

OFFICE OF POHNPEI PUBLIC AUDITOR
GOVERNMENT of POHNPEI

INSPECTION REPORT OF THE
“Project for Construction of Gymnasium at Saladak Elementary
School”

For the Period January 2023- February 2026

INSPECTION REPORT NO. IE001-26



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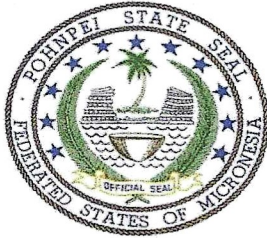
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DEPARTMENT OF EDUCATION
“Project for Construction of Gymnasium at Saladak Elementary School”
For the Period January 2023- February 2026

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September 14, 2026

The Honorable Stevenson A. Joseph, Governor, State of Pohnpei
The Honorable Marvin T. Yamaguchi, Speaker, 11th Pohnpei Legislature
The Honorable Members of the 11th Pohnpei Legislature
Honorable Stanley S. Etse, Director, DOE

RE: Inspection Report No. IE001-26, the Project

Executive Summary

The Office of Pohnpei Public Auditor (OPPA) has completed an inspection of a \$252,000 project titled "Project for Construction of Gymnasium at Saladak Elementary School," the Project, funded by the Government of Japan under the Grant Assistance for Grassroots Human Security Projects (GGP). The Project was implemented by the Pohnpei State Department of Education (DOE) and aimed to improve school facilities through the construction of Gymnasium at Saladak Elementary school.

Objective, Scope and Methodologies

The objective of the inspection was to determine whether the grant funds were used for their intended purpose and in accordance with the terms and conditions of the grant agreement, as well as applicable laws regulations, and policies. The inspection focused on the gymnasium construction project at Saladak Elementary School and included the review and examination of relevant financial records and supporting documentation, interviews with responsible personnel and other relevant individuals, and on-site inspections of the completed gym.

Results of Our Inspection

Based on the procedures performed, we found that the project was generally implemented in accordance with the grant agreement. Grant funds were disbursed for the intended project purposes, and the construction was completed within the specified timeframe. A total of \$252,000 was expended for the construction of the gymnasium and related project expenditures.

However, the inspection identified a maintenance concern with the completed facility. During an on-site inspection conducted on **May 2, 2026**, we observed water leakages in portions of the

gymnasium roof. Based on observations and interviews made during the inspection, the leakages may have been caused by missing screws or inadequate fastening during the installation of the roofing materials. While this issue did not indicate that the grant funds were used for an unauthorized purpose, it raises concerns regarding the quality of installation, maintenance, and long-term sustainability of the infrastructure.

Our Conclusion and Recommendation

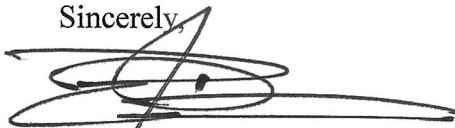
In conclusion, while the grant was used appropriately and the project achieved its main objectives, improvements are needed to ensure long-term durability of the infrastructure built using grant funds.

We recommend that the responsible entities (e.g., Department of Education, Transportation and Infrastructure, Overseas Development Assistance etc.) promptly assess and ensure repairs of the affected areas and establish appropriate maintenance procedures to ensure that the facility remains in good condition and continues to serve its intended purpose. (Refer to page 3 of this report for the detail of our inspection finding).

In closing, we extend our sincere appreciation to the management and personnel of DOE, ODA and Transportation & Infrastructure (T&I) for their assistance extended to us during our review.

With warmest regards, I remain,

Sincerely,

A handwritten signature in black ink, appearing to read 'Erick Paul', with a long horizontal line extending to the right.

Erick Paul
Public Auditor

Cc: ShirleyAnn Ligohr, Extremal Assistance Coordinator, ODA;
Samuel Orejudos, Acting Administrator, T&I;

Department of Education
Inspection of the “Project for Construction of Gymnasium at Saladak
Elementary School”
January 2023 – February 2026

INSPECTION REPORT

We have completed our inspection of the “Project for Construction at Gymnasium at Saladak Elementary School”. The review was requested by Overseas Development Assistance (ODA) as required by the grant agreement. This report, number IE 001-26, presents the results of our review. The report also contains our recommendations for other matters where we noted opportunities for improvement to ensure better accountability and transparency of constructed asset and related services.

Background

The Department of Education (DOE), manages and oversees a full range of educational services within the State of Pohnpei, including preschool, elementary, and secondary education, vocational training, and programs for students with disabilities. In January 2024, a contract agreement was granted by the Embassy of Japan in the Federated States of Micronesia to the Department of Education for the “Project for Construction of Gymnasium at Saladak Elementary School”, (the Project) in the amount of \$252,000.

The Project was funded under the Japan Government’s Grant Assistance for Grassroots Human Security Projects (GGP). The Project’s primary objective is to improve school environment by providing Saladak Elementary School students with a safe and accessible venue for sports, recreation, and physical exercise regardless of weather conditions. The availability of grant funding will enable the implementation of a structured P.E. curriculum across grade levels. In addition, the facility will serve as a venue for indoor sports activities that promote physical activity and community engagement among students, youth, and the public. It will also support educational, health, environmental, religious, and other community awareness programs, as well as outreach initiatives such as medical and environmental services that benefit the residents of U Municipality. Furthermore, the facility will provide secure refuge during adverse weather conditions, public health emergencies, and other unforeseen circumstances. Lastly, it will serve as a central location for conducting important ceremonial and community activities organized by the U Municipal Government.

Objectives, Scope, and Methodologies

The objective of the review was to determine whether the Project funds and resources were used in accordance with the grant contract agreement, applicable municipal and state laws and regulations, and the intended goals of the project. To achieve the review objective, interviews were conducted with staff members; relevant project records and supporting documentation were reviewed; and observations were made regarding the current conditions of gym. Our inspection

was limited to the review of the grant expenditures for the “Project for Construction of Gymnasium at Saladak Elementary School”, and did not include other functional services, areas or activities of the Department of Education.

On-Site Inspection

On May 2, 2026, at 2:00 PM, the team conducted an on-site inspection at Saladak Elementary School, accompanied by T&I inspectors and the Principal of Saladak Elementary School. The purpose of the visit was to assess the condition of the school's gymnasium.

During the inspection, we observed that the gymnasium is still fairly new and remains in generally good condition. However, several roof leakages were noted. According to the T&I Inspector and Project Contractor, the leaks may have been caused by missing screws during the installation process. Despite these issues, the overall condition of the gymnasium was found to be satisfactory.

Other Matters

The Pohnpei State Government put up \$18,638 to cover additional cost of the project, when the grant fund of \$252,000 was used up.

Inspection Result

Based on our review performed, we observed the following:

1. **January 05, 2023:** The grant of \$252,000 was received and deposited into the treasury account dedicated to Grass-Roots Projects.
2. **January 24, 2024:** Notice to Proceed was issued and the work was to begin within **ten (10) calendar days** and completed within **September 30, 2024 (250 calendar days)**. We noted that there was a change order stating the extension of construction to be completed by **November 30, 2025**.
3. **January 25, 2024:** Mobilization payment was made in the amount of **\$27,063.80**.
4. **October 21, 2024:** Embassy of Japan in the FSM authorizes Department of Education to withdraw **\$94,298.43 for first progress payment dated October 29, 2024 based on work progress dated October 13, 2024**.
5. **December 12, 2024:** Embassy of Japan in the FSM authorizes Department of Education to withdraw amount of **\$38,804.26 for 2nd progress payment dated December 13, 2024 based on inspection report dated December 2, 2024**.
6. **February 18, 2025:** Embassy of Japan in the FSM authorizes Department of Education to withdraw amount of **\$25, 451.34 for 3rd progress payment dated February 21, 2025 based on inspection report dated February 12, 2025**.
7. **December 03, 2025:** Embassy of Japan in the FSM authorizes Department of Education to withdraw **\$60,662.75 for 4th progress payment dated December 16, 2025 based on inspection report dated November 28, 2025**.

8. **February 18, 2026:** Contractor requested final inspection for the Project to release the retainage fee of \$24,357.42 and was inspected by the T&I Inspector on February 23, 2026.
9. **March 23, 2026:** Embassy of Japan in the FSM authorizes Department of Education to withdraw amount of **\$5,719.42** for the portion of retainage fee. The retainage fee was \$18,638 supplemented from the State for a total retainage fee of \$24,357.42. The retainage payment was made on **May 15, 2026**.

The disbursements presented above were made in accordance with the grant agreement and applicable rules, policies and procedures. However, we noted that records and documentation were not always readily available for our inspection.

Conclusion and Recommendation

The Department of Education (DOE) expended the grant funds in accordance with the terms and conditions set out in the Grant Agreement. We confirmed that the grant received from the Embassy of Japan in the Federated States of Micronesia was utilized solely for the purpose approved and specified in the Grant Agreement. However, we observed opportunities where improvement can be made to enhance DOE's management of grants and related assets, and we have provided our recommendation.

During our on-site inspection, we observed leakages in the ceiling/roof of certain areas of the gymnasium at Saladak Elementary School. We noted that the gymnasium project was just completed in February 2026. The presence of ceiling/roof leakages within such a short period after completion raises concerns regarding the quality of construction, workmanship, and/or the adequacy of post-construction inspections and acceptance procedures. Although the leaks were already found and brought to the attention of the Contractor, they were still not fixed as of the time of our report date. We recommend that the Department of Education in collaboration with T&I should ensure that the contractor repair and patches up all the ceiling/roof leakages in a timely manner to prevent further damages and coordinate with the contractor and other relevant parties to ensure that necessary corrective actions are undertaken in accordance with any applicable warranty provisions or contractual obligations.

Specifically, we recommend that management:

1. Promptly inspect and repair the affected portions of the gymnasium roof and replace or properly secure any missing or defective screws and other roofing components;
2. Determine the extent of the damage and address any water-related deterioration that may have already occurred;
3. Establish and implement a regular preventive maintenance program for the gymnasium, including periodic inspection of the roof and other critical structural components; and
4. Strengthen quality control and post construction and inspection procedures for future construction projects to ensure that deficiencies are identified and corrected before projects are considered fully completed and accepted.

We also noted that neither T&I nor the Department of Education (DOE) have readily available complete sets of documents related to the Grant Agreement. The lack of readily available grant

records/documentation may hinder effective administration, monitoring, and compliance with grant requirements. It also hindered timely completion of our inspection. Therefore, we recommend that both T&I and DOE should ensure to maintain records of their Grant agreement and all other supporting documents for at least five years.

Appendix A

**Department of Education
Inspection of the “Project for Construction of Gymnasium at Saladak
Elementary School”
January 2023 – February 2026**

Summary of Project Account:

Grant Award (Japan Embassy in the FSM)	<u>\$252,000</u>
Supplement by Pohnpei State Government	<u>\$18,638</u>
Total Project Amount:	<u>\$270,638</u>

Appendix B

Summary of Disbursements

Description	Progress report Date	Inspection Report Date	Date check issued	Amount
Mobilization Payment	01/24/2024(Notice of Proceed)	N/A	01/25/2024	\$ 27,063.80
1st progress report	9/6/2024	10/13/2024	10/29/2024	\$ 94,298.43
2nd progress report	12/2/2024	12/2/2024	12/13/2024	\$ 38,804.26
3rd progress report	2/10/2024	2/12/2024	2/21/2025	\$ 25,451.34
Final progress report	11/28/2025	11/28/2025	12/16/2025	\$ 60,662.75
Retainage Payment (Rem. Bal. Grant Amount)	2/18/2026	2/23/2026	5/15/2026	\$ 5,719.42
Total Japan Grant				\$252,000
Supplement from Pohnpei State Government	2/18/2026	2/23/2026	5/15/2026	\$18,638
Total Project Amount				\$ 270,638



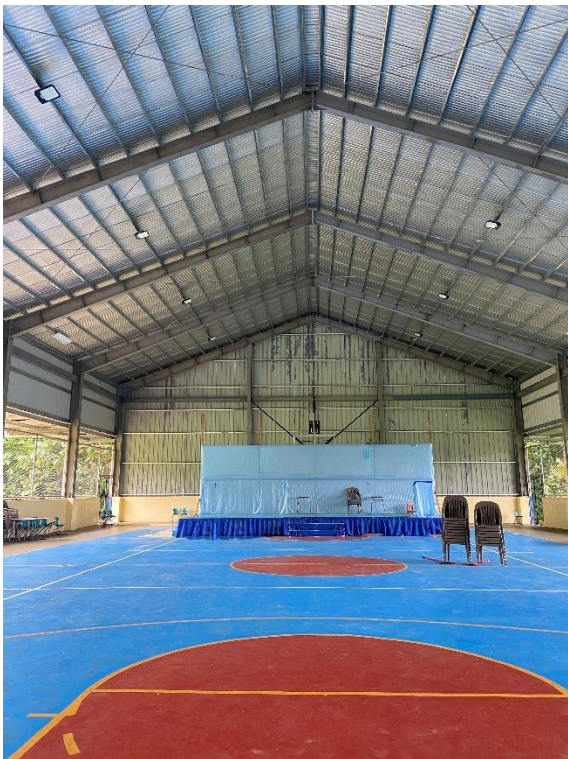
Front of Gymnasium



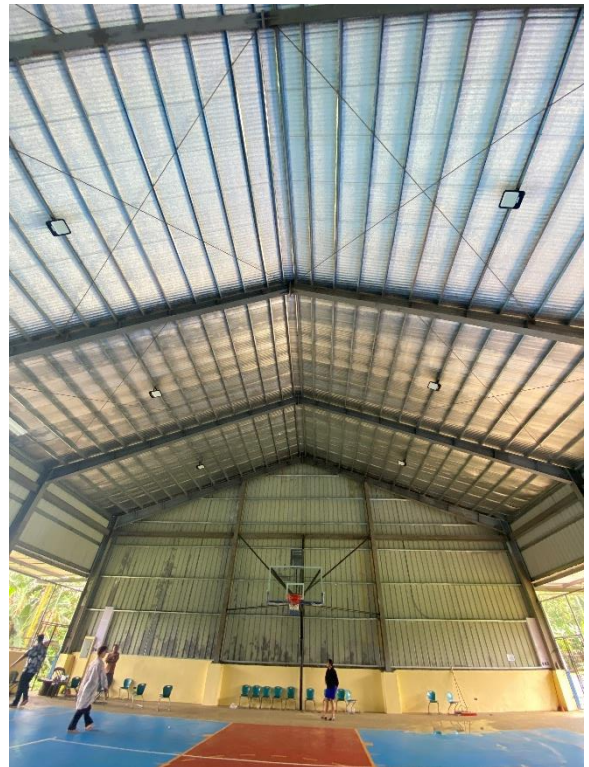
Left Side of Gymnasium



Right Side of Gymnasium



Interior of the Gymnasium (Front)



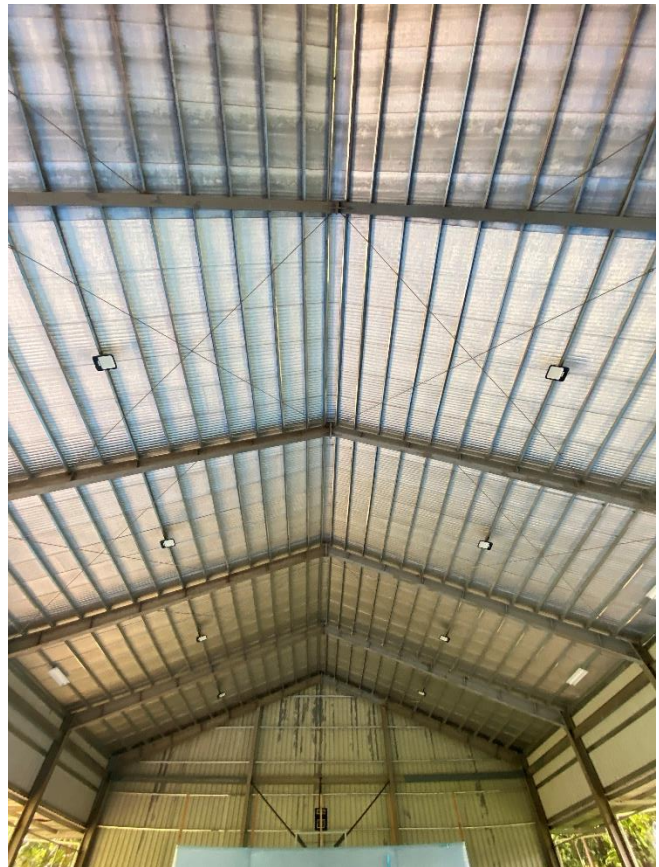
Interior of the Gymnasium (Back)



Left Side of Gymnasium

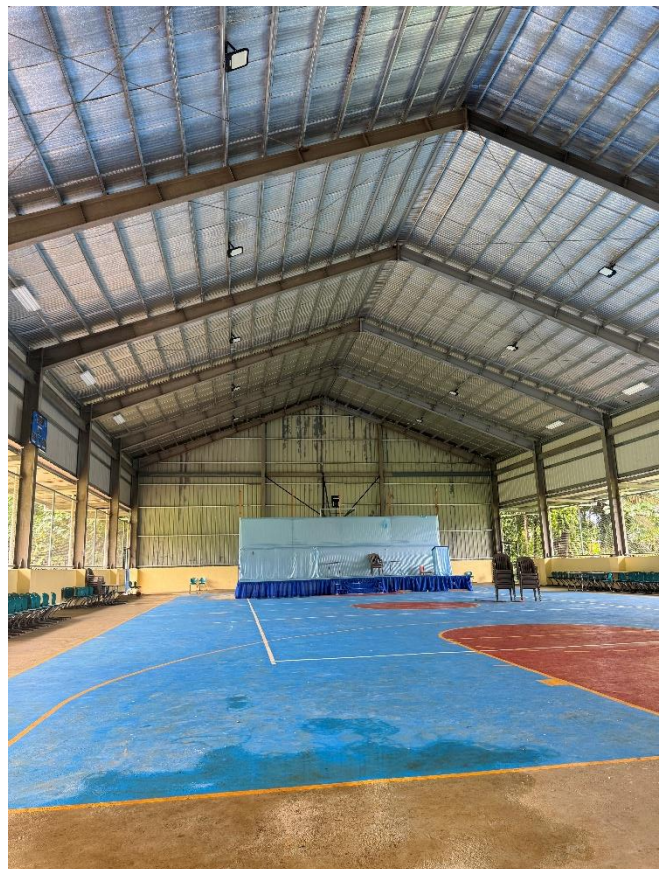
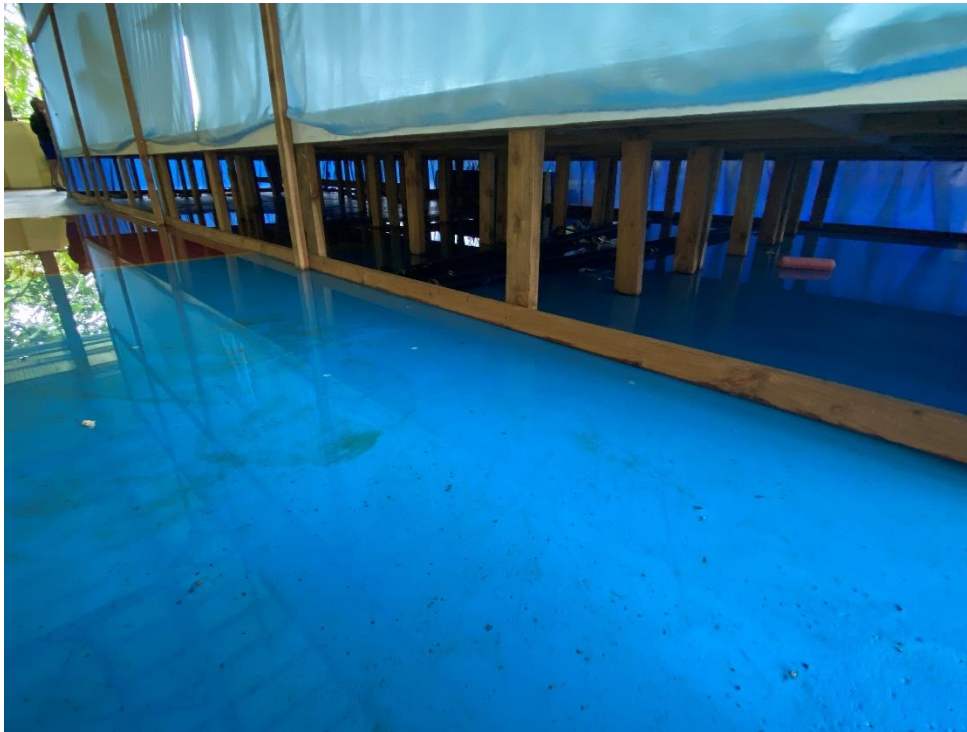


Right side of Gymnasium



Ceiling of the Gymnasium

Signs of Leakage coming from the ceiling





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 concern of everyone in Pohnpei. You can report allegations of fraud and abuse by contacting us at address below:

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Email: erickpaul691@gmail.com
Website: www.opapni.fm

MEHN KAPESE KESEMPWAL

Pwukoa en tetehek, apwapwalih oh doadoahki mwohni oh dipwisou en kopworment en wein Pohnpei sapwelimatail koaros (tohn doadoahk en kopworment, Ohpis en Public Auditor oh aramas koaros en Pohnpei). Komw kak repwohtki omwi iren kapwunod kan meh pid sou itar en apwalih mwohni, dipwsou de awahn doadoahk en kopworment en Pohnpei ni ansou karos ohng ni:

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