



Association of Pacific Islands Public Auditors

April 17, 2018

Mr. Ihlen K. Joseph
Public Auditor
Office of the Public Auditor, Pohnpei State
P.O. Box 370
Kolonias, Pohnpei State, FM 96941

Dear Public Auditor Joseph,

We have completed a peer review of the Office of the Public Auditor (OPA) of Pohnpei State, Federated States of Micronesia (FSM), for the period October 1, 2014 through September 30, 2017 and issued our report thereon dated April 17, 2018. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We first like to mention some of the areas in which we believe your office excels:

OPA's compliance regarding *Government Auditing Standards (GAS)* on continuing professional education (CPE) credits for each employee.

We offer the following observations and suggestions to help your organization achieve full compliance with *Government Auditing Standards (GAS)*:

- GAS Standard 3.93 states that monitoring of quality is an ongoing, periodic assessment of work completed on audits designed to provide management of the audit organization with reasonable assurance that the policies and procedures related to the system of quality control are suitably designed and operating effectively in practice.
 - In reviewing OPA's work papers, we observed the need for OPA's work papers to be systematically organized to ensure completeness and facilitate supervisory review. We suggest that each work paper be cross-indexed, and identify source, purpose, and a narrative conclusion of the results of procedures performed. Further, each work paper should be consistently signed by the preparer and reviewer, including the independent reviewer. Finally, we recommend that the use of internal quality control checklists be thoroughly completed and cross-referenced, such that, to decrease the risk of disregarding incomplete audit documentation when audit files are finalized.

- GAS Standard 3.78 states that meeting CPE requirements is primarily the responsibility of individual auditors. However, the audit organization should have quality control procedures to help ensure that auditors meet continuing professional education requirements, including documentation on CPEs completed.
 - In reviewing the OPA's CPE reports, we observed the need for the OPA Administrative Officer (or equivalent) to maintain a centralized file of CPE certificates for each auditor, maintain a perpetual schedule (spreadsheet) of CPEs completed for each auditor and periodically monitor the CPE credits. We suggest that the OPA use the CPE form prescribed in the Association of Pacific Islands Public Auditor's (APIPA) 2018 Peer Review Guide, or a guide of similar format, as a guide to ensure compliance with CPE credit requirements.

We would like to thank the Public Auditor and his staff for the professional courtesy, hospitality and cooperation extended to us during our review.



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