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October 7, 2020

The Honorable Bob H. Skilling
Director, Department of Health & Services
Kosrae State Government
Tofol, Kosrae State FSM 96944

The Honorable Director;

The Office of the Public Auditor is pleased to submit to you a Management Letter Report NAS 001-20 regarding a cash count and inspection of the Department of Health and Services collections on September 24, 2020. The results of the cash count include the following:

1. Difference of \$166.00 between collections per receipts vs. Daily Transaction Logbook

Summary of receipts from Friday, September 18, the first collection of the week to the time of the cash count, Wednesday, September 23, indicates a total of \$197.00 and actual cash counted was \$197.00. However, review of DHS Daily Transaction Logbook we observed total amount of \$363.00 registered as transaction without insurance and there was no indication that other services/medications were charged as individual receivable. Thus, difference of \$166.00 was noted.

2. Concerning Internal Control

There are weaknesses in internal control practice on cash custodianship.

- Generic Receipts were used
- Improper use of Daily Transaction Sheet
- Collection policy transition

Details of the findings and recommendations are provided in the Management Letter Report.

Thank you.

A handwritten signature in blue ink, consisting of a large, stylized initial 'A' followed by a long, horizontal flourish.

Alice S. George
Acting Public Auditor