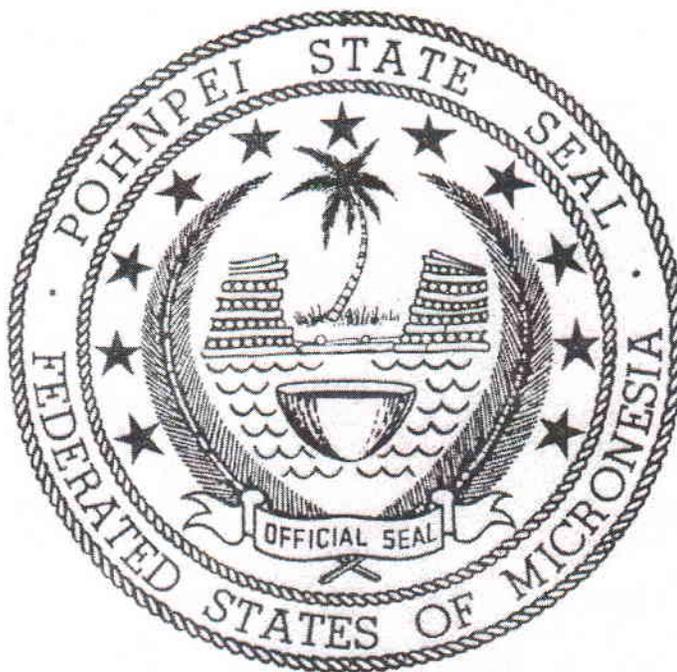


MADOLENIHMW MUNICIPAL GOVERNMENT
Performance Audit on Cash Receipts and Cash
Disbursements
FOR FISCAL YEARS 2017 AND 2018

AUDIT REPORT NO. 004 –19

Office of the Public Auditor
State of Pohnpei



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**MADOLENIHMW MUNICIPAL GOVERNMENT
PERFORMANCE AUDIT ON CASH RECEIPTS AND CASH DISBURSEMENTS
FOR FISCAL YEARS 2017 TO 2018**

AUDIT REPORT NO. 004-19

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August 6, 2019

The Honorable Marcelo Peterson, Governor, State of Pohnpei
The Honorable Ausen Lambert, Speaker, Pohnpei State Legislature
The Honorable Members of the Pohnpei State Legislature
Honorable Petrick Ringlen, Meninkeder Lapalap, Madolenihmw Municipal Government
Honorable Councilmen of Madolenihmw Municipal Government
Honorable Kiomy Albert, Chief Justice, Madolenihmw Municipal Government

EXECUTIVE SUMMARY

We are pleased to submit the audit report on Madolenihmw Municipal Government (MMG) cash receipts and cash disbursements activities for the Fiscal Years 2017 and 2018. The audit was performed pursuant to Article 11, Section 8 (2) of the Pohnpei State Constitution and Pohnpei State Law No. 1L-10-79, and related amendments. The audit was also conducted in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The objectives of our audit were as follows:

- 1) Did Madolenihmw Municipal Government properly receipted, recorded, deposited intact and reported timely and accurately its collections during the audited period?
- 2) Did Madolenihmw Municipal Government properly authorized, supported, and recorded all its cash disbursements in accordance with applicable laws, regulations, and established policies and procedures during the audited period?

As part of our audit, we reviewed MMG's internal control over cash receipts and cash disbursements and assessed its adequacy and effectiveness in safeguarding the Municipality's funds. We also followed up on the status of the findings identified and reported to management in our prior audits of MMG.

Accordingly, we performed the following:

- 1) We conducted preliminary survey of the MMG financial and accounting records for availability and completeness in order to determine the nature, timing and extent of auditing procedures to be performed;
- 2) We obtained and reviewed cash receipts and cash disbursements policies and procedures;

- 3) We interviewed MMG personnel responsible for cash receipts and cash disbursements processes;
- 4) We reviewed, documented and assessed related internal controls;
- 5) We selected and performed control and compliance tests of records and supporting documents for cash receipts and cash disbursements. All samples selected were based on the auditors' professional judgment; and,
- 6) We performed other audit procedures deemed necessary to achieve our audit objectives.

Based on our audit, we conclude that not all of the MMG: 1) revenues and cash collections were properly receipted, recorded and deposited timely and intact to the bank, which resulted to mishandling and misuse of cash collections during the audited period; and, 2) cash disbursements activities fully complied with applicable laws, regulations and prudent practices which also resulted to abusive and excessive cash advances by MMG employees.

Specifically during our audit, we identified the following:

- Internal control weaknesses in the receipting, recording and reporting, and depositing of collections;
- "Salary advance" scheme that was unauthorized yet advances were excessive resulting to substantial unpaid balances and potential loss of government funds;
- Disbursements that were not in compliance with established policies and procedures
- Prior year audit finding that was not resolved.

For the above findings, we recommended that:

1. We recommend the Meninkeder Lapalap to: 1) develop and put in place preventive measures to safeguard the Municipality's collections; 2) direct the Treasurer to update, strengthen and enforce the policies and procedures governing cash receipts; and, 3) establish and implement regular monitoring of employees work to ensure correct and consistent application of policies and procedures. We also recommend that Meninkeder Lapalap and the Councilmen should conduct periodic oversight review of the MMG financial affairs to ensure controls continue to function accordingly as designed to safeguard the MMG's resources.
2. We recommend the Meninkeder Lapalap to: 1) immediately stop this unauthorized "salary advances" to MMG employees, 2) require in depth review to determine actual balances of employees' "salary advances" and enforce immediate restitution through payroll deductions and other legal means available until all employees' advances are fully paid.
3. We recommend the Meninkeder Lapalap to: a) develop, put in place and require adequate review of disbursements before payments are issued to ensure that policies and procedures are duly complied with, and b) periodically monitor and review the disbursement and payment processes to ensure they continue to function effectively in accordance with established policies and rules.
4. We officially recommend responsible MMG management to give priority consideration to develop and implement standards, plans, policies and procedures to resolve prior years' outstanding audit findings.

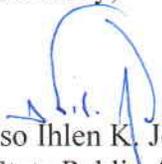
We have referred the mishandling and misuse of cash collections and “salary advance” to our Compliance Investigative Division for further action.

As is customary, we have discussed the draft report with management of MMG and have requested for and obtained the Municipality’s response to our findings. The MMG’s response is included as part of this report on page 13.

As required by the Pohnpei State Law No. 5L-08-00, the auditee is required to submit monthly report to POPA indicating corrective measures already taken or will be shortly implemented to clear the deficiencies cited in the audit report until all findings are satisfactorily resolved, which period shall not exceed six months. Accordingly, the first progress report from MMG is due around September 6, 2019.

In closing, we would like to extend our sincere appreciation to the MMG management and staff for their cooperation and assistance extended to us during the course of this engagement.

Sincerely,



Iso Ihlen K. Joseph
State Public Auditor

Madolenihmw Municipal Government
Performance Audit on Cash Receipts and Cash Disbursements
Fiscal Years 2017 and 2018

Audit Report No.004-19

Introduction

As part of our Pohnpei Office of the Public Auditor (POPA) work plan for the fiscal year 2018, we conducted a performance audit of the Madolenihmw Municipal Government (MMG) cash receipt and cash disbursement activities for the fiscal years 2017 and 2018. This report contains the findings and conclusions of our audit engagement.

Background

The Madolenihmw Municipal Government (MMG) is one of the eleven (11) municipal or local governments operating in the State of Pohnpei. Modeled after the Pohnpei State Government, the MMG is composed of three branches, namely:

1. **Executive Branch.** The executive branch, headed by Meninkeder Lapalap, is responsible to ensure that the operation of MMG is run effectively and efficiently based on the approved budget and in accordance with all applicable laws, regulations, policies and procedures. The branch is composed of the divisions of Treasury, Public Works, Police and Security and the office of Meninkeder Lapalap. Executive branch functions with 17 officials and employees, including the Meninkeder Lapalap.
2. **Legislative Branch.** The legislative function of the MMG is vested in fourteen (14) member council or Menintiensapw. The Menintiensapw is the law making body of the Municipality and is responsible for enacting local laws through ordinances, including the overall oversight of the MMG fiscal affairs. The branch has 5 full-time employees, including the Speaker.
3. **Judiciary Branch.** Headed by a Chief Justice, this branch is responsible for interpreting and passing judgment on issues, actions or other matters based on the law. The branch consists of the Chief Justice, an Associate Judge and 3 support staffs.

Sources of Funds

The Madolenihmw Municipal Government receives majority of its programs and operations funds through the “Local Government Revenue Sharing Act of 1989”. In short, the Act provides that no less than 30% of all tax revenues collected by Pohnpei State Government from sources within the State of Pohnpei shall be allocated to the eleven (11) municipal or local governments of Pohnpei based on population. MMG also receives 25% of the vehicle registration fees paid by the Madolenihmw residents to the State Treasury; and, collects revenues from locally imposed fees, fines, penalties, and other service fees. Furthermore, MMG also receives grants and financial supports from other governments, agencies, private individuals and/or businesses.

Madolenihmw Municipal Government
Performance Audit on Cash Receipts and Cash Disbursements
Fiscal Years 2017 and 2018

For the audited period, MMG received and managed more than \$1.2M as summarized in the table below:

Source	2017	2018	Total
1. 30% revenue sharing arrangement/state appropriation	\$ 417,844	\$ 460,270	\$ 878,114
2. Vehicle registration	6,517	5,693	12,210
3. Recycling redemption	1,079	6,411	7,490
4. Locally imposed fees/fines and others	13,021	10,682	23,703
5. FSM Government	5,206	9,475	14,681
6. Other government	278,845	-	278,845
Total	\$ 722,512	\$ 492,531	\$1,215,043

Source: MMG and DOTA financial and accounting records.

Funds from sources (1) through (4) are entitlements or fees established by laws or agreements are part of Madolenihmw Municipal Government's regular operation finances. On the other hand, the funds received from sources (5) and (6) are grants provided to MMG's based on requests and/or applications and are not normal part of the Municipality's operation finances.

Administration of Funds

Chapter 3-104 (2) of Title 6 of the Pohnpei Code requires that the administration and expenditures of all revenue sharing funds received by the municipal governments shall be in conformance with applicable Pohnpei State Government laws and related regulations. General regulations, policies and procedures for receiving and disbursing of funds are provided in the Pohnpei Financial Management Regulations.

In addition, the MMG Office of Treasury is delegated with the following duties and responsibilities.

1. Reviews and advises on the collection of monies received from licenses, fees, taxes, and other government services.
2. Ensures that there are funds records or accounting books which are accessible to the public and the legislative body.
3. Keep a complete set of triplicate entry books and record all daily business transactions in detail therein.
4. Ensures that there are local purchase documents for all purchases made locally in the name of the government.
5. Reviews and certifies all payment vouchers for payment that are made from government funds which enter the treasury.
6. Ensures that posting and accounting books are current and balanced.
7. Reports the expenditures and availability of funds to Meninkeder Lapalap on a weekly basis.
8. Advises and takes responsibility for the development of Bank reconciliation statements.

Madolenihmw Municipal Government
Performance Audit on Cash Receipts and Cash Disbursements
Fiscal Years 2017 and 2018

Audit Objectives, Scope and Methodology

Audit Objectives

- 1) Did Madolenihmw Municipal Government (MMG) properly receipted, recorded, deposited intact and reported timely and accurately its collections during the audited period?
- 2) Did Madolenihmw Municipal Government (MMG) properly authorized, supported, and recorded all its cash disbursements in accordance with applicable laws, regulations, and established policies and procedures during the audited period?

As part of our audit, we reviewed MMG's internal control over cash receipts and cash disbursements and assessed its adequacy and effectiveness in safeguarding the Municipality's funds. We also followed up on the status of the findings identified and reported to management in our Management Letter Report Nos. 01-19, issued on February 1, 2019 and ML03-13 issued in 2013.

Audit Scope

The scope of the audit included examination of the MMG cash receipts and cash disbursements (including payroll and projects) activities and related controls for fiscal years 2017 and 2018. We performed the audit in accordance with the generally accepted government auditing standards contained in the *Government Auditing Standards* issue by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Methodology

To achieve our audit objectives, we performed the methods indicated below:

- 1) We conducted preliminary survey of the MMG financial and accounting records for availability and completeness in order to determine the nature, timing and extent of auditing procedures to be performed;
- 2) We obtained and reviewed cash receipts and cash disbursements policies and procedures;
- 3) We interviewed MMG personnel responsible for cash receipts and cash disbursements processes;

Madolenihmw Municipal Government
Performance Audit on Cash Receipts and Cash Disbursements
Fiscal Years 2017 and 2018

- 4) We reviewed, documented and assessed related internal controls;
- 5) We selected and performed control and compliance tests of records and supporting documents for cash receipts and cash disbursements. All samples selected were based on the auditors' professional judgment; and,
- 6) We performed other audit procedures deemed necessary to achieve our audit objectives.

Prior Audit

Our POPA conducted a special review of the MMG management and administration of its program and project activities for fiscal years 2010, 2011 and 2012. Our review disclosed certain internal control weaknesses in the disbursements and management of public monies for projects, as detailed in our POPA's Audit Report No. ML03-13. Our follow up review on the findings disclosed that management has not developed and implemented corrective measures to resolve the internal control deficiencies and weaknesses identified in the report.

We also made a follow up review at the end of our audit to see if appropriate action(s) have been taken to correct the deficiencies reported in our Management Letter Report No. 01-19. We found that appropriate actions have not been taken to address the findings.

Summary of Audit Conclusion

Based on our audit, we conclude that not all of the MMG: 1) revenues and cash collections were properly receipted, recorded and deposited timely and intact to the bank, which resulted to mishandling and misuse of cash collections during the audited period; and, 2) cash disbursements activities fully complied with applicable laws, regulations and prudent practices which also resulted to abusive and excessive cash advances by MMG employees.

Refer to the Schedule of Findings and Recommendations on pages 5 to 11 of this report for detail information.

Madolenihmw Municipal Government
Performance Audit on Cash Receipts and Cash Disbursements
Fiscal Years 2017 and 2018

Schedule of Findings and Recommendations

Finding No. 001-19: Weaknesses in Internal Control Led to Misuse of Cash Collections

Criteria:

Suitable internal control system over cash receipt activities should be in place and functioning properly to provide reasonable assurance that all collections are accounted for, securely safeguarded and deposited timely in the MMG account at the designated bank.

Madolenihmw Municipal Government's policy on cash receipts (collections) in general requires proper receipting, timely depositing and regular reporting of all collections received by the Municipal's Treasury.

Condition:

During our review of MMG's cash receipts, we found instances that indicated "borrowings" from the cash collections by employee(s) for personal use. The misconduct was not documented nor reported. Instead, records were manipulated to cover up the "missing" collections. Reimbursements of the borrowed collections were not made timely causing delayed deposits of monies involved.

The finding was communicated to MMG management and certain public officials in our Management Letter Report No. ML01-19. The matter was also referred to our Compliance Investigative Division for further action.

We also found certain control deficiencies and deviations from MMG's established policies and procedures in regards to the handling and accounting of cash receipts. For example:

- Daily collections recap and discrepancies found were not reported to Meninkeder Lapalap as required by MMG policy.
- Several Daily Collection Reports did not tally with deposit slips but were not questioned by management. The total discrepancy was initially at about \$5,200 as reported in our Management Letter Report No. ML 01-19. Subsequent to the issuance of our Management Letter, MMG was able to provide sufficient documentary explanation for most of the amount, except for \$775.75.
- Ten (10) receipts were not recorded in the cash receipts journal.
- Collections totaling \$16,764.50 were deposited, but were not receipted or recorded.

**Finding No. 001-19: Weaknesses in Internal Control Led to Misuse of Cash Collections,
Continued**

- Cash collections were used as change funds and MMG management allowed employees to cash their checks (including payroll checks) from the cash collections. The practice may also have contributed for the discrepancy of \$775.75 unaccounted for between reported collections and deposits.
- Not all cash collections were deposited timely to the MMG account at the designated bank. We tested 135 receipts for the audited period and found that 76 or 56% of the receipts were subjected to late deposits. Delays of deposits ranged from 4 days to more than 7 months.
- Several overages of deposits were noted.
- Numerous receipts were not dated or recorded correctly.

Cause:

The above condition happened and persisted because control policies and procedures were not consistently followed and enforced. The condition is also due to the absence of proper supervisory monitoring and oversight review to ensure adequacy and proper application of policies and procedures to safeguard the MMG's collections from irregularities.

Effect:

The condition reflects unsafe and irresponsible handling of collections which exposed the Municipality to corrupt behavior and/or error. The abuse and misuse of the Municipality's cash collections raises doubt as to whether collections were all properly receipted, accounted for and reported timely. It also creates uncertainty as to whether "borrowed monies" were all properly recorded and reimbursed. In addition, the condition increases the risk of irregularities happening or continuing if not corrected immediately.

Recommendation:

We recommend the Meninkeder Lapalap to: 1) develop and put in place preventive measures to safeguard the Municipality's collections; 2) direct the Treasurer to update, strengthen and enforce the policies and procedures governing cash receipts; and, 3) establish and implement regular monitoring of employees work to ensure correct and consistent application of policies and procedures.

We also recommend that Meninkeder Lapalap and the Councilmen should conduct periodic oversight review of the MMG financial affairs to ensure controls continue to function accordingly as designed to safeguard the MMG's resources.

Auditee Response and Corrective Action Plan:

Please refer to Exhibit I on page 13 of this report for the auditee response.

Finding No. 002-19: Unauthorized and Excessive “Payroll Advances” Allowed in MMG

Criteria:

The Madolenihmw Municipal Government in the administration and management of its operation must adhere to all applicable laws, regulations and prudent practices. Part 4, Section 3 of the Pohnpei State Financial Management Regulations (FMR) strictly prohibits payroll advances.

Condition:

The MMG management allows “salary advances” to its employees. For the audited period, we selected and reviewed payroll advances of four (4) employees with work and/or oversight responsibilities directly related to the financial activities of the MMG. The total net outstanding advances of the four employees for the two years under audit amounted to \$16,338.41 as summarized below:

In Fiscal Year 2017				In Fiscal Year 2018			Combined Balance
Employee	Total Advance	Amount Paid	2017 Balance	Total Advance	Amount Paid	2018 Balance	As of 9-30-18
A	\$3,719.90	795.72	2,924.18	\$3,295.87	2,024.82	1,271.05	4,936.13
B	\$4,503.19	1,498.46	3,004.73	3,037.40	1,106.00	1,931.40	5,133.53
C	\$1,348.42	698.42	650.00	\$898.42	658.43	239.99	889.99
D	\$7,439.23	3,949.44	3,489.79	6,234.29	3,604.42	2,629.87	6,119.66
Total	17,010.74	6,942.04	10,068.70	13,465.98	7,393.67	6,072.31	16,141.01

Source: MMG financial and accounting records.

Detail review revealed the following:

1. The “salary advance” scheme was started without proper authorization, thus there is inadequacy of policies and rules governing the program.
2. Although called “salary advance”, the advances were simply cash loaned to MMG employees free of interests.
3. The employee salary advances were excessive and often times exceeded employee’s bi-weekly net pay (take home pay).
4. Despite the large balance of outstanding “salary advance” MMG is reporting in its books, it could not provide accurate balances for each employees. However, we

deduced from available records that the outstanding balance of employees' "salary advance" from 2007 to the end of fiscal year 2018 is more than \$98,000.

Finding No. 002-19: Unauthorized and Excessive "Payroll Advances" Allowed in MMG, Continued

5. There was no restriction on the amount and the frequency of "salary advances" issued to employees. We found an instance where certain employee received five payroll related checks in a month.
6. Employees were not required to pay in full their advances before getting another one, and thus, the balances kept increasing.
7. The advances were not adequately controlled nor monitored and payments were occasional and not strictly enforced.
8. There was no formal agreement or contract made between the MMG and employee establishing the requirements or conditions that should be met regarding the advances and payments. Amount of payment was decided by the employee availing the "salary advance" thus payment could be stopped or changed by him/her.
9. MMG did not/does not have a policy in place governing the so called "salary advance" program.
10. MMG lacked a plan in place that provided reasonable assurance all outstanding advances from employees are collected.

Cause:

The Meninkeder Lapalap allowed this unauthorized "salary advance" for the officials and employees of the MMG with the knowledge of the other branches of the MMG. There is obvious misunderstanding within the whole MMG government regarding the "payroll advance" rules enshrined in Pohnpei State laws and regulations.

Effect:

The misuse, abuse and excessive advances of government funds to MMG officials and employees for personal use have resulted in a substantial unpaid balance. For example, for the four employees in just two fiscal years the balance is more than \$16,300. As a result, public funds that could have been invested or put to better public use were tied up in the "salary advance" scheme. The condition also has resulted in loss of government funds and may result to more losses if not all outstanding balances are collected. Furthermore, there is reasonable doubt that employee payroll advances incurred prior to the audited period were properly accounted for and collected.

Recommendation:

We recommend the Meninkeder Lapalap to: 1) immediately stop this unauthorized “salary advances” to MMG employees, 2) require in depth review to determine actual balances of

Finding No. 002-19: Unauthorized and Excessive “Payroll Advances” Allowed in MMG, Continued

employees’ “salary advances” and enforce immediate restitution through payroll deductions and other legal means available until all employees’ advances are fully paid.

We also recommend that Menintiensapw should conduct proper oversight to ensure that MMG complies with applicable State laws, regulations, policies, procedures and prudent practice. Menintiensapw should also require establishment of suitable system of internal control specific to the financial affairs of the MMG.

Auditee Response and Corrective Action Plan:

Please refer to Exhibit I on page 13 of this report for the auditee response.

Finding No. 003-19: Disbursements Not in Compliance with Established Policies and Procedures

Criteria:

The Pohnpei Financial Management Regulations (FMR) prescribes policies and procedures governing, among others, disbursements of government funds. Pohnpei regulations and suitable system of internal control require disbursement should be properly supported by original vendor’s invoice, billing, receipt, requisition form, purchase order, receiving report and other applicable documents. Additionally, disbursements should be properly reviewed, approved and fund certified prior to payment.

Condition:

During our review we noted numerous cases of non-compliance and control deficiencies in the Municipality’s disbursements process. For example, of the transactions from the audited period tested, we found the following:

- 217 instances where APV were not signed and dated by the person approving the payments.
- 155 instances or APVs totaling about \$40,884 were not signed by the person certifying the payments.
- 42 instances where Accounts Payable Vouchers (APV) in the total amount of \$11,496 were not signed by the person who prepared the forms.
- 14 instances where travels were paid out of project funds amounting to \$930
- 11 cases that purchases were not supported with invoices.
- 2 instances travel authorizations for \$1,110 were not signed.
- 2 instances where departure fees for travels were not supported with receipts.
- Amount of \$255 was advanced to the members of MMG’s Advisory Board of Land, Health and Sport before the meeting took place.

Finding No. 003-19: Disbursements Not in Compliance with Established Policies and Procedures, Continued

Cause:

The above condition exists because there is inadequate control consciousness and appropriate review within the MMG to ensure policies and procedures are enforced and applied consistently.

Effect:

The above condition exposes the Municipality to potential errors and/or even deliberate wrong doings that would not be detected timely. The condition does not provide reasonable assurance that disbursements made were all for authorized and valid obligations of the MMG.

Recommendation:

We recommend the Meninkeder Lapalap to: a) develop, put in place and require adequate review of disbursements before payments are issued to ensure that policies and procedures are duly complied with, and b) periodically monitor and review the disbursement and payment processes to ensure they continue to function effectively in accordance with established policies and rules.

Auditee Response and Corrective Action Plan:

Please refer to Exhibit I on page 13 of this report for the auditee response.

Finding No. 004-19: Prior Year Audit Finding Still Outstanding

Criteria:

Management should have a suitable system in place to monitor and resolve timely prior year audit findings.

Condition:

We conducted a special review of the Madolenihmw Municipal Government's projects/programs management for the fiscal years 2010, 2011 and 2012 and issued a Management Letter Report No. ML02-13. We found that disbursements of projects funds were being made without some sort of control guidelines. Our follow up review revealed that the process has not been improved. The Councilmen have the authority to cause disbursements of project funds without updated and approved project plan in place to guide project implementation by the Executive branch.

Cause:

The MMG has not taken appropriate action to develop corrective measures to strengthen and resolve the prior years' outstanding audit findings relating to project administration and management.

Finding No. 004-19: Prior Year Audit Finding Still Outstanding, Continued

Effect:

The lack of action by the MMG to properly address the condition will continue to hinder the effective implementation and transparent maintenance of MMG's projects management.

Recommendation:

We officially recommend responsible MMG management to give priority consideration to develop and implement standards, plans, policies and procedures to resolve prior years' outstanding audit findings.

Auditee Response and Corrective Action Plan:

Please refer to Exhibit I on page 13 of this report for the auditee response.

Madolenihmw Municipal Government

Exhibit I – Auditee Response

Fiscal Years 2017 and 2018



**MADOLENIHMW MUNICIPAL GOVERNMENT
EXECUTIVE BRANCH**

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EXHIBIT I

The Honorable Ihlen Joseph
State Public Auditor
Pohnpei State Government
Kolonias, Pohnpei FSM 96941

August 5, 2019

Re: MMG Performance Audit on Revenue Collection and
Cash Disbursement – Fiscal Year 2017 and 2019

Dear State Public Auditor Joseph,

I am writing in regards to the above reference matter. I am very thankful to you for the result of your audit Findings. Audit objectives, scope and methodology are fully agreed upon by me as Meninkeder Lapalap and all of my supporter. We have read and understand that the following findings reflected in your audit summary are very true and correct. Therefore I am now instructing each one of my employees to apply correct measures to comply with the proper procedures effectively.

Finding No. 001-19: Weaknesses in Internal Control Led to Misuse of Cash Collections.

Effective immediately I am making sure that daily collection and related incidents reported to my Office before closing of work every day. Daily cash accountability (recap) will be prepared and signed by Meninkeder Lapalap before closing of each working days. And also I will comply with every single recommendation from the Pohnpei State Auditor.

Finding No. 002-19: Unauthorized and Excessive "Payroll Advances" Allowed in MMG

I already inform employees of MMG that **NO MORE "Payroll Advances"** I will not allow payroll advances from now on but I will for sure collect all what they owed MMG. I already consulted with other Head of Branches and all employees of MMG that effective immediately there will be no more any form of payroll advance allow. Payroll deduction and Social Security will be apply to those who have balances of advances until paid in full and effective date of starting deductions not later than August 2019.

Finding No. 003-19: Disbursement not in compliance with established policies and procedures.

I will make sure no checks issued with out accounts payable vouchers. All Accounts Payable that have no signature or unsigned, no original invoices and other supporting documents should be rejected. No check will be issued with out supporting documents. All invoices with out accounts payable voucher will be rejected.

I would like to thank you again and again and would like to concur your Audit Finding and comply with Pohnpei State Auditor's recommendations.

Sincerely Yours,

Patrick F. Ringle
Meninkeder Lapalap, MMG





IMPORTANT MESSAGE

We actively solicit and welcome allegations of any insufficient and wasteful practices, fraud and abuse of Pohnpei State Government public resources. Fraud, waste and abuse in government should be a concern of everyone in Pohnpei. You can report allegation of fraud and abuse by contacting us at address below:

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P.O. Box 370
Kolonia, Pohnpei 96941
Phone: (691) 320-2638
Fax: (691) 320-2059
E-Mail: opsa_psa@mail.fm

MEHN KAPEHSEH KESEMPWAL

Pwukoa en tetehk, apwalih oh doadoahngki mwohni de dipwisou oh awahn doadoahk en wei pokon (kopwoment) en Wein Pohnpei sapwelimatail karos (Ohpis en Public Auditor, tohn doadoahk karos en kopwoment oh mehn Pohnpei karos). Ohpis en Public Auditor nan Pohnpei doadoahngki dipwisou de mwohni oh awahn doadoahk en kopwoment. Komw kak en repwohtki omwi irehn kapwunod kan ong:

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