

This is to announce the issuance of our new audit on Prepaid Tel-Card Purchases, [Audit Report No. 2016-05](#) entitled *Prepaid Tel-Card Purchases: Highly Susceptible to Abuse and Misuse Due to Lack of Effective Controls*. We did this audit because of concerns received that some users were misusing and abusing the use of prepaid tel-cards. We reviewed the FY's 2014 and 2015 prepaid tel-card purchases for some of the departments with high expenditures on prepaid tel-cards. This performance audit was conducted in accordance with generally accepted government auditing standards issued by the Comptroller General, US Government Accountability Office.

The objective of this audit was to determine whether the FSM Department of Finance and Administration and the concerned departments/offices have established and implemented an effective system to provide controls on the purchase and use of prepaid calling cards and to safeguard them from loss and abuse.

Based on the results of our audit, we found that the FSM Department of Finance and Administration and the concerned departments did not establish and implement an effective system to provide controls on the purchase and use of prepaid calling cards and to safeguard them from loss and abuse. Records were not maintained to provide accountability for prepaid calling cards, and related calls were not reviewed to ensure that calling cards were used for official purposes only.

Our audit disclosed some key internal control weaknesses as follows:

1. Absence of written policies and procedures governing the purchase and use of prepaid telephone cards;
 - Separation of duties not implemented to control the processing of prepaid calling cards.
 - Records not maintained to track and monitor the accountability for prepaid calling cards.
 - Absence of review for prepaid calling cards usage.
 - Other low cost but effective calling options not required to be explored as a matter of policy.
2. Excessive purchases of prepaid calling cards; and,
3. Prepaid calling cards were used to share loads.

To view the full report, click here [FSM PREPAID TEL-CARD PURCHASES AUDIT](#) . Printed copies are also available at the ONPA office in Palikir, Pohnpei.

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