



GOVERNMENT OF KOSRAE

OFFICE OF THE PUBLIC AUDITOR

POST OFFICE BOX 847

KOSRAE, FEDERATED STATES OF MICRONESIA 96944

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December 30, 2021

The Honorable Governor, Carson K. Sigrah
The Honorable Speaker, Tulensa W. Palik
The Honorable Members, 12th Kosrae State Legislature
The Honorable William Tosie, Kosrae Port Authority
Kosrae State Government
Kosrae State, FSM 96944

Management Letter Report

We respectfully submit a Management Letter Report NAS 004-21 regarding our cash count and inspection of the Kosrae Port Authority collections. Cash count is one of the projects that the Office of the Public Auditor planned for the fiscal year 2021. This report presents the result of our cash count and inspection project.

The Public Auditor is authorized under the provisions of Title 10, Chapter 4 of the Kosrae State Code which stated in part:

To "inspect and audit personally, or by his duly authorized assistants, all accounts, books, and other financial records of the State government, to include but not be limited to every branch, department, office, political subdivision, board, commission, agency, other public legal entity (owned, or partially owned, by the State), whether they receive public funds or not, and nonprofit organizations that receive public funds from the State Government."

We conducted the cash count and inspection in accordance with the standard as stated in the Kosrae State Public Auditor's Office manual chapter 13. These standards are broad enough to take into consideration the wide variety of inspections that the OPA may perform, as well as to ensure that the inspections do not impair the independence of the OPA, while remaining procedures are

precise enough to provide assurance that all inspection processes and products are subject to basic general and qualitative standards.

On December 15, 2021 the Kosrae Office of the Public Auditor conducted an unannounced cash count and inspection of government funds collected and in the custody of Kosrae Port Authority (KPA). The purpose of the review was to find out whether adequate and proper controls were in place and working effectively to provide reasonable assurance that government funds are safeguarded from loss, abuse and/or other irregularities.

As a result, the auditors found the following:

1. Departure Fee

- Total cash on hand on December 14, 2021 is equal to the total receipt issued at the time of cash count amounting to:

Change fund:	\$ 80.00
Receipts	300.00
Total	\$380.00

- No disbursement was noted during the period of cash count.

2. Wharfage Collection

- **\$0.06 overage from December 13-15, 2021 collection.**

Summary of receipts from Monday, December 13, the first collection of the week to the time of the cash count, Wednesday, December 15, indicates a total of \$11,721.65 and actual cash/checks counted was \$11,721.71, the overage of \$0.06 resulted from the unclaimed customer change. Cash count includes accounts receivable on December 10, 2021. Change fund of \$20.00 was also accounted.

- **Generic Receipts were used**

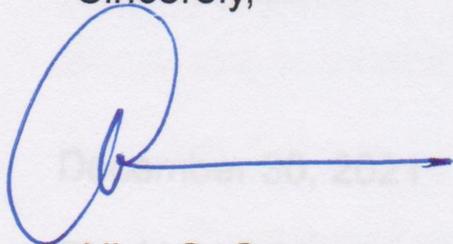
KPA uses generic receipts to document collection for Wharfage.

3. Weakness on control

- It was noted that there was no proper safekeeping of collection at the time of cash count. Upon arrival of the auditor, collections for December 13 – 14 were not presented to them for counting. KPA staff claim that it was still with the collector.

Thus, we recommend the General Manager to take appropriate actions regarding the weaknesses in internal control over the KPA's receipts and collections to ensure proper accountability of public funds especially on the safekeeping of cash.

Sincerely,



Alice S. George
Acting Public Auditor

Governor, Carson K. Sigrah
Tulensa W. Paik
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The Honorable William Toale, Kosrae Port Authority
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