

**OFFICE OF THE PUBLIC AUDITOR
STATE of POHNPEI**

**INSPECTION ON THE PROJECT FOR
“Improving School Environment for Palikir Elementary School”
For the Period December 2020 – February 2022**

INSPECTION REPORT NO. IE003-25



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DEPARTMENT OF EDUCATION
Project for “Improving School Environment for Palikir Elementary School”
For the Period December 2020 to February 2022

INSPECTION REPORT NO. IE003-25

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March 25, 2026

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

**RE: Inspection Report No. IE003-25, the Project Improving School Environment
for Palikir Elementary School**

Executive Summary

The Office of Pohnpei Public Auditor (OPPA) conducted an inspection of a \$76,693 project titled "Improving School Environment for Palikir Elementary School," 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 and renovation of walkways, restrooms, and drainage systems.

Objective, Scope and Methodologies

The objective of the inspection was to determine whether the grant funds were used for their intended purpose and in compliance with the grant agreement, applicable laws, and regulations. The inspection included reviewing financial records, conducting interviews with relevant personnel, and performing on-site visits.

Results of Our Audit

The results of the inspection showed that the project was properly executed. Funds were disbursed in accordance with the grant agreement, and the construction was completed within the specified timeframe. A total of \$75,313.60 was spent on the project, leaving a remaining balance of \$1,379.40. Overall, the project successfully improved the school environment as intended.

However, the inspection identified some areas of concern. During a site visit in October 2025, damages were observed in the restrooms, including loose sinks and doors. These issues indicate a need for better maintenance and sustainability of the completed infrastructure.

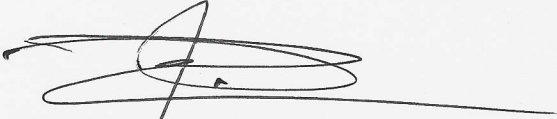
Our Conclusion and Recommendation.

In conclusion, while the grant was used appropriately and the project achieved its main objectives, improvements are needed to ensure long-term durability and full utilization of funds. It is recommended that the Department of Education ensure all grant funds are fully utilized for project-related purposes and establish regular maintenance practices to preserve the quality and lifespan of school facilities.

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,



Erick Paul
Public Auditor
Pohnpei State

Cc: ShirleyAnn Ligohr, External Assistance Coordinator, ODA;
Daniel Isaac, Administrator, T&I; Honorable Members of 11th Pohnpei Legislature

Department of Education
Inspection of the “Project for Improving School Environment for Palikir Elementary School
December 2020 – February 2022

Inspection Report No. IE003-25

Introduction

As requested, the Pohnpei Office of the Public Auditor (POPA) has completed its inspection of the project “Improving School Environment for Palikir Elementary School” (the Project) Pohnpei State. The Project, valued at \$76,693, was funded by the Japan Embassy in the Federated States of Micronesia through its Grant Assistance for Grass Roots Human Security Program. This report provides results of our inspection.

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 2020, the Japan Embassy in the Federated States of Micronesia (FSM) approved DOE’s request of \$76,693 for a project, “Improving School Environment for Palikir Elementary School, Pohnpei State”. 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 constructing and renovating walkways, restrooms and drainage systems.

Objective, Scope and Methodologies

The objective of this inspection was to determine whether the grant was used for the purpose it was requested and whether all the expenditures were consistent with the grant agreement, applicable laws and regulations, and the intended purpose of the grant. Our inspection was specifically limited to the review of the grant and expenditures for the Project, “Improving School Environment at Palikir Elementary School”, and did not include other functional services, areas or activities of the Department of Education.

To achieve our inspection objective, we performed the following: (1) met and discussed with relevant management officials and others involved in the project implementation, (2) obtained and reviewed all relevant financial documentary information and records, and (3) conducted on-site visits and took pictures. Our inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation issued by the Council of the Inspector General on Integrity and Efficiency (CIGIE).

Inspection Result

Based on our inspection, we observed that:

1. In 2020, Palikir Elementary School Principal submitted a grant application for Japan's Grant Assistance to fund a project for Improving the School Environment for Palikir Elementary School in Pohnpei State.
2. On November 13, 2020, the Grant Coordinator for the Grass Roots Project at the Japan Embassy in the FSM informed the DOE Director of the approval of the grant request/proposal.
3. On December 10, 2020, the Embassy of Japan in the FSM and the Director of Education signed the grant contract agreement in the total amount of US\$76,693 for the project.
4. On December 10, 2020, the Embassy of Japan issued a check for the entire grant amount of \$76,693 payable to the Pohnpei State Government's Treasury and Administration.
5. The Pohnpei Government Office of Transportation and Infrastructure (T&I), issued an invitation for bid on March 11, 2021, for the construction of the Project. T&I received and reviewed three (3) proposals received and awarded the contract to the most responsible bidder (the contractor).
6. On May 6, 2021, Pohnpei State Government issued the first check in the amount of \$7,531.36 to the contractor for mobilization.
7. On August 13, 2021 and October 15, 2021, the second and the third checks in the combined amount of \$54,387.31 were issued to the contractor for portions of construction work completed. The fourth disbursement of \$6,616.73 was made on December 8, 2021, also for portion of work completed.
8. The last and final payment of \$6,778.20 was made on February 22, 2022 after 100% of work was completed on the restrooms, drainage cover and walkways.
9. After the final payment there was unused left-over of the grant in the amount of \$1,379.40 still in the Project account with the Department of Treasury and Administration.

The disbursements presented above were made in accordance with the grant agreement and applicable rules, policies and procedures. Moreover, we verified that the construction of the Project was completed within the timeframe specified in the contract agreement.

The Project made improvement to the school's restrooms, drainage and walkways. However, during our fieldwork from October 1 - 9, 2025, we noted damages in the restrooms, where certain fixtures, including sinks and doors had started to come off from the wall (refer to the pictures in Appendix C).

Conclusion

Based on the result of our inspection, we conclude that the grant was used for the intended purpose and that the expenditures were consistent with the grant agreement, applicable laws and regulations. However, we observed areas for improvement and we offer below our recommendations.

The Director of the Department of Education should ensure that:

- grants are fully expended for related work that would extend the Project useful life, rather than having remaining funds left idle or returned.
- routine repairs and maintenance should be done regularly to prolong the usable life of the schools' buildings/constructions.

Pohnpei Department of Education
Project for Improving School Environment for Palikir Elementary School

Appendix A:

Summary of Project Account

| | |
|---------------------|---------------------|
| Total Grant Award | \$ 76,693.00 |
| Total Disbursements | <u>\$ 75,313.60</u> |
| Remaining Balance | <u>\$ 1,379.40</u> |

Appendix B:

Schedule of Disbursements:

Total \$76,693

| Date | Check No. | Description | Amount |
|---------------------|-----------|---------------------|--------------------|
| 5/6/2021 | 284927 | J&P Construction CO | \$ 7,531.36 |
| 8/13/2021 | 286949 | J&P Construction CO | \$21,707.06 |
| 10/15/2021 | 287997 | J&P Construction CO | \$32,680.25 |
| 12/08/2021 | 289966 | J&P Construction CO | \$ 6,616.73 |
| 2/22/2022 | 290829 | J&P Construction CO | \$ 6,778.20 |
| Total Disbursements | | | <u>\$75,313.60</u> |
| Remaining Balance | | | \$ <u>1,379.40</u> |

Source: Department of Treasury and Administration (DOT&A)

Appendix C:

Projects Images

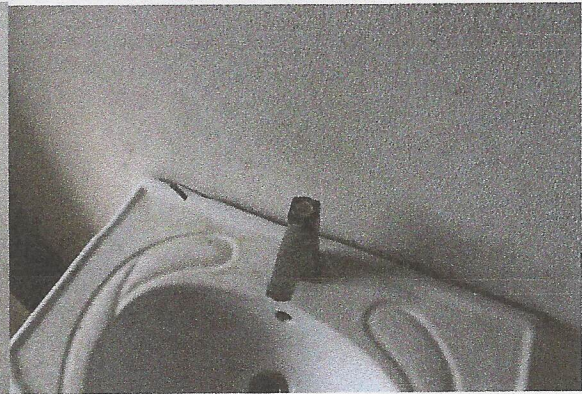
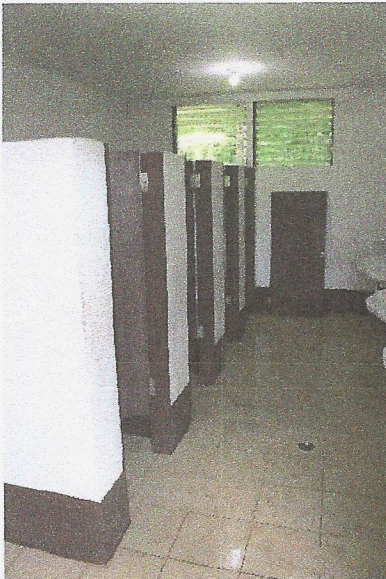


Roof and side walks

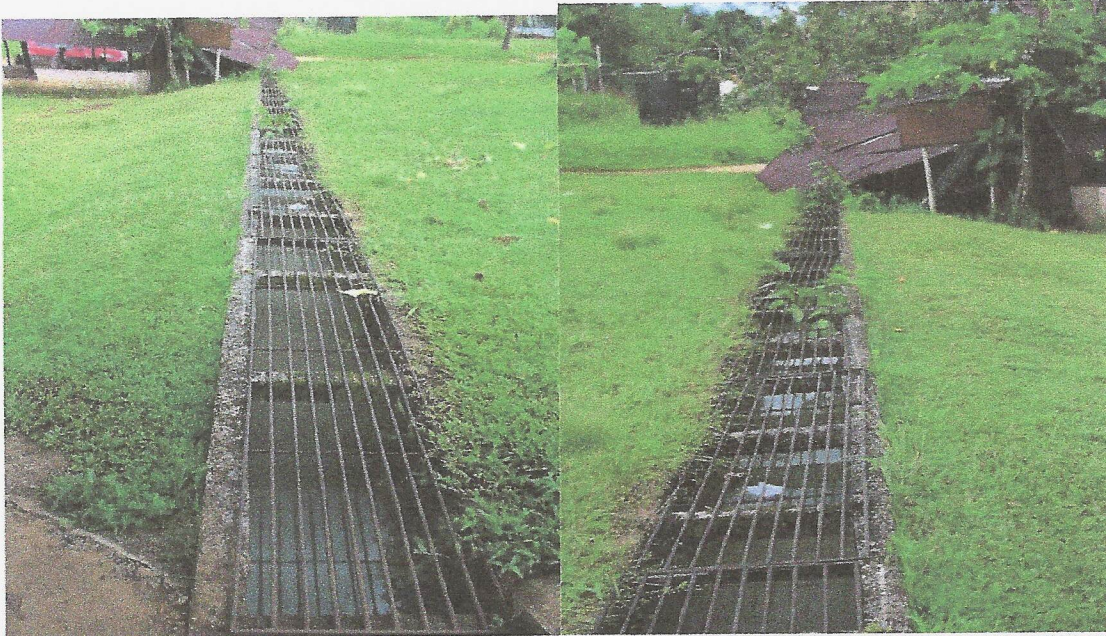




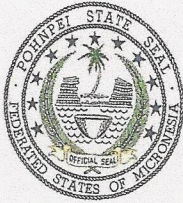
Front of the restrooms



Inside of the restrooms



Drainage



**Pohnpei State Government
Department of Education**

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*Received
[Signature]
March 17, 2026*

Office of the Director
setse@pohnpei.doe.fm

Hon. Erick Paul
Public Auditor
Pohnpei State Government

Dear Public Auditor Paul,

Greetings and my sincere respect to you and your staff. I am writing in response to the findings and recommendations presented in the Audit/Inspection Report No. IE003-25 regarding the Palikir Elementary School Renovation project, which was provided to us by your staff during the exit conference held on March 17, 2026.

We commend your team for completing the audit and for sharing their findings and recommendations with our office. We appreciate the time and effort invested in conducting this review. After carefully considering the report, we agree with the findings and recommendations presented.

For future projects of a similar nature involving external partners, we will ensure the following:

1. That all funds provided by the donor entity are fully utilized for the intended purposes, with no unused balance remaining at the conclusion of the project.
2. That a monitoring plan is developed and implemented for our maintenance crew to follow, ensuring that renovated facilities are regularly inspected and properly maintained to support their long-term use.

Thank you for your continued support and cooperation.

Sincerely,

Stanley S. Etse
Director
Pohnpei Department of Education

[Handwritten signature and initials]



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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MEHN KAPESE KESEMPWAL

Pwukoa en tetehk, apwapwalih oh doadoahki mwohni oh dipwisou en kopwoment en wein Pohnpei sapwelimatail koaros (tohn doadoahk en kopwoment, 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 kopwoment en Pohnpei ni ansou karos ohng ni:

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