



GOVERNMENT OF KOSRAE
OFFICE OF THE PUBLIC AUDITOR
POST OFFICE BOX 847
KOSRAE, FEDERATED STATES OF MICRONESIA 96944
TELEPHONE: (691) 370-3766, FACSIMILE(691) 370-3443

December 30, 2021

The Honorable Governor, Carson K. Sigrah
The Honorable Speaker, Tulensa W. Palik
The Honorable Members, 12th Kosrae State Legislature
KBA Manager, Mr. Keitson Jonas
Kosrae State Government
Kosrae State, FSM 96944

Management Letter Report

We respectfully submit a Management Letter Report NAS 002-21 regarding our cash count and inspection of the Kosrae Broadcast 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 10, 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 Broadcast Authority (KBA). 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. Result of cash count demonstrates that the system of control is basically sound except on the delay of deposit.

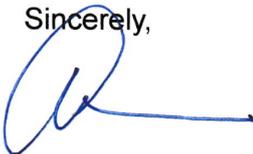
- Total cash on hand is equal to the total receipt issued at the time of cash count.
- No disbursement was noted during the period of cash count.
- Sufficient checking and verification of collection was conducted.
- Delay on Deposit (transmittal) to DOAF of collection from November 19- December 10, 2021

2. Weakness on Controls

- Accumulated Accounts Receivable amounting \$273.00 from September – December, 2021. KBA policy states that only those approved Advertiser could avail post-paid advertising. However there is no established policy terms and condition of collection.
- It was observed that collection, recording and announcement can be performed by 1 person (announcer). Hence, admittedly those staffs do not have idea on handling receivables.

Thank you and please do not hesitate to contact our office for further assistance, if required.

Sincerely,



Alice S. George
Acting Public Auditor