

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

**REPORT ON COMPLIANCE AND INTERNAL CONTROL
IN ACCORDANCE TO UNIFORM GUIDANCE**

YEAR ENDED SEPTEMBER 30, 2024



BURGER · COMER · & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Stevenson A. Joseph
Governor, State of Pohnpei
Federated States of Micronesia:

We have audited, 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 financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Pohnpei (the State) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated September 23, 2026.

Our report expressed an adverse opinion on the aggregate discretely presented component units because of the omission of the Pohnpei Transportation Authority (PTA), a qualified opinion on the governmental activities because we were unable to obtain sufficient appropriate audit evidence concerning certain capitalized building and infrastructure costs, and unmodified opinions on the General Fund, Grants Assistance Fund, Compact Trust Fund, and aggregate remaining fund information. Our report also included an emphasis-of-matter paragraph concerning the restatements described in Note 15.

Our report includes a reference to other auditors who audited the financial statements of the Small Business Guarantee and Finance Corporation, as described in our report on the State's financial statements. This report does not include the results of those auditors' testing of internal control over financial reporting or compliance and other matters, which are reported separately by those auditors. For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters did not include the Pohnpei Utilities Corporation, Pohnpei Port Authority, or Pohnpei State Housing Authority, which we audited separately. We have issued separate reports on internal control over financial reporting and compliance and other matters for those entities. The findings, if any, included in those reports are not included herein. PTA was omitted from the accompanying financial statements, and this report does not include the results of the Pohnpei State Public Auditor's testing of PTA's internal control or compliance.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a deficiency in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-008, 2024-009, 2024-011, and 2024-013 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-003, 2024-010 and 2024-012 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2024-004, 2024-005, 2024-006, 2024-007 and 2024-010.

The State's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The State's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bryan Comas & Associates

September 23, 2026
Tamuning, Guam



BURGER · COMER · & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Stevenson A. Joseph
Governor, State of Pohnpei
Federated States of Micronesia

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the State of Pohnpei's (the State) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended September 30, 2024. The State's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

As discussed in Notes to the Schedule of Expenditures of Federal Awards (Notes), the State's basic financial statements include the operations of certain entities whose federal awards are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended September 30, 2024. Our audit, described below, did not include the operations of the entities identified in Notes as these entities conducted separate audits in accordance with Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, if required.

Summary of Opinions

ALN	Major Federal Program	Type of Opinion
15.875	Economic , Social and Political Development of the Territories-Compact of Free Association, As Amended Sector Grants	Qualified
84.027	Special Education - Grants to States (IDEA, Part B)	Qualified
93.224	Health Center Program Cluster: Health Center Program (Community Health Centers, Migrant Health Center Health Care for the Homeless, and Public Housing Primary Care)	Qualified

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Qualified Opinion on Each Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions section of our report, the State of Pohnpei complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2024.

Basis for Qualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State of Pohnpei and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinions on compliance for each major federal program. Our audit does not provide legal determination of the State's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on ALN 15.875 Economic, Social, and Political Development of the Territories - Compact of Free Association, As Amended, Sector Grants.

As described in the accompanying Schedule of Findings and Questioned Costs, State of Pohnpei did not comply with requirements regarding the ALN 15.875 Economic, Social, and Political Development of the Territories - Compact of Free Association, As Amended, Sector Grants as described in finding number 2024-002, 2024-003, 2024-004, and 2024-008 for Allowable Cost/Cost Principles, Procurement, Suspension, and Debarment, Special Tests and Provisions, and Cash Management.

Compliance with such requirements is necessary, in our opinion, for the State of Pohnpei to comply with the requirements applicable to that program.

Matters Giving Rise to Qualified Opinion on ALN 84.027 Special Education – Grants to States (IDEA, Part B).

As described in the accompanying Schedule of Findings and Questioned Costs, State of Pohnpei did not comply with requirements regarding the ALN 84.027 Special Education – Grants to States (IDEA, Part B) as described in finding number 2024-009 for Allowable Cost/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the State of Pohnpei to comply with the requirements applicable to that program.

Matters Giving Rise to Qualified Opinion on ALN 93.224 Health Center Program Cluster – Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care).

As described in the accompanying Schedule of Findings and Questioned Costs, State of Pohnpei did not comply with requirements regarding the Health Center Program Cluster – Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) as described in finding number 2024-011, and 2024-013 for Allowable Cost/Cost Principles, and Cash Management.

Compliance with such requirements is necessary, in our opinion, for the State of Pohnpei to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, 2024-002, 2024-004, 2024-008, 2024-009, 2024-011, and 2024-013 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-003, 2024-005, 2024-006, 2024-007, 2024-010, and 2024-012 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and are described in the accompanying Schedule of Findings and Questioned Costs as findings 2024-005, 2024-006, 2024-007, 2024-010 and 2024-012. Our opinions on each major federal program are not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Pohnpei State Government's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Pohnpei State Government's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The State is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The State's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pohnpei State Government as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Pohnpei State Government's basic financial statements. We issued our report thereon dated September 23, 2026, which expressed a qualified opinion on the governmental activities, an adverse opinion on the aggregate discretely presented component units, and unmodified opinions on each major fund and the aggregate remaining fund information.

The adverse opinion on the aggregate discretely presented component units resulted from the omission of Pohnpei Transportation Authority's financial information. The qualified opinion on the governmental activities resulted from our inability to obtain sufficient appropriate audit evidence concerning certain capitalized building and infrastructure costs. Our report also referred to other auditors who audited the financial statements of the Small Business Guarantee and Finance Corporation and included an emphasis-of-matter paragraph concerning the restatements described in Note 15.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pohnpei State Government's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management.

Because of the significance of the matter giving rise to the adverse opinion on the aggregate discretely presented component units, it is inappropriate to, and we do not, express an opinion on whether the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to Pohnpei State Government's basic financial statements as a whole.

Bruce Comer & Associates

September 23, 2026
Tamuning, Guam

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Summary Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2024

<u>Agency/ Program</u>	<u>Expenditures</u>
U.S Department of Agriculture	\$ 105,924
U.S Department of the Interior	24,397,525
U.S Department of Education	951,629
U.S Department of Health and Human Services	1,901,699
Grand Total	<u>\$ 27,356,777</u>
Reconciliation to the basic financial statements:	
Grants Assistance Fund	\$ 28,018,221
Less:	
Expenditures pending authorization from FSMNG	-
Non-U.S Federal Grants Fund expenditures	(290,288)
CFSM Grants Fund expenditures	(371,156)
	<u>\$ 27,356,777</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through</u>	
	<u>Federal ALN</u>	<u>Entity Identifying # Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE		
Urban and Community Forestry Program	10.675	\$ 105,924
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>105,924</u>
U.S. DEPARTMENT OF THE INTERIOR		
Pass-Through From the FSM National Government:		A4
Economic, Social and Political Development of the Territories:		
Compact of Free Association, As Amended, Sector Grants:		
Compact Sector Grants - Education Sector	15.875	10,183,228
Compact Sector Grants - Health Sector	15.875	7,348,369
Compact Sector Grants - Capacity Building Sector	15.875	146,741
Compact Sector Grants - Supplemental Education	15.875	3,523,699
Compact Sector Grants - ERA	15.875	614,359
Compact Sector Grants - Infrastructure Maintenance	15.875	302,480
Compact Sector Grants - Infrastructure Fund	15.875	2,024,353
Compact Sector Grants - Health COVID 19	15.875	36,354
Technical Assistance:		
ACA - Covid 19	15.875	38,724
Office of the State Auditor	15.875	98,721
ODA Aid Coordinator	15.875	-
Total ALN 15.875		<u>24,317,028</u>
Historic Preservation Fund Grants-In-Aid	15.904	<u>80,497</u>
TOTAL U.S. DEPARTMENT OF THE INTERIOR		<u>\$ 24,397,525</u>
U.S. DEPARTMENT OF EDUCATION		
Pass-through From the FSM National Government:		A4
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 951,629
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>\$ 951,629</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Program:		
Health Center Program Cluster:		
Health Center Program (Consolidated Health Centers)	93.224	\$ 729,889
Health Center Program - COVID 19 funding		<u>364,188</u>
Health Center Program Cluster Total		<u>1,094,077</u>
Subtotal U.S Department of Health and Human Services Direct Programs		<u>1,094,077</u>
Pass-Through From the FSM National Government:		A4
Public Health Emergency Preparedness	93.069	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	31,376
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	508
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	181,165
Family Planning - Services	93.217	39,296
Universal Newborn Hearing and Screening UNHS	93.251	9,312
Immuization Cooperative Agreements	93.268	238,919
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	324
OPIOID STR	93.788	1,026
Prevention and Control of Chronic Disease and Associated Risk Factors in the U.S Affiliated Pacific Islands	93.377	16,670
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations	93.898	36,788
HIV Care Formula Grants	93.917	-
Block Grants for Community Mental Health Services	93.958	20,553
Maternal and Child Health Services Block Grant to States	93.994	95,032
Special Projects of Regional and National Significance	93.110	21,837
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>114,816</u>
Subtotal U.S Department of Health and Human Services Pass-Through Programs		<u>807,622</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>\$ 1,901,699</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 27,356,777</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

(1) Scope

State of Pohnpei is one of the four states of the Federated States of Micronesia. All significant operations of State of Pohnpei are included in the scope of the Single Audit. The U.S Department of the Interior has been designated as State of Pohnpei's cognizant agency for the Single Audit.

(2) Basis of Preparation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of State of Pohnpei under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of State of Pohnpei, it is not intended to and does not present the financial positions or changes in financial positions of State of Pohnpei.

(3) Summary of Significant Accounting Policies

A. Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, consistent with the manner in which State of Pohnpei maintains its accounting records. All expenditures and capital outlays that represent the federal share are reported as expenditures. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented, where available.

B. Reporting Entity

For purposes of complying with the Single Audit Act of 1984, as amended, the reporting entity of the State of Pohnpei is defined in Note 1A to its basic financial statements as of and for the year ended September 30, 2024. The accompanying Schedule of Expenditures of Federal Awards presents the federal awards expended by the primary government during the year ended September 30, 2024.

The State's discretely presented component units reported aggregate federal expenditures of \$104,297 for the year ended September 30, 2024, all of which were attributable to Pohnpei Utilities Corporation. These component-unit expenditures are not included in the accompanying Schedule.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

(3) Summary of Significant Accounting Policies, Continued

B. Reporting Entity, Continued

<u>Department or Component Unit</u>	<u>Total Federal Expenditures</u>
Pohnpei Ports Authority	\$ -
Pohnpei State Housing Authority	\$ -
Pohnpei Utilities Corporation	\$ 104,297
Small Business Guarantee and Finance Corp.	\$ -
Pohnpei Transportation Authority	\$ -

C. Matching Costs

Matching costs, i.e., the non-federal share of certain program costs, are not included in the accompanying Schedule.

D. Indirect Cost Allocation

State of Pohnpei did not receive any indirect cost allocation and did not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance. State of Pohnpei did not charge indirect costs against federal programs.

E. ALN 15.875

ALN 15.875 represents the Office of Insular Affairs (OIA), U.S. Department of the Interior. Funding from this source is subject to varying rules and regulations since OIA administers the Compact of Free Association, which is a treaty, and is not a federal program. The Compact is comprised of various funded programs, each with separate compliance requirements. To maximize audit coverage of OIA funding, the OIG has recommended that programs administered under ALN 15.875 be grouped by like compliance requirements and such groupings be separately evaluated for purposes of major program determinations.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section I—Summary of Auditors’ Results

Financial Statements

- | | |
|--|---|
| 1. Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: | Adverse
Qualified
and
Unmodified |
|--|---|

Internal Control Over Financial Reporting:

- | | |
|--|-----|
| 2. Material weakness(es) identified? | Yes |
| 3. Significant deficiency(ies) identified? | Yes |
| 4. Noncompliance material to financial statements noted? | Yes |

Federal Awards

Internal control over major programs:

- | | |
|--|-----|
| 5. Material weakness(es) identified? | Yes |
| 6. Significant deficiency(ies) identified? | Yes |

- | | |
|--|-------------------------------------|
| 7. Type of auditors’ report issued on compliance for major federal programs:
ALN 15.875
ALN 84.027
ALN 93.224 | Qualified
Qualified
Qualified |
|--|-------------------------------------|

- | | |
|---|-----|
| 8. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
|---|-----|

9. Identification of major federal programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
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15.875	Economic, Social and Political Development of the Territories—Compact of Free Association, As Amended, Sector Grants
84.027	Special Education – Grants to States (IDEA, Part B)
93.224	Health Center Program Cluster: Health Center Program (Community Health Centers, Migrant Health Center Health Care for the Homeless, and Public Housing Primary Care)

- | | |
|--|-----------|
| 10. Dollar threshold used to distinguish between type A and Type B Programs: | \$750,000 |
| 11. Auditee qualified as low-risk auditee? | No |

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section II – Financial Statement Findings

Reference Number	Findings
2024-001	Capital Assets and Infrastructure

Section III – Federal Award Findings and Questioned Costs

Reference Number	Findings	Questioned Costs
2024-002	Allowable Costs/Cost Principles	\$ 27,217
2024-003	Procurement, Suspension, and Debarment	\$ 8,368
2024-004	Special Tests and Provisions	\$ -
2024-005	Equipment and Real Property Management	\$ -
2024-006	Period of performance	\$ -
2024-007	Reporting	\$ 11,237
2024-008	Cash management	\$ -
2024-009	Allowable Costs/Cost Principles	\$ 4,165
2024-010	Equipment and Real Property Management	\$ -
2024-011	Allowable Costs/Cost Principles	\$ 3,816
2024-012	Reporting	\$ -
2024-013	Cash Management	\$ 221,521
	Total Questioned Costs	\$ 276,324

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

2024 Financial Statement Findings

Finding No.: 2024-001

Criteria: GASB codification 1400 requires capital assets, including infrastructure, to be reported at historical cost, including ancillary costs directly attributable to placing the assets into their intended location and condition for use. Construction costs should remain in construction in progress until the assets are completed and placed into service, at which time depreciation should commence.

Condition: During fiscal year 2024, the State identified and recorded approximately \$13.6 million of previously unrecorded capital assets and infrastructure. Although sufficient appropriate audit evidence was obtained regarding the existence of certain assets and projects, we noted the following:

- A. Approximately \$4.8 million represented the total prior-year expenditures of the Pohnpei Project Management Office (PMO) and the United States Army Corps of Engineers (USACE). The available documentation did not identify:
- The portion of the expenditures attributable to specific capital projects;
 - The portion representing general and administrative activities or other noncapitalizable costs; or
 - The methodology used to allocate shared costs among individual projects.

Accordingly, we proposed an audit adjustment to remove the \$4.8 million from capital assets because it could not be determined which amounts qualified for capitalization or the projects to which the costs should be assigned.

- B. For the remaining approximately \$8.8 million, sufficient appropriate audit evidence was not available to determine:
- Whether the recorded amounts accurately reflected the historical cost of the respective assets or included all capitalizable costs required under applicable GASB standards.
 - Whether all projects had been completed and placed into service as of September 30, 2024. Consequently, we could not determine whether the projects were properly classified as depreciable capital assets or construction in progress, or whether depreciation commenced in the appropriate reporting period.
 - Costs directly attributable to acquiring or constructing the assets from general and administrative costs or other expenditures that did not qualify for capitalization. Nor was there sufficient documentation supporting the completeness and accuracy of ancillary costs or the allocation of shared costs among projects.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

2024 Financial Statement Findings, Continued

Finding No.: 2024-001, Continued

Cause: The State's project-level records supporting: project expenditures, cost allocations, completion and turnover dates, placement-in-service dates, and the distinction between capitalizable project costs and general and administrative expenditures; are incomplete. The State's efforts to reconstruct these records were ongoing at the completion of the audit.

Effect: The unsupported \$4.8 million referred to condition (a) resulted in a material audit adjustment. For the remaining approximately \$8.8 million referred to in condition (b), we were unable to determine whether capital assets, infrastructure, construction in progress, and related depreciation were materially misstated. Consequently, this matter contributed to the modification of our opinion on the governmental activities opinion unit.

Recommendation: We recommend that the State:

1. Strengthen its policies and procedures for identifying, capitalizing, classifying, depreciating, and reporting capital assets and infrastructure.
2. Maintain project-level documentation supporting project costs, funding sources, cost allocations, completion and turnover status, placement-in-service dates, asset classifications, useful lives, and depreciation commencement dates.
3. Establish a documented and consistently applied methodology for distinguishing and allocating direct project costs, ancillary costs, and general and administrative expenditures.
4. Reconcile previously capitalized projects to supporting accounting and project-management records and adjust costs that cannot be substantiated as capitalizable.
5. Strengthen coordination and communication between the State's Property Management Office, Project Management Office, and the Office of Transportation and Infrastructure to periodically reconcile and communicate project costs and status and to ensure that project records are accurate and up to date.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

2024 Federal Award Findings and Questioned Costs

Finding 2024-002

Pass-Through Entity: Federated States of Micronesia National Government

Federal Agency: U.S. Department of the Interior

Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories

Federal Award No.: D24AF00340, D24AF00341, D23AF00263, D20AP00054, D24AF00350

Area: Allowable Costs/Cost Principles

Questioned Costs: \$27,217

Criteria: Article VI, section 1(a)(ii) of the FSM-U.S. Fiscal Procedures Agreement requires accounting records sufficient to support the source and application of grant funds, including canceled checks, paid bills, payroll and time-and-attendance records, contracts, subaward documents, and other financial data.

Under 2 CFR 200.403, costs charged to a federal award must be necessary, reasonable, allocable, and adequately documented. Under 2 CFR 200.430(g), salary and wage charges must be supported by records that accurately reflect the work performed.

Condition: The instances of noncompliance were as follows:

- 1) For 5 (8%) of 65 nonpayroll transactions tested, from a sample totaling \$1,303,256 and a population totaling \$24,317,028, the State did not provide sufficient financial or programmatic records, such as vendor invoices, contracts, receiving reports, or approved budgets, to establish allowability:

Selection												
No.	Date	Jnl	Ref 1	Ref 2	Ref 3	Amount	Fund	Dept	Div	Prgm	Yr	Object
34	6/27/2024	OTS	384840	entry	27763	\$ 271	11	70	71	11200	24	8015
62	2/16/2024	OTS	375522	entry	27258	864	20	04	10	00426	21	8015
63	2/21/2024	OTS	376018	entry	27259	1,740	20	04	10	00426	21	8015
64	2/22/2024	OTS	376195	entry	27260	4,290	20	04	10	00426	21	8015
65	2/22/2024	OTS	376196	entry	27261	1,831	20	04	10	00426	21	8015
Questioned Costs						\$ 8,996						

- 2) For 22 (37%) of 60 payroll transactions tested, from a sample totaling \$36,422 and a population totaling \$24,317,028, the State either (a) did not provide uniform or departmental timecards or timesheets supporting compensation, taxes, and fringe benefits; (b) provided departmental records supporting fewer hours than the uniform timesheet; (c) had unexplained differences between regular and leave hours in the two records; or (d) did not provide underlying support for retroactive regular pay, as follows:

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-002, Continued

Pass-Through Entity: Federated States of Micronesia National Government

Federal Agency: U.S. Department of the Interior

Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories

Federal Award No.: D24AF00340, D24AF00341, D23AF00263, D20AP00054, D24AF00350

Area: Allowable Costs/Cost Principles

Questioned Costs: \$27,217

2) Condition #2, Continued:

Test No.	Condition	Jnl	Paydate	Fund	Dept.	Department Description	Regular	OT	Hlth Ins	Life ins	SS Tax	Total
2	2.b	PYL	11/13/2023	Fund 11	11110	Hspl Food Services	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ 7
5	2.b	PYL	7/9/2024	Fund 11	11110	Hspl Food Services	-	16	-	-	-	16
18	2.b	PYL	5/13/2024	Fund 11	11200	Medical Services	60	-	-	-	-	60
19	2.b	PYL	7/9/2024	Fund 11	11200	Medical Services	3,880	-	66	-	289	4,235
23	2.a	PYL	7/23/2024	Fund 19	19009	PMO OPERATIONS	2,757	-	22	-	204	2,983
24	2.a	PYL	12/11/2023	Fund 19	19009	PMO OPERATIONS	4,645	-	-	-	-	4,645
26	2.b	PYL	10/17/2023	Fund 10	10208	Lukop Elem Sch	139	-	-	-	-	139
27	2.a	PYL	11/28/2023	Fund 10	10220	Pehteng Elem Sch	293	-	-	9	25	327
28	2.a	PYL	11/28/2023	Fund 10	10221	Palikir Elem Sch	293	-	20	9	25	347
29	2.c	PYL	11/28/2023	Fund 10	10301	PICS High Sch	48	-	-	-	-	48
30	2.a	PYL	12/11/2023	Fund 10	10211	Pohnlangas Elem Sch	379	-	-	9	26	414
31	2.a	PYL	12/11/2023	Fund 10	10303	Nanpei Memorial High Sch	441	-	15	11	31	498
32	2.d	PYL	12/30/2023	Fund 10	10301	PICS High Sch	217	-	-	-	-	217
35	2.a	PYL	2/20/2024	Fund 10	10206	Saladak Elem Sch	567	-	40	-	40	647
38	2.a	PYL	4/30/2024	Fund 10	10209	Sapwalap Elem Sch	506	-	11	12	36	565
43	2.a	PYL	8/6/2024	Fund 10	10201	Kolonia Elem Sch	506	-	22	9	36	573
47	2.a	PYL	9/16/2024	Fund 10	10202	Ohmine Elem Sch	693	-	20	12	50	775
49	2.a	PYL	11/13/2023	Fund 10	10301	PICS High Sch	63	-	30	9	7	109
50	2.a	PYL	11/28/2023	Fund 10	10303	Nanpei Memorial High Sch	508	-	40	16	45	609
54	2.a	PYL	8/6/2024	Fund 10	10212	Mand Elem Sch	539	-	30	-	42	611
55	2.a	PYL	10/31/2023	Fund 15	15130	Early Childhood Ed	180	-	-	-	-	180
58	2.a	PYL	11/28/2023	Fund 15	15130	Early Childhood Ed	216	-	-	-	-	216
Questioned costs							\$ 16,937	\$ 16	\$ 316	\$ 96	\$ 856	\$ 18,221

3) Of the payroll transactions tested and cited above, we additionally noted the following:

- a) For three employees, the State did not provide the personnel action form or employment contract applicable to the tested pay period.
- b) For one employee, the State did not provide an authorized direct-deposit form.

Cause: Documentation-retention controls at the State Treasury and responsible departments were not operating effectively. Departmental and uniform timekeeping records were not consistently reconciled, and supporting personnel records were not consistently retained.

- For Conditions 1, 2(a), and 2(d), disbursement and timekeeping records were not consistently filed and retained by the State Treasury and responsible departments.
- For Conditions 2(b) and 2(c), departmental controls did not ensure reconciliation of departmental timesheets to the uniform timesheets submitted to the State Treasury. The Treasury did not consistently receive departmental support and relied on agency review and certification.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-002, Continued

Pass-Through Entity: Federated States of Micronesia National Government

Federal Agency: U.S. Department of the Interior

Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories

Federal Award No.: D24AF00340, D24AF00341, D23AF00263, D20AP00054, D24AF00350

Area: Allowable Costs/Cost Principles

Questioned Costs: \$27,217

Cause: (continued)

- For Conditions 3(a) and 3(b), personnel-record retention controls were not operating effectively.

Effect: The State did not comply with applicable allowable-cost and compensation requirements. Unsupported expenditures constitute known questioned costs of \$27,217. Likely questioned costs exceeded \$25,000 based on projection of the sample results.

Recommendation: The State should:

- Strengthen centralized documentation filing and retention controls for disbursement, payroll, and personnel records.
- Because the State Treasury relies on departmental monitoring, the State should:
 1. Enhance monitoring at the departmental level or implement a uniform timekeeping system.
 2. Require departments to submit timekeeping reports to the State Treasury for secondary reconciliation.
 3. Require retention of explanations and approvals for changes affecting uniform timesheets that are not reflected in departmental records.

Identification as a Repeat Finding: 2023-002

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-003

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of the Interior
Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D24AF00341
Area: Procurement, Suspension, and Debarment
Questioned Costs: \$8,368

Criteria: Article VI, section 1(m)(i) of the FSM-U.S. Fiscal Procedures Agreement permits subrecipients of the Federated States of Micronesia National Government to use their own procurement procedures when those procedures are consistent with the Agreement.

Sections 7.1.1(3)(b) and 7.2.5(1)(d) of the State's procurement regulations require three competitive quotations for applicable repair and maintenance purchases unless an approved waiver is documented. Any waiver must be documented, approved, and submitted to the State Treasury for inclusion in the procurement file.

2 CFR 200.318 requires documentation sufficient to detail the history of each procurement transaction, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and basis for contract price. 2 CFR 200.319 requires all procurement transactions under a federal award to be conducted in a manner providing full and open competition. 2 CFR 200.320 permits small purchases without soliciting competitive quotations if the price is deemed reasonable based on research, experience, or purchase history, provided supporting documentation is maintained.

Condition: For 1 (2%) of 65 transactions tested, from a sample totaling \$1,303,256 and a population totaling \$24,317,028, the State did not document compliance with applicable procurement regulations.

For test item 51, obligation 391218, the State did not solicit or document competitive quotations and did not provide an approved waiver or other documentation supporting the procurement method. The related contract expenditures recorded in fiscal year 2024 totaled \$8,368. Retainage of \$930 paid on October 31, 2024 was outside the fiscal year and is not included in known questioned costs.

Selection													
No.	Contract	Date	Jnl	Ref 1	Ref 2	Ref 3	Amount	Fund	Dept	Div	Prgm	Yr	Object
NA	C240172	9/6/2024	OTS	390205	split	83771	\$ 2,324	11	70	70	11112	24	8310
51	C240172	9/20/2024	OTS	391218	split	83948	6,044	11	70	70	11112	24	8310
Questioned Costs							\$ 8,368						

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-003, Continued

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of the Interior
Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D24AF00341
Area: Procurement, Suspension, and Debarment
Questioned Costs: \$8,368

Cause: The Department of Health and the State Treasury did not effectively communicate or enforce the applicable procurement requirements.

Effect: The State did not comply with applicable federal and State procurement requirements. Known questioned costs of \$8,368 are reported. Likely questioned costs exceeded \$25,000 based on projection of the sample results.

Recommendation: The State should require a complete procurement file before payment, including quotations, price-reasonableness support, vendor-selection rationale, and any approved waiver. The State Treasury should use a procurement review checklist and periodically monitor departmental procurement files.

Identification as a Repeat Finding: 2023-003

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-004

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of the Interior
Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D23AF00012-01 (Education), D22AF00326-01 (Supplemental Education).
Area: Special Tests and Provisions
Questioned Costs: \$0

Criteria: The terms and conditions of the Compact Sector Education and Supplemental Education Grant awards require annual performance evaluations for grant-funded personnel and retention of those evaluations in personnel files.

Condition: For 11 (69%) of 16 personnel records tested, the State did not provide documentation demonstrating that the required annual performance evaluation had been completed and retained.

Cause: Controls over completion, monitoring, and retention of personnel evaluations were not operating effectively.

Effect: The State did not comply with the personnel-evaluation requirement. The exception did not identify an amount expended or received that was unsupported or unallowable; therefore, no questioned costs are reported.

Recommendation: The State should establish an annual evaluation calendar, assign responsibility for monitoring completion, and require supervisory and personnel-office review before evaluations are filed as complete.

Identification as a Repeat Finding: 2023-004

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-005

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of the Interior
Assistance Listing: 15.875
Federal Award No.: Various
Area: Equipment and Real Property Management
Questioned Costs: \$0

Criteria: Article VI, section 1(f)(iv) of the FSM-U.S. Fiscal Procedures Agreement and 2 CFR 200.313(d)(1) require property records to include specified identifying, funding, ownership, acquisition, location, use, condition, and disposition information. 2 CFR §200.313(d)(1) requires property records to include a description, serial number or ID number, source of funding (including FAIN), title holder, acquisition date, cost, federal participation percentage, location, use and condition, and disposition data including disposal date and sale price.

Condition: During compliance testing one government vehicle (GE-0807) identified on supporting fuel control forms, could not be traced to the State's fixed asset lapsing schedule or other departmental tracking schedules. As a result, we are unable to determine whether the asset was capitalized, included in the State's fixed asset inventory records, and traced as required by the above criteria.

Cause: Property data were not maintained uniformly, and departments did not consistently report acquired assets to the central procurement and supply office.

Effect: The State did not comply with property-record requirements, increasing the risk that federally funded property may not be safeguarded or properly reported. No specific award expenditure was identified as unallowable or unsupported solely because of the recordkeeping deficiency; therefore, no questioned costs are reported.

Recommendation: The State should standardize and reconcile central and departmental property records ensuring that the data elements are uniform; investigate and record the vehicle; and require departments to report acquisitions, transfers, physical-inventory results, and dispositions to the central property custodian.

Identification as a Repeat Finding: Not applicable

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-006

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of the Interior
Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D20AF00050-02
Area: Period of performance
Questioned Costs: \$0

Criteria: Article VI, section 1(c)(ii) of the FSM-U.S. Fiscal Procedures Agreement requires obligations to be incurred within the authorized award period and liquidated no later than 120 days after the end of the funding period, unless otherwise agreed. Funding for sector grants for public infrastructure shall be available for obligation for the time period described in the terms and conditions of the sector grants. The Government of the Federated States of Micronesia shall liquidate obligations incurred under a grant not later than 120 days after the end of the funding period or as otherwise mutually agreed.

Condition: Grant D20AF00050, which is not a sector grant for public infrastructure, was originally awarded in May 2020 and subsequently reprogrammed. Among other changes, the reprogramming authorized the obligation of certain grant funds for medical infrastructure projects. The final extension of the grant, identified as D20AF00050-02, lapsed on September 30, 2023. No documentation was provided demonstrating that the grantor approved a waiver of the applicable period-of-performance requirements for the reprogrammed expenditures or granted a no-cost extension beyond September 30, 2023. The two closing payments were made on March 5 and May 21, 2024, 37 and 114 days, respectively, after the stated liquidation deadline for the following transactions:

Selection		Liquidation		Days										
No.	Test No.	Date	deadline	over	Jnl	Ref 1	Ref 2	Ref 3	Fund	Dept	Div	Prgm	Yr	Object
56	56	3/5/2024	1/28/2024	37	OTS	376470	split	81549	17	04	10	17425	20	8310
58	58	5/21/2024	1/28/2024	114	OTS	382885	split	82351	17	04	10	17425	20	8310

Cause: The State did not adequately monitor the grant's closeout requirements or establish procedures to ensure that obligations incurred before the end of the period of performance were liquidated within the prescribed timeframe.

Effect: The State did not comply with the grant's liquidation and closeout requirements. However, because the costs were allowable and the related obligations were properly incurred within the period of performance, the late payments do not, by themselves, affect the allowability of the underlying expenditures.

Recommendation: The State should strengthen its grant closeout procedures to ensure that all allowable obligations are liquidated within the timeframe established by the grant agreement and applicable federal requirements. When timely liquidation is not possible, the State should request and obtain written approval from the grantor for an extension before the liquidation deadline and retain the approval with the grant records.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-006, Continued

Pass-Through Entity: Federated States of Micronesia National Government

Federal Agency: U.S. Department of the Interior

Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories

Federal Award No.: D20AF00050-02

Area: Period of performance

Questioned Costs: \$0

Identification as a Repeat Finding: Not applicable

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-007

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of the Interior
Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D24AF00340, D24AF00341, D23AF00263, D24AF00335
Area: Reporting
Questioned Costs: \$11,237

Criteria: Article VI, section 1(b)(i) of the FSM-U.S. Fiscal Procedures Agreement requires effective internal control over accurate and complete federal financial reporting.

Condition: All four SF-425 reports tested differed from the underlying accounting records. Federal cash receipts for D23AF00263 differed by \$99,526 and could not be recalculated from contemporaneous support. Reported disbursements exceeded accounting records by an aggregate \$663,986. Of this amount, \$11,237 related to a duplicate obligation that should have been reversed; \$652,749 resulted from allowable cost-of-living reclassifications recorded after the reports were filed, as follows:

Grant number	Fund	Reporting Period End date	Federal cash Receipts Reported	Federal cash Receipts per Accounting records	Federal cash Receipt Difference
D23AF00263-00	Fund 15	9/30/2024	2,996,815	2,897,289	99,526
Subcondition (a)					<u>99,526</u>

Grant number	Fund	Reporting Period End date	Federal cash Disbursements Reported	Federal cash Disbursements per Accounting records	Federal cash Disbursement Difference
D24AF00340 (D10FA00024)	Fund 10	9/30/2024	10,029,588.00	9,643,074	386,514
D24AF00341 (D11FA00024)	Fund 11	9/30/2024	7,052,189.00	6,868,392	183,797
D23AF00263-00	Fund 15	9/30/2024	3,389,607.00	3,313,612	75,995
D23AF00335 (D16FA00024)	Fund 16	9/30/2024	551,054.00	533,374	17,680

Subconditions (b and c) **663,986**
Amount allocable to b **11,237**
Amount allocable to c **652,749**

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-007, Continued

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of the Interior
Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D24AF00340, D24AF00341, D23AF00263, D24AF00335
Area: Reporting
Questioned Costs: \$11,237

Condition: (Continued)

- a) \$99,526 - The federal cash receipts difference could not be recalculated or traced to the general ledger. No affected award expenditure or receipt was identified; therefore, no questioned costs are reported for this difference.
- b) \$11,237 - Reported federal cash disbursements included obligation 386833, the original version of a corrected transaction that should have been reversed.
- c) \$652,749 - These differences resulted from allowable cost-of-living reclassifications between the general and sector funds recorded after the SF-425s were filed. The underlying expenditures remained allowable; therefore, no questioned costs are reported.

Cause: The State did not retain contemporaneous SF-425 support, did not detect the duplicate obligation, and did not timely reconcile post-filing payroll reclassifications to filed reports.

Effect: The State did not comply with applicable reporting requirements. The \$11,237 is questioned as an unallowable expenditure charged to the grant which was reported on the SF-425.

Recommendation: The State should retain each filed SF-425, certification, summary report, transaction-level detail, and reconciliation as one contemporaneous reporting package. Require supervisory review of the reconciliation and investigate duplicate or unreversed transactions before submission.

Identification as a Repeat Finding: Not applicable

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-008

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of the Interior
Assistance Listing: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D19AF00079
Area: Cash management
Questioned Costs: \$0

Criteria: Article IV, sections 1(b) and 1(c) of the FSM-U.S. Fiscal Procedures Agreement require the State to maintain accounting records that identify the source and application of grant funds and to establish effective controls over grant cash to ensure that such funds are used solely for authorized purposes.

Condition: The State recorded a \$3.5 million transfer from the Sector Cash account to the General Fund cash account as reimbursement for sector expenditures initially financed by the General Fund. However, the supporting voucher did not include a reconciliation or detailed listing, prepared at the time of the transfer, identifying the expenditures comprising the reimbursement. Reports generated after the transfer also did not demonstrate how management originally calculated the \$3.5 million amount. Nevertheless, the available accounting records established that total unreimbursed eligible sector expenditures before the transfer exceeded \$3.5 million.

Cause: The State did not maintain an ongoing reconciliation of eligible sector expenditures temporarily financed by the General Fund, including amounts subsequently reimbursed and any remaining unreimbursed balances.

Effect: The State did not maintain adequate support for amounts due between the General Fund cash account and the Sector Fund cash account. As a result, the State had to rely on other available documentation during the audit to substantiate the related due to and due from balances.

Recommendation: The State should maintain a current interfund receivable and payable reconciliation that identifies each eligible grant expenditure advanced by the General Fund, amounts subsequently reimbursed, remaining unreimbursed balances, and evidence of management's review and approval of each transfer. The reconciliation and supporting expenditure detail should be completed and retained when each reimbursement is calculated and approved

Identification as a Repeat Finding: Not applicable

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-009

Pass-Through Entity: Federated States of Micronesia National Government

Federal Agency: U.S. Department of Education

Assistance Listing: 84.027 Special Education – Grants to States (IDEA, Part B)

Federal Award No.: H027A230005

Area: Allowable Costs/Cost Principles

Questioned Costs: \$4,165

Criteria: Under 2 CFR 200.403, costs must be necessary, reasonable, allocable, and adequately documented. Under 2 CFR 200.430(g), salary and wage charges must be based on records that accurately reflect work performed. 2 CFR 200.441 establishes that expenditures for fines related to the violation of laws or regulations are generally unallowable unless specifically required by the award or approved in writing by the awarding agency.

Condition:

- 1) For 5 (8%) of 60 nonpayroll transactions tested, from a sample totaling \$79,617 and a population totaling \$951,629, the State either (a) did not provide sufficient financial or programmatic support to establish allowability or (b) charged a cost that was unallowable under 2 CFR 200.441, as follows:

Selection													
No.	Condition	Date	Jnl	Ref 1	Ref 2	Ref 3	Amount	Fund	Dept	Div	Prgm	Yr	Object
31	1.a	7/9/2024	OTS	385538	entry		\$ 20	20	60	60	20010	23	8343
32	1.a	7/9/2024	OTS	385515	entry		20	20	60	60	20010	23	8343
33	1.a	7/9/2024	OTS	385345	entry		20	20	60	60	20010	23	8343
34	1.a	7/9/2024	OTS	385544	entry		20	20	60	60	20010	23	8343
3	1.b	12/20/2023	OTS	371652	transfer	307383	55	20	60	60	20010	24	8250
Questioned Costs							\$ 135						

- 2) For 9 (15%) of 60 payroll transactions tested, from a sample totaling \$28,999 and a population totaling \$951,629, the State either (a) did not provide timekeeping documentation supporting compensation, taxes, and fringe benefits or (b) reported full regular hours while the time export showed leave and no approved leave request was provided, as follows:

Department												
Test No.	Condition	Jnl	Paydate	Fund	Dept.	Description	Regular	OT	Hlth Ins	Life ins	SS Tax	Total
8	2.a	PYL	12/11/2023	20	20010	Spcl Ed Ops	\$ 358	\$ -	\$ 30	\$ 9	\$ 25	\$ 422
9	2.a	PYL	12/11/2023	20	20010	Spcl Ed Ops	358	-	30	9	25	422
11	2.a	PYL	12/30/2023	20	20010	Spcl Ed Ops	305	-	20	7	21	353
31	2.a	PYL	4/30/2024	20	20010	Spcl Ed Ops	506	-	-	9	36	551
32	2.b	PYL	4/30/2024	20	20010	Spcl Ed Ops	48	-	-	-	-	48
43	2.a	PYL	7/9/2024	20	20010	Spcl Ed Ops	506	-	37	9	36	588
45	2.a	PYL	7/9/2024	20	20010	Spcl Ed Ops	407	-	30	7	28	472
47	2.a	PYL	7/23/2024	20	20010	Spcl Ed Ops	407	-	30	7	28	472
48	2.a	PYL	7/23/2024	20	20010	Spcl Ed Ops	626	-	20	11	45	702
Questioned costs							\$ 3,521	\$ -	\$ 197	\$ 68	\$ 244	\$ 4,030

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-009, Continued

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of Education
Assistance Listing: 84.027 Special Education – Grants to States (IDEA, Part B)
Federal Award No.: H027A230005
Area: Allowable Costs/Cost Principles
Questioned Costs: \$4,165

Condition: (continued)

- 3) Of the payroll transactions tested and cited above, we noted that personnel action forms or contracts were unavailable for two employees, and authorized direct-deposit forms were unavailable for three employees.

Cause: Documentation-retention and review controls at the State Treasury and responsible departments were not operating effectively, and personnel did not understand or consider 2 CFR 200.441.

- For Conditions 1(a), 2(a), and 2(b), disbursement and timekeeping documentation was not consistently filed and retained.
- For Condition 1(b), personnel did not consistently understand or apply 2 CFR 200.441.
- For Conditions 3(a) and 3(b), personnel-record retention controls were not operating effectively.

Effect: The State did not comply with applicable allowable-cost and compensation requirements. Unsupported or unallowable expenditures constitute known questioned costs of \$4,165. Likely questioned costs exceeded \$25,000 based on projection of the sample results.

Recommendation: The State should strengthen document-retention, payroll reconciliation, and personnel-authorization controls and incorporate review of entertainment-cost restrictions into preapproval and payment checklists and periodically monitor compliance.

Identification as a Repeat Finding: 2023-006

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-010

Pass-Through Entity: Federated States of Micronesia National Government
Federal Agency: U.S. Department of Education
Assistance Listing: 84.027 Special Education – Grants to States (IDEA, Part B)
Federal Award No.: H027A230005
Area: Equipment and Real Property Management
Questioned Costs: \$0

Criteria: 2 CFR §200.313(d)(1) requires property records to include a description, serial number or ID number, source of funding (including FAIN), title holder, acquisition date, cost, federal participation percentage, location, use and condition, and disposition data including disposal date and sale price.

Condition: Six government vehicles identified on fuel-control forms (GE-1042, GE-1043, GE-1045, GE-1205, GE-1206, and GE-1288) could not be traced to the State fixed-asset schedule or departmental property records.

Cause: Property data was not maintained uniformly, and departments did not consistently report acquired assets to the central procurement and supply office.

Effect: The State did not comply with equipment-record requirements, increasing the risk that federally funded property may not be safeguarded or properly reported. No specific award expenditure was identified as unsupported or unallowable solely because of this recordkeeping deficiency; therefore, no questioned costs are reported.

Recommendation: The State should standardize and reconcile central and departmental property records ensuring that the data elements are uniform; investigate and record the six vehicles; and require departments to report acquisitions, transfers, physical-inventory results, and dispositions to the central property custodian.

Identification as a Repeat Finding: Not applicable

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-011

Federal Agency: U.S. Department of Health and Human Services
 Assistance Listing: 93.224 – Health Center Program (Community Health Centers, Migrant Health Center Health Care for the Homeless, and Public Housing Primary Care).
 Federal Award No.: 5 H80CS04302-19-00, 6 H80CS04302-20-02, 2 H80CS04302-20-00, and H80CS04302-20-05
 Area: Allowable Costs/Cost Principles
 Questioned Costs: \$3,816

Criteria: Sections 200.403 and 200.430(g) of Title 2 of the CFR require adequately documented costs and compensation records that accurately reflect work performed.

Section 200.302(b) requires financial records that identify the source and application of federal funds and permit transactions to be traced to the applicable award.

Condition:

1. For 15 (25%) of 60 payroll transactions tested, from a sample totaling \$62,084 and a population totaling \$1,094,077, the State either (a) did not provide sufficient timekeeping support; (b) provided departmental records supporting fewer hours than the uniform timesheet; (c) had unexplained differences between regular and leave hours; or (d) did not provide support for retroactive regular pay, as follows:

Test No.	Condition	Jnl	Paydate	Fund	Dept.	Department		Regular	OT	Hlth Ins	Life ins	SS Tax	Total
						Description							
1	1.d	PYL	10/17/2023	21	37100	CHC		\$ 37	\$ -	\$ -	\$ -	\$ -	\$ 37
2	1.a, 1.c	PYL	10/31/2023	21	37100	CHC		48	-	-	-	-	48
5	1.b	PYL	12/20/2023	21	37100	CHC		923	-	-	-	-	923
6	1.b	PYL	12/30/2023	21	37100	CHC		331	-	-	-	-	331
7	1.b	PYL	12/30/2023	21	37100	CHC		320	-	-	-	-	320
8	1.b	PYL	12/30/2023	21	37100	CHC		676	-	-	-	-	676
9	1.b	PYL	1/23/2024	21	37100	CHC		121	-	-	-	-	121
10	1.b	PYL	1/23/2024	21	37100	CHC		138	-	-	-	-	138
11	1.b	PYL	1/23/2024	21	37100	CHC		229	-	-	-	-	229
12	1.b	PYL	1/23/2024	21	37100	CHC		239	-	-	-	-	239
13	1.b	PYL	1/23/2024	21	37100	CHC		157	-	-	-	-	157
20	1.b	PYL	3/26/2024	21	37100	CHC		12	-	-	-	-	12
22	1.b	PYL	4/16/2024	21	37100	CHC		38	-	-	-	-	38
31	1.b	PYL	7/9/2024	21	37100	CHC		235	-	-	-	-	235
33	1.b	PYL	7/23/2024	21	11200	Med. Serv.		312	-	-	-	-	312
Questioned costs								\$ 3,816	\$ -	\$ -	\$ -	\$ -	\$ 3,816

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-011, Continued

Federal Agency: U.S. Department of Health and Human Services
Assistance Listing: 93.224 – Health Center Program (Community Health Centers, Migrant Health Center Health Care for the Homeless, and Public Housing Primary Care).
Federal Award No.: 5 H80CS04302-19-00, 6 H80CS04302-20-02, 2 H80CS04302-20-00, and 6 H80CS04302-20-05
Area: Allowable Costs/Cost Principles
Questioned Costs: \$3,816

Condition: (continued)

2. Of the payroll transactions tested and cited above, we additionally noted the following:
 - a. For two employees, the State did not provide the personnel action form or employment contract applicable to the tested pay period.
 - b. For test items 9, 10, 11, 12, 13, 20, 22, 31, and 33, the general ledger did not identify which of the three Health Center awards was charged.

Cause: Payroll documentation-retention controls were ineffective, and the chart of accounts was not designed to identify the specific Health Center award applicable to each transaction.

- a. For Conditions 1(a) through 1(d) and 2(a), payroll and personnel support was not consistently retained.
- b. For Condition 2(b), the chart of accounts did not include award-level coding for each Health Center award.

Effect: The State did not comply with allowable-cost, compensation, and financial-management requirements. Unsupported payroll charges constitute known questioned costs of \$3,816. Likely questioned costs exceeded \$25,000 based on projection of the sample results.

Recommendation: The State should:

1. Strengthen payroll documentation-retention and departmental monitoring controls or implement a uniform timekeeping system.
2. Require departments to submit supporting timekeeping reports to the State Treasury for secondary reconciliation.
3. Retain explanations for differences between uniform and departmental records and establish award-level codes in the chart of accounts.

Identification as a Repeat Finding: Not applicable

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-012

Federal Agency: U.S. Department of Health and Human Services
Assistance Listing: 93.224 – Health Center Program (Community Health Centers, Migrant Health Center Health Care for the Homeless, and Public Housing Primary Care).
Federal Award No.: 4 H8FCS41736-01-02, 4 H8FCS41736-01-03, 1 C8ECS44059-01-06.
Area: Reporting
Questioned Costs: \$0

Criteria: The terms and conditions of the cited awards require annual Federal Financial Reports (SF-425s) that are timely, accurate, complete, and supported by records reflecting cumulative activity for the applicable project period.

- 4 H8FCS41736-01-02 the subject FFR was due by 07/30/2024.
- 4 H8FCS41736-01-03 the subject FFR was due by 07/30/2025.
- 1 C8ECS44059-01-06 the subject FFR was due by 01/30/2025.

Condition: The following exceptions were identified:

- 1) All three SF-425s were submitted after their respective due dates.
- 2) For award 4 H8FCS41736-01-02, the State did not retain contemporaneous expenditure support demonstrating how reported federal cash disbursements were determined.

Cause: Deadline-monitoring controls were ineffective, and the State did not retain a complete contemporaneous reporting package.

- 1) The State did not effectively monitor SF-425 reporting deadlines.
- 2) The State did not retain the contemporaneous records used to prepare the reported federal cash disbursement amounts.

Effect: The State did not comply with reporting requirements, and the lack of support increased the risk of inaccurate reporting. The audit did not identify an amount expended or received that was affected by the reporting noncompliance; therefore, no questioned costs are reported.

- 1) Late submission of the SF-425s constituted reporting noncompliance. No negative awarding-agency comments were identified.
- 2) The absence of contemporaneous support increased the risk of inaccurate reporting and increased the effort required to substantiate reported amounts during audits and monitoring. No questioned costs are reported.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-012, Continued

Federal Agency: U.S. Department of Health and Human Services
Assistance Listing: 93.224 – Health Center Program (Community Health Centers, Migrant Health Center Health Care for the Homeless, and Public Housing Primary Care).
Federal Award No.: 4 H8FCS41736-01-02, 4 H8FCS41736-01-03, 1 C8ECS44059-01-06.
Area: Reporting
Questioned Costs: \$0

Recommendation: The State should:

- 1) Establish an award-reporting calendar with assigned responsibility and supervisory review, and retain copies of all submissions.
- 2) Retain the filed SF-425, certification, transaction-level receipt and expenditure detail, and reconciliation to the general ledger as one contemporaneous reporting package.

Identification as a Repeat Finding: 2023-007

View of Responsible Officials: The State's response and corrective action plan addressing this finding is included in the accompanying corrective action plan.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2024**

Finding 2024-013

Federal Agency: U.S. Department of Health and Human Services
Assistance Listing: 93.224 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
Federal Award No.: Various
Area: Cash Management
Questioned Costs: \$221,521

Criteria: Under 2 CFR 200.302(b)(3), (6), and (7), a non-federal entity must maintain records that identify the source and application of federal funds, establish effective control over and accountability for all funds, and support compliance with federal requirements through written procedures. In addition, 2 CFR 200.305(b) requires the non-federal entity to minimize the time between the transfer of federal funds and their disbursement and, when reimbursement is used, to request payment only after costs have been incurred. Accordingly, each drawdown should be supported by contemporaneous expenditure records and a reconciliation demonstrating the amount of eligible, unreimbursed program expenditures.

Condition:

1. For 1 of 2 cash-management transactions tested, the State could not provide documentation supporting the calculation or amount of a \$435,026 federal cash drawdown requested on June 5, 2024, under award 4 H8FCS41736-01-03 (the award). Specifically, the documentation provided for JV240324 did not include a contemporaneous expenditure report or reconciliation identifying (a) eligible award expenditures incurred through the drawdown date, (b) amounts previously reimbursed, and (c) the remaining unreimbursed expenditures available to support the drawdown.

Our review of other available documentation disclosed the following:

- On August 24, 2022, and April 27, 2023, the State drew down \$110,269 and \$74,899, respectively, totaling \$185,168. Available documentation indicated that these drawdowns reimbursed expenditures incurred from program inception through March 31, 2023.
- For the period from October 1, 2022, through August 31, 2024, available records identified approximately \$745,597 of federal expenditures charged to the award.
- On June 12, 2023, September 26, 2023, and June 5, 2024, the State drew down \$148,366, \$198,558, and \$435,026, respectively, totaling \$781,950.

Based on the available records, the State had \$560,429 of potentially eligible unreimbursed expenditures after the April 27, 2023, drawdown (\$745,597 of reported expenditures less \$185,168 of prior documented drawdowns). However, the subsequent drawdowns totaled \$781,950. Therefore, the available documentation did not support \$221,521 of the June 5, 2024, drawdown (\$781,950 less \$560,429). We question \$221,521 because the State did not demonstrate that this portion of the drawdown reimbursed eligible, unreimbursed award expenditures.

2. In addition, the State did not consistently implement its established procedures for monitoring program cash needs and making drawdowns on a regular schedule. During fiscal year 2024, the State made only two drawdowns: one requested on June 5, 2024, and received on June 7, 2024, and another requested on August 2, 2024, and received on August 6, 2024.

**STATE OF POHNPEI
FEDERATED STATES OF MICRONESIA**

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Finding 2024-013, Continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.224 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
Federal Award No.: Various
Area: Cash Management
Questioned Costs: \$221,521

Cause: The State did not consistently enforce its cash-management procedures and did not maintain a complete, contemporaneous audit trail supporting each drawdown. Specifically, responsibility for preparing, reviewing, and retaining expenditure reports and cumulative reimbursement reconciliations was not effectively implemented.

Effect: The State could not demonstrate that \$221,521 of the June 5, 2024, drawdown was supported by eligible, unreimbursed award expenditures. As a result, federal funds may have been drawn in excess of immediate program needs, and the unsupported amount is questioned.

Recommendation:

The State should:

1. Strengthen and enforce its cash-management procedures. For each drawdown, the State should prepare, review, and retain a reconciliation that identifies cumulative eligible expenditures, prior reimbursements, adjustments or reconciling items, and the resulting balance of unreimbursed expenditures by federal award. The reconciliation and supporting expenditure reports should be reviewed and approved before the drawdown request is submitted.
2. Monitor program cash needs and submit reimbursement requests on a regular, timely schedule consistent with its written procedures. Management should review the \$221,521 questioned amount and provide additional support to the federal awarding agency if available.

Identification as a Repeat Finding: 2023-008

Views of Responsible Officials: The State's response and corrective action plan addressing this finding are included in the accompanying corrective action plan.



POHNPEI STATE GOVERNMENT

Department of Treasury and Administration

P.O. Box 1567

Kolonia, Pohnpei FM 96941

Tel: (691) 320-2243/2323 FAX: (691) 320-5505

Office of the Director

August 21, 2026

Mr. Karvin Flynn
Burger Comer & Associates
Certified Public Accountants
Guam Office
333 South Marine Corps Drive
Tamuning, Guam

Dear Mr. Flynn,

In preparation for the final audit report due prior to the JEMCO meeting on August 25, 2026, we have provided our responses to the single audit findings along with the corrective action plan below.

Thank you.

Sincerely,

Sihna N. Lawrence
Director of Treasury and Administration

CC: Haser Hainrick, FSM Public Auditor



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Office of the Director

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) Year Ended September 30, 2024

Finding Number	Corrective Action Plan	Anticipated Completion Date	Responsible Person (Contact details)
2024-001	For A: Pohnpei has agreed to the findings and is committed to implementing the recommendations. For B: Pohnpei has disagreed, the sufficient evidence was not available, because Pohnpei State was not afforded the opportunity to provide the such evidence claimed.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-002	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-003	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-004	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-005	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-006	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-007	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-008	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-009	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-010	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm

2024-011	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-012	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm
2024-013	Pohnpei has agreed to the findings and is committed to implementing the recommendations.	Ongoing	Director of Treasury and Administration Sihna N. Lawrence sihna.lawrence@pohnpeidota.fm



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Office of the Director

Summary Schedule of Prior Year Audit Findings and Questioned Costs Year Ended September 30, 2024

Finding Number	ALN	Description	Questioned Cost	Status
2022-007	84.027	Allowable Costs/Cost Principles	8,165	In Progress
2023-001	-	Loan Guarantee Obligation	-	Resolved.
2023-002	15.875	Allowable Costs/Cost Principles	7,326	In Progress
2023-003	15.875	Procurement, Suspension, and Debarment	223,588	In Progress
2023-004	15.875	Special Tests and Provisions	11,790	In Progress
2023-005	15.875	Equipment and Real Property Management	-	In Progress
2023-006	84.027	Allowable Costs/Cost Principles	18,980	In Progress
2023-007	93.224	Reporting	-	Resolved.
2023-008	93.224	Cash Management	-	Resolved.
			\$269,849	