



OFFICE OF THE FSM NATIONAL PUBLIC AUDITOR

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ONPA Releases Performance Audit on the Fisheries Observer and Port Sampler Revolving Fund: Improvement in Internal Controls is Needed to Ensure Compliance of the Financial Activities with the Law

The FSM Congressional Committee on Resource and Development requested for an audit to be conducted on the use and management of the "*Fisheries Observer and Port Sampler Revolving Fund*" (Fund), which was under the management of the National Oceanic Resources and Management Authority (NORMA).

The *Fisheries Observer and Port Sampler Revolving Fund* is a special fund established by the FSM Congress mainly for the Fisheries Observer and Port Sampler Program. The Fund account was set to be administered by the President or his designee. According to section 631 of Title 55 of the FSM Code, as enacted by Public Law 7-76 and amended by Public Law 16-14, the purpose of the Fund is to provide an ongoing revolving fund for the receipt and disbursement of funds associated with fisheries observer and port sampler program.

The objective of the audit was to determine compliance of the financial and operational activities of the "Fisheries Observer and Port Sampling Revolving Fund" with laws, regulations, policies and procedures.

Based on the results of our audit, we found that the NORMA management needed to improve the internal controls in managing the Fund in order to ensure compliance of the financial activities with the enabling legislation that established the Fund.

We found the following weakness:

- \$80,000 of fishing licensing fees was deposited to the Fisheries Observer and Port Sampler Revolving Fund without Congress appropriation, thus a violation of the law.
- \$12,000 of the Fisheries Observer and Port Sampler Revolving Fund were used for disallowed purposes.
- The amount of Revolving Fund balance, in excess of the \$200,000 threshold, for transfer to the General Fund, was not properly determined at the end of each fiscal year.

- Year-end encumbrances were not reviewed or reconciled.
- The required annual status report for the Revolving Fund was not submitted to Congress as required by law.
- The amounts paid for the services of the observers and port samplers were not subject to income tax withholding and social security taxes.

Our performance audit was conducted in accordance with *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States.

The report can be accessed by clicking here [FSMOPA/AUDIT](#)

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