

OFFICE OF THE NATIONAL PUBLIC AUDITOR

FEDERATED STATES OF MICRONESIA



FINANCIAL AUDIT

**GCF Project-Climate Resilience Food Security for Farming
Households Across the Federated States of Micronesia
SAP020**

**Year Ended December 31, 2024
Report No: 2025-07**



**THE GREEN CLIMATE FUND (GCF) PROJECT – CLIMATE
RESILIENCE FOOD SECURITY FOR FARMING HOUSEHOLDS
ACROSS THE FEDERATED STATES OF MICRONESIA -SAP020**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR’S REPORT**

YEAR ENDED DECEMBER 31, 2024

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FEDERATED STATES OF MICRONESIA
Office of The National Public Auditor
P.O. Box PS-05, Palikir, Pohnpei FSM 96941
Tel: (691) 320-2862/2863 Fax: (691) 320-5482
CID Hotline: (691) 320-6768; Website: www.fsmopa.fm
Facebook: FSM Office of the National Public Auditor; E-mail: info@fsmopa.fm

INDEPENDENT AUDITORS' REPORT

Chief Executive Officer
The Board of Directors
Micronesia Conservation Trust
Kolonia, Pohnpei FM 96941

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statement, which comprises the Profit and Loss Statement of the Green Climate Fund (GCF) - Climate Resilience Food Security for Farming Households Across the Federated States of Micronesia (FSM) as of and for the year ended December 31, 2024, and the related notes.

In our opinion, the accompanying Profit and Loss Statement referred to above present fairly, in all material respects, the financial performance of the Project in accordance with the accrual basis of accounting prescribed by the Green Climate Fund.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally acceptable in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Project and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accrual basis of accounting and of the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but not an absolute assurance, and therefore, it is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management and evaluate the overall presentation of the financial statements.

We are required to communicate to those charged with governance, regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2025, on our consideration of the project's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control over financial reporting and compliance.



Haser H. Hainrick
National Public Auditor

Palikir, Pohnpei
September 19, 2025

Profit and Loss Statement for the Year Ended December 31, 2024

Micronesia Conservation Trust SAP020 Climate Resilience Food Security for Farming Households Across the FSM Profit and Loss Statement for the Year Ended December 31, 2024

	2024			2023		
	Funded Activity	Agency Fee	Total	Funded Activity	Agency Fee	Total
Income						
Grant Income						
Grant						
Direct Charges	288,864.67	0.00	288,864.67	481,203.87	472,026.85	953,230.72
Indirect Charges	0.00	64,348.80	64,348.80			
Total Grants	288,864.67	64,348.80	64,348.80	481,203.87	47,026.85	528,230.72
Interest	0.00	-188.54	-188.54	0.00	9.76	9.76
Total Income	288,864.67	64,160.26	353,024.93	481,203.87	47,216.61	528,420.48
Gross Profit	288,864.67	64,160.26	353,024.93	481,203.87	47,216.61	528,420.48
Expense						
Capacity Building & Contractors						
GCF Chuuk FS&L Coordinator	769.25	0.00	769.25	1,692.29	0.00	1,692.29
GCF Pohnpei FS&L Coordinator	833.33	0.00	833.33	12,461.50	0.00	12,461.50
GCF Kosrae State Coordinator	20,153.82	0.00	20,153.82	12,076.89	0.00	12,076.89
GCF YAP State Coordinator	20,153.82	0.00	20,153.82	19,692.27	0.00	19,692.27
GCF Communication Officer	8,383.88	0.00	8,383.88	20,492.35	0.00	20,492.35
GCF admin & Finance Officer	22,153.92	0.00	22,153.92	21,415.47	0.00	21,415.47
GCF Project Manager	33,230.70	0.00	33,230.70	49,107.62	0.00	49,107.62
Contract - Other	3,300.00	0.00	3,300.00	0.00	0.00	0.00
Total Contractor	108,978.72	0.00	108,978.72	136,938.39	0.00	136,938.39
Consultants	76,319.98	0.00	76,319.98	216,012.00	0.00	216,012.00
Workshop	85,416.44	846.35	86,262.79	116,537.18	991.79	117,528.97
Total Capacity Building	270,715.14	846.35	271,561.49	469,487.57	991.79	470,479.36
Project Expense						
Office Supplies	2,585.98	0.00	2,585.98	0.00	0.00	0.00
Airfare	635.47	0.00	635.47	0.00	0.00	0.00
Total Project Expense	3,221.45	0.00	3,221.45	0.00	0.00	0.00
Administrative Cost						
Audit Fees	0.00	9,000.00	9,000.00	0.00	0.00	0.00
Bank Service Charges	0.00	60.00	60.00	0.00	0.00	0.00
Dues and Subscriptions	149.90	0.00	149.90	149.90	0.00	149.90
Office Supplies	3,998.10	2,632.77	6,630.87	6,307.54	114.61	6,422.15
Printing and Reproduction	375.00	0.00	375.00	650.00	23.02	673.02
Repairs & Manintenance						
Computer Repairs				0.00	37.10	37.10
Total Repairs & Maintenance				0.00	37.10	37.10
Travel & Ent						
Airfare	3,026.84	1,498.42	4,525.26	969.36	0.00	969.36
Food	1500	675.00	2,175.00	1,350.00	0.00	1,350.00
Room	1237.1	930.50	2,167.60	1,694.50	0.00	1,694.50
Other	781.58	85.00	866.58	485.00	0.00	485.00
Total Travel & Ent	6545.52	3,188.92	9,734.44	4,498.86	0.00	4,498.86
Vehicle Fuel				100.00	0.00	100.00
Other Expenses	109.56	0.00	109.56	10.00	0.00	10.00
Intern's Expense						
Training Workshop	3,750.00	0.00	3,750.00			
Total Intern's Expense	3,750.00	0.00	3,750.00			
Payroll Expense						
Social Security	0.00	2,907.70	2,907.70	0	2,539.97	2,539.97
Health Insurance	0.00	338.09	338.09	0	796.20	796.20
401k	0.00	1,316.18	1,316.18	0	1,243.84	1,243.84
Payroll Expense -Other	0.00	43,870.25	43,870.25	0	41,460.32	41,460.32
Total Payroll Expenses	0.00	48,432.22	48,432.22	0	46,040.33	46,040.33
Total Administrative Costs	14,928.08	63,313.91	78,241.99	11,716.30	46,215.06	57,931.36
Total Expenses	288,864.67	64,160.26	353,024.93	481,203.30	47,206.85	528,410.15
Net Income	0.00	0.00	0.00	0.00	0.00	10.33

Micronesia Conservation Trust
SAP020 Climate Resilience Food Security for Farming Households Across the
Federated States of Micronesia

Summary of Significant Accounting Policies and Notes to the Financial Statements

1. Basis of Preparation

The Statement of Income and Expenditure has been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and in compliance with the Green Climate Fund (GCF) financial reporting requirements.

No Statement of Financial Position is presented as the Project's reporting focuses on funds received, authorized, and expended during the reporting period.

2. Functional and Presentation Currency

The financial statements are presented in United States Dollars (USD), the functional and presentation currency of the Project.

3. Grant Revenue Recognition

Grant revenue is recognized when disbursed or authorized for use by the Green Climate Fund (GCF) and when the Project gains control over the funds.

In 2024, the total funding from the Green Climate Fund was USD 2016,430. Of this, USD 288,864.67 was authorized for use and recognized as grant income in these financial statements.

4. Expenditure Recognition

Expenditures are recognized when goods or services are received, regardless of the timing of cash payments. Expenses are reported by budget category in line with GCF's approved work plan.

5. Agency Fee

As an Accredited Entity, Micronesia Conservation Trust (MCT) charges an 8.5% agency fee on amounts disbursed/authorized for use each year. This fee is recognized as an expense when incurred.

Notes to the Statement of Income and Expenditure

Note 1 – Grant Revenue

Description	USD
Total GCF funding received in May 2024	2,016,430
Amount authorized/disbursed in 2024	288,864.67
Total Grant Revenue Recognized	288,864.67

Note 2 – Project Expenditures

The entire amount of the 2024 disbursement (USD 288,864.67) was fully utilized for project activities.

Category	USD
Funded Activities	288,864.67
Agency Fee	64,160.26
Total Expenditures	353,024.93

The balance of USD 1.66m remains undisbursed and is available for use in subsequent years.

Note 3 – Related Party Disclosure

As an Accredited Entity, MCT provided fiduciary oversight, procurement, and financial management support to the Project during 2024. MCT charged an agency fee of USD 64,160.26 from the amount disbursed, which is included under expenses in the Statement of Income and Expenditure.

Note 4 – Surplus / Deficit

The project fully utilized the authorized disbursement of \$288,864.67 on project activities for the year 2024, resulting in no surplus or deficit for the reporting year.

**MICRONESIA CONSERVATION TRUST
SAP020 CLIMATE RESILIENCE FOOD SECURITY FOR FARMING HOUSEHOLDS
ACROSS THE FEDERATED STATES OF MICRONESIA**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Year Ended December 31, 2024



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

P.O. Box PS-05, Palikir, Pohnpei FSM 96941

Tel: (691) 320-2862/2863 Fax: (691) 320-5482

CID Hotline: (691) 320-6768; Website: www.fsmopa.fm

Facebook: FSM Office of the National Public Auditor; E-mail: info@fsmopa.fm

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Chief Executive Officer
The Board of Directors
Micronesia Conservation Trust
Kolonias, Pohnpei FM 96941

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Climate Resilience for Framing Households Across the FSM (the "Project"), which comprise the Profit and Loss Statement as of and for the year ended December 31, 2024 and the related notes, and have issued our report thereon dated September 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Profit and Loss Statement, we considered the project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Profit and Loss Statement, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the project's financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less

severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2024/01, 2024/02, and 2024/03, which we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's Profit and Loss Statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; noncompliance with which provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Project's Response to Findings

The Project's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Project's responses were not subject to the auditing procedures applied in the audit of the Profit and Loss Statement, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the project's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the project's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Haser H. Hainrick
National Public Auditor

Palikir, Pohnpei
September 19, 2025



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Chief Executive Officer
The Board of Directors
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Kolonias, Pohnpei FM 96941

Report on Compliance with the Financial Covenants and Other Requirements of the Grant Agreement

We have audited the Climate Resilience Food Security Project for Farming Households Across the Federated States of Micronesia (*the Project's*) compliance with the types of compliance requirements described in the Grant Agreement dated March 19, 2021, with the Green Climate Fund, which could have a direct and material effect on the Project as of and for the year ended December 31, 2024

Management's Responsibility

Management is responsible for compliance with financial covenants and other requirements of the grant agreement.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with the financial covenants and other requirements of the grant agreements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of the Grant Agreement. Those standards and the Grant Agreement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on the Project. An audit includes examining, on a test basis, evidence about the Project's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

Opinion

In our opinion, the Project complies with the finance covenant, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Project as of and for the year ended December 31, 2024. In addition, funds were used for project purposes as set out in the Grant Agreement dated March 19, 2021.

Report on Internal Control over Compliance

Management of the Project is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Project's internal control over compliance with the types of compliance requirements that could have a direct and material effect on the Project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the grant agreement, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the compliance requirements of a grant agreement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the grant agreement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that Grant Agreement. Accordingly, this communication is not suitable for any other purpose.



Haser H. Hainrick
National Public Auditor

Palikir, Pohnpei
September 19, 2025

Micronesia Conservation Trust
SAP020 Climate Resilience Food Security for Farming Households
Across the Federated States of Micronesia

Schedule of Findings and Responses for the Year Ended December 31, 2024

2024/01: Inaccurate and Untimely Preparation of Trial Balance

Criteria: Under generally accepted accounting principles (GAAP), entities must prepare and maintain accurate accounting records, including a complete and balanced trial balance, to ensure reliable financial reporting. Additionally, U.S. generally accepted auditing standards (GAAS) require auditors to communicate any significant deficiencies in internal control that they identify during audits. Effective financial management and adherence to accounting standards require a trial balance to be thorough, precise, and balanced, as it serves as the foundation for preparing trustworthy financial statements.

Condition: During the audit, we noted that the trial balance provided by the Project contained several issues, including:

- An imbalance between the total debits and credits.
- Retained earnings not rolling forward from the prior year; and
- Unusual account balances (for example, a debit balance in “Due to Project”).

These issues indicate that the trial balance, as prepared, was not accurate or reliable for financial reporting purposes.

Effects: Because the trial balance was not accurate, the Project’s financial reporting process cannot be considered reliable without substantial auditor intervention. This represents a material weakness in internal control over financial reporting, as it creates a reasonable possibility that a material misstatement of the financial statements could occur and not be prevented or detected in a timely manner.

Root Causes: The deficiencies appear to result from inadequate financial closing procedures, insufficient review of accounting records, and the absence of timely reconciliations of key accounts.

Recommendations:

We recommend that project management:

1. Strengthen the financial closing process to ensure a complete and accurate trial balance is prepared at year-end.
2. Perform timely reconciliations of all accounts, including retained earnings and inter-project balances.
3. Establish internal review procedures before submission to auditors.
4. Provide additional training to accounting staff on year-end financial reporting and trial balance preparation.

Management Comments:

Management recognizes the critical importance of accurate and timely preparation of the trial balance and fully supports efforts to strengthen financial closing procedures, ensure prompt reconciliations, and enhance internal review controls. We also agree that additional training for accounting staff will contribute meaningfully to the reliability of year-end reporting.

However, we respectfully disagree with the classification of the noted issues as a material weakness. The imbalances and unusual account balances identified during the audit were primarily due to timing adjustments and formatting inconsistencies in the preparation of audit schedules, rather than deficiencies in the core accounting records or closing processes. These findings, in our view, do not reflect a fundamental flaw in the Project's financial reporting framework, but rather point to areas for procedural refinement and improved audit readiness.

Detailed account reports affirm the integrity of the recorded balances, and management is actively evaluating an upgrade to the accounting system to enhance operational efficiency and improve grant tracking capabilities.

We remain committed to implementing the recommended improvements and continuously strengthening our financial reporting processes to reduce the likelihood of similar issues in future reporting cycles.

2024/02: Weakness in the bank reconciliation process

Criteria: Sound financial management practices and internal control standards require regular and timely bank reconciliations to ensure accurate and complete cash

balances. Reconciliations should be performed monthly, reviewed promptly, and approved by an independent official to minimize the risk of errors or irregularities.

Condition: Our review of the reconciliation process revealed that the bank reconciliation only began during the year under audit (FY24). Quarterly reconciliations were performed, but no reconciliations for earlier periods were completed. Furthermore, the Chief Financial Officer (CFO) is the only person performing the reconciliation process without independent review or approval. As a result, there is no separation of duties.

Effects: The present procedure raises the possibility of:

- Bank balance errors or irregularities that go unnoticed.
- Lack of segregation of duties could lead to fraud opportunities.
- Cash/fund balances in the financial statements are misrepresented.
- Decreased financial reporting reliability.

Root causes: The weaknesses noted appear to be due to the absence of established policies and procedures to ensure timely and independently reviewed bank reconciliations.

Recommendations:

Project management to:

- Ensure all periods, including previously unreconciled periods, are covered by monthly bank reconciliations.
- Establish processes mandating that a designated officer other than the preparer independently review and approve reconciliations.
- Implementing a sufficient segregation of duties within the reconciliation process.

Management Comments:

Management acknowledges the importance of timely and independently reviewed bank reconciliations as a vital element of internal control. We fully support the principle that such reconciliations contribute to the integrity of financial reporting and the safeguarding of assets. However, we respectfully disagree that the current process constitutes a significant weakness in internal control over financial reporting.

While formal reconciliations were initiated in FY24 and performed quarterly rather than monthly, cash balances were consistently monitored throughout the year through alternative oversight mechanisms. These procedures provided sufficient visibility into cash activity, and we do not believe they compromised the reliability of financial reporting or the security of funds.

To provide context, the CFO assumed responsibilities in the second quarter of 2024. Reconciliations were primarily conducted by a finance officer, with the CFO offering support only when additional assistance was required. The timing of these reconciliations corresponded with the release of official bank statements, which are issued quarterly. Although this practice does not fully align with internal control best practices, management has taken proactive steps to strengthen the process.

Specifically, we have revised roles and responsibilities to ensure proper segregation of duties and have implemented more frequent reconciliation procedures. Moving forward, cash monitoring through online banking will be conducted regularly, and formal reconciliations will be completed promptly upon receipt of quarterly bank statements.

Management remains committed to continuous improvement and to reinforcing internal controls that support accurate financial reporting and responsible stewardship of financial resources.

2024/03: Slow progress in project implementation and utilization of funds

Criteria: The financing agreement states that the project must utilize at least 70% of the previous disbursement before requesting additional funds. Project activities should be implemented promptly to ensure efficient use of donor funds.

Condition: Our review of the project disbursements reveals that no further requests were made between FY21 and FY23, indicating a slow utilization of project funds.

Effects: The delay in implementing project activities could impact the achievement of project objectives and reduce the overall efficiency of the project.

Root cause: Delays in project implementation were partly due to the late recruitment of key positions, which hindered the timely execution of planned activities.

Recommendations:

The project management to expedite the recruitment of critical positions and implement a more proactive plan to utilize funds efficiently. Regular monitoring of fund utilization and activity should be strengthened to prevent similar delays in the future.

Management Comments:

Management acknowledges the observation regarding the slow progress in project implementation and fund utilization between FY21 and FY23. We recognize the importance of the timely execution of activities and the efficient use of donor funds, in line with the financing agreement requirement to utilize at least 70% of previous disbursements before requesting additional funding.

It is important to note that the project only became effective on 21 July 2021, with the first disbursement received on 06 October 2021. As outlined in the Funded Activity Agreement (FAA), there are conditions precedent to all disbursements, including the first and second, which require time to fulfill. The Executing Entities (EEs) met the conditions for the second disbursement only toward the end of 2023.

Between 06 October and 31 December 2021, no GCF proceeds were applied toward project activities, as the Micronesia Conservation Trust (MCT) was working closely with the FSM Department of Resources and Development to establish the Project Management Unit (PMU). The PMU was fully staffed by the end of the first quarter of 2022.

This is the first GCF project jointly implemented by the FSM National Government, MCT, and other Executing Entities. The process has required significant adaptive management and flexibility to ensure strong administration and implementation. Additionally, FSM was among the last countries to transition from a zero-COVID policy to active pandemic status, beginning in July 2022. This shift caused further delays as the country adjusted to its “new normal.”

Despite these challenges, management has taken concrete steps to accelerate implementation. Key positions have been filled, and project activities have resumed with renewed momentum. A more proactive planning approach has been adopted to ensure that funds are utilized efficiently and in alignment with project timelines.

To further strengthen implementation, we have instituted regular monitoring of fund utilization and activity progress. These measures are expected to improve execution efficiency and prevent similar delays in the future.

Management remains committed to achieving the project’s objectives and ensuring responsible stewardship of donor resources.

Micronesia Conservation Trust
SAP020 Climate Resilience Food Security for Farming Households
Across the Federated States of Micronesia

Summary Schedule of Prior Audit Findings

Year Ended December 31, 2024

<u>Finding No.</u>	<u>Audit Finding</u>	<u>Status</u>
1	MCT's Overall Accounting Policies and Operations Manuals to be updated.	Partially implemented
2	MCT's annual report has not been completed since 2019.	Partially Implemented
3	No periodic monthly closing procedure in place	Partially Implemented