

**OFFICE OF THE NATIONAL PUBLIC AUDITOR
FEDERATED STATES OF MICRONESIA**



**DECEM AND DOFA TAKE ACTION TO CONFISCATE AND MANAGE
PLASTIC AND STYROFOAM**

REPORT NO. 2027-01

**Follow- Up on Implementation of Recommendations of Prior
Inspection (Report No. 2023-01 Ban on Single - Use Styrofoam,
Plastic Food Service Items and Plastic Bags)**





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

October 16, 2026

His Excellency President Wesley W. Simina
Honorable Members of the 24th Congress
T.H. Rose N. Nakanaga, Secretary of DOFA
T.H. Florian J. Yatilman, Secretary of DECEM
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Re: Follow - Up Inspection on the Implementation of Recommendations of Prior Audit Report No. 2023-01 on the Ban on Single-Use Styrofoam, Plastic Food Service Items and Plastic Bags

This report contains the results of the follow-up audit on the recommendations of our prior audit on the ban on single-use Styrofoam and plastic food service items and plastic bags issued in Report No. 2023-01 on October 14, 2022.

The main objective of this audit was to verify the extent of implementation of prior recommendations relevant at the time of this follow-up.

Based on our audit, we found that some actions have been taken toward implementing the audit findings and recommendations of the prior audit report. The stages of implementation are: Not Implemented (NI), Partial Implementation (PI), Full Implementation (FI), and No Longer Applicable (NLA). The summary of these stages is provided in *Appendix A*. The current implementation status, as indicated in the table below, is as follows: three partially implemented and two not implemented.

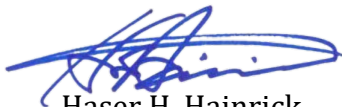
Findings & Recommendations/Suggestions	Stages of Implementation
Finding 1: Public Law and Regulations were Created Without Including Penalties for Violation and Without Consultation with the Implementing Agencies	

Findings & Recommendations/Suggestions	Stages of Implementation
<p>Suggestion(s): Congress to consider:</p> <p>1) Approving Congressional Bill 22-72 to amend PL 21-76 “to specify the penalties for violation of the prohibition on the import of plastic materials...”. This will add to the effectiveness of the law and regulations in meeting its intended purpose in ensuring a safer environment.</p> <p>2) Consulting with implementing or relevant agencies prior to creating new legislations to ensure that their good intentions are achieved without delay.</p>	
<p>Finding 2: Key Agencies were not Equipped with the Skills and Tools to Implement the Law</p> <p>Recommendation(s): DECEM, as the national agency for safeguarding the environment, shall request through the FSM Congress funding for:</p> <p>1) Measuring tools for plastic bags; and</p> <p>2) A consultant to provide training to both DECEM and CTA officials in the area of recycled and biodegradable items.</p>	<p>Partial Implementation</p> <p>Not Implemented</p>
<p>Finding 3: Current Locations Are Not Secure for Storing the Confiscated Items</p> <p>Recommendation: The Secretary of DOFA should promptly initiate the necessary arrangements (collaboration with DECEM, budget allocation, etc.) to identify secure locations or facilities to store confiscated prohibited items to avoid theft, unauthorized release of confiscated items, and overcrowding at the current locations.</p>	<p>Not Implemented</p>
<p>Finding 4: Plans to Safely Destroy the Confiscated Items were Not Established as per Regulatory Requirements</p> <p>Recommendation: The Secretaries of both DOFA and DECEM to promptly implement the requirements of the Permanent</p>	<p>Partial Implementation</p>

Findings & Recommendations/Suggestions	Stages of Implementation
Regulations to increase coordination and to finalize plans, policies, and step-by-step procedures for the destruction of confiscated items in an environmentally safe manner.	
<p>Finding 5: Absence of Policies and Standard Operating Procedures (SOP) for the effective Implementation of the Subject Law and Regulation</p> <p>Recommendation: DECEM and CTA to collaborate to develop internal policies and SOP for guidance in the implementation of PL21-76 and its corresponding Permanent Regulation, which should include proper SOP for inventory management to include timely recording, tracking, periodic reconciliation, and reporting of the stocks from all locations of storage to the national offices.</p>	Partial Implementation

We acknowledge the efforts of the management and staff of both DECEM and DOFA(CTA) and the progress made towards the implementation of the prior recommendations. We have added four new recommendations to further improve compliance with Public Law 21-76 and its corresponding regulation.

Respectfully submitted,



Haser H. Hainrick
National Public Auditor

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Abbreviations

Abbreviation	Meaning
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CRS	Catholic Relief Services
CTA	Customs & Tax Administration
DECEN	Dept. of Environment, Climate Change & Emergency Management
DOFA	Department of Finance & Administration
EPA	Environmental Protection Agency
KIRMA	Kosrae Island Resource Management Authority
KSA	Knowledge, Skills & Ability
KTG	Kolonia Town Government
MOU	Memorandum of Understanding
ONPA	Office of the National Public Auditor
PET	Polyethylene Terephthalate
PL	Public Law
PVC	Polyvinyl Chloride
QSIE	Quality Standards for Inspection and Evaluation
SOP	Standard Operating Procedures

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1. INTRODUCTION

1.1 Reason for the Assignment

To maximize the impact of our audits, we conduct annual follow-up audits to assess the implementation status of prior audit recommendations. An annual audit planning workshop was held where this topic was presented, discussed, and agreed to be included in the audits to be conducted in the year. A risk assessment was also done, which supports the selection of this topic, as presented in the Medium-Term Risk - Based Audit Plan. Furthermore, ONPA commits to conducting at least one environmental audit annually.

1.2 Background

On October 14, 2022, ONPA issued Inspection Report No. 2023-01, emphasizing the need for increased efforts to ensure full compliance with the ban on single-use Styrofoam and plastic imports and to reduce environmental threats. Accordingly, this follow-up audit is being conducted.

2. OBJECTIVES, SCOPE, METHODOLOGY

2.1 Objectives

The objective of this audit is to verify the extent of implementation of the prior audit recommendations in Report No. 2023-01.

2.2 Scope

The scope of this follow-up audit covered the current implementation status of the findings and recommendations contained in ONPA Inspection Report No. 2023-01. The audit focused on actions taken by DECEM, DOFA, and CTA to address the prior recommendations and relevant requirements of PL 21-76 and its corresponding Permanent Regulations.

2.3 Methodology

We conducted this Follow-Up in accordance with the Council of Inspector General on Integrity and Efficiency's (CIGIE) Quality Standards for Inspection and Evaluation (QSIE). The standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives as identified in Section 2.1.

The team used the following procedures to assess the implementation status of prior audit recommendations:

1. Conducted interviews with responsible officials and staff;
2. Conducted physical inspections and observations of relevant facilities and confiscated items, where applicable; and

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3. Reviewed relevant laws, regulations, policies, SOPs, management responses, and supporting documentation;

3. LEGAL MANDATES/STANDARDS

We conducted this audit pursuant to the authority vested in the National Public Auditor as codified under Chapter 5, Title 55 of the FSM Code, which states in part as follows:

“The Public Auditor shall inspect and audit transactions, accounts, books and other financial records of every branch, department, office, agency, board, commission, bureau, and statutory authority of the National Government and of other public legal entities, including, but not limited to, States, subdivisions thereof, and nonprofit organizations receiving public funds from the National Government”.

4. PRIOR AUDIT COVERAGE

Inspection Report No. 2023-01 Ban on single-use Styrofoam & Plastic food service items & plastic bags PL21-76

5. COMMENDATION

The ONPA extends its appreciation to the management and staff of DECEM and DOFA for their assistance and support during the audit and looks forward to building on this productive working relationship.

6. CONCLUSION

Based on the results of our follow-up audit, we concluded that DECEM and DOFA have made progress toward implementing the recommendations in our prior Report No. 2023-01; however, not all recommendations have been fully implemented. Three prior recommendations were partially implemented, and two were not implemented. Key areas requiring further action include establishing appropriate penalties, providing necessary training and resources, ensuring secure and consistent storage of confiscated items, and finalizing coordinated procedures for their environmentally safe disposal.

The results of this audit are discussed in detail in the following pages.

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7. IMPLEMENTATION STATUS OF OUR RECOMMENDATIONS IN THE PRIOR REPORT NO. 2023-01

7.1. Implementation of Recommendation on prior Finding 1: Public Law and Regulations were Created Without Including Penalties for Violation and without Consultation with the Implementing Agencies

We issued two suggestions under Finding 1

We suggested that Congress consider:

1) Approving Congressional Bill 22-72 to amend PL 21-76 “to specify the penalties for violation of the prohibition on the import of plastic materials...”. This will add to the effectiveness of the law and regulations in meeting its intended purpose in ensuring a safer environment.

2) Consulting with implementing or relevant agencies prior to creating new legislation to ensure that their good intentions are achieved without delay.

Current Implementation Status:

As suggestions do not constitute formal recommendations, their implementation is not required to be assessed as part of the follow-up.

However, based on conditions identified during this follow-up audit, we identified an essential need to address the absence of penalties under the law and is therefore issuing a new recommendation to strengthen implementation and enforcement.

New Recommendation: We recommend that DECEN coordinate with the appropriate congressional committees to facilitate consideration and, as appropriate, reintroduction of legislation to establish penalties for violation of PL 21-76.

7.2. Implementation of Recommendations on prior Finding 2: Key Agencies were not Equipped with the Skills and Tools to Implement the Law

We issued 2 recommendations under prior Finding 2:

DECEN, as the national agency for safeguarding the environment, shall request through the FSM Congress funding for:

1) Measuring tools for plastic bags; and

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2) A consultant to provide training to both DECEM and CTA officials in the area of recycled and biodegradable items.

Management Response: DOFA concurred, saying CTA welcomes said training. DECEM's response only addressed plastic bags - awaiting micrometers for measuring the allowable thickness of plastic bags.

Current Implementation Status: **Partial Implementation** and **Not Implemented**
DECEM has taken steps towards implementing the prior recommendations by requesting funding for the procurement and training of micrometers to measure plastic bags, as well as funding for awareness. However, the recommendation relating to requesting funding for training on recyclable and biodegradable items was not implemented, and the training has not been provided. Accordingly, we consider the prior recommendation partially implemented.

New Recommendation: We recommend that DOFA seek the necessary funding support for training to equip CTA inspectors with the knowledge, skills, and ability (KSA) necessary to identify biodegradable and recyclable items, enhancing their role in implementing and enforcing the law and regulation.

7.3 Implementation of Recommendations on prior Finding 3: Current Locations Are Not Secure for Storing the Confiscated Items

We issued 1 recommendation under prior Finding 3

DOFA to adhere to the Permanent Regulation by identifying secure locations/facilities to store confiscated prohibited items.

Management Response: DOFA stated that all CTA Offices are secure, with deadlocks combinations known only to staff. DECEM concurred with our finding.

Current Implementation Status: **Not Implemented**
DOFA, in its official response to the implementation status matrix, does not see the need to establish designated storage facilities in each state for confiscated prohibited items. DOFA stated that the CTA Pohnpei Office stores confiscated items for only 30 days (pending appeal) before transferring them to DECEM, while CTA Offices in the other states coordinate with their respective EPA Offices for destruction. DOFA further stated that they are guided by PL21-76, which does not contain any provision requiring the establishment of designated storage areas. However, the requirements prescribed by the Permanent Regulation regarding the handling and storage of confiscated prohibited items were not considered. As a result, the applicable regulatory requirements were not adhered to.

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Our observations also identified inconsistencies in the responsibilities and processes for storing, transferring, and disposing of confiscated items. Some CTA Offices in the states continue to store confiscated items beyond the required 30-day period, with items remaining in storage for more than one year despite no evidence of pending appeals or other documented reasons for continued storage. Of the 4 state offices, only two had handed over confiscated items to DECEM, while the other 2 coordinated with their respective EPA Offices. This information is inconsistent with DECEM's earlier representation that confiscated items are transferred from CTA Offices to DECEM. Additionally, DECEM continues to store confiscated items in their warehouse shared with the Emergency Management Division. These conditions indicate that a consistent and coordinated system for the secure storage of confiscated items has not yet been established.

7.4 Implementation of Recommendations on prior Finding 4: Plans to Safely Destroy the Confiscated Items were Not Established as per Regulatory Requirements

We issued 1 recommendation under prior Finding 4

The Secretaries of both DOFA and DECEM to promptly implement the requirements of the Permanent Regulations to increase coordination and to finalize plans, policies, and step-by-step procedures for the destruction of confiscated items in an environmentally safe manner.

Management Response: DOFA's response is that CTA's role is to hand over the confiscated items to DECEM once the 30-day appeal period has lapsed. They agree that DECEM needs to implement destruction procedures.

DECEM responded that they met with CTA and discussed a plan followed by the development of a template. Said plan is yet to be finalized pending the Memorandum of Understanding (MOU) between state counterparts, CTA and DECEM, on the guidance to safely destroy the confiscated items.

Current Implementation Status: [Partial Implementation](#)

DOFA considers their role and responsibility fulfilled upon the turnover of confiscated items to DECEM. Chuuk CTA previously worked with Chuuk EPA and Chuuk Public Works on the disposal of confiscated items by burying them in designated disposal sites.

DECEM entered into an MOU with Catholic Relief Services (CRS) "*to help facilitate the safe disposal of and repurposing of plastic imported in violation of PL 21-7.*" Although disposal of imported plastic is included in the MOU's overall objective, CRS only repurposes certain types of plastic collected. Their repurposing efforts are commendable and worthy of recognition as they contribute to the objectives of the

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MOU. However, at the time of our audit, no disposal activities have been conducted. Section 2.1.3 of the MOU also further states that CRS will work with Kolonia Town Government (KTG) and DECEM *“to manage the responsible disposal or reuse of these plastic types”* (PET, PVC, and certain Type 6 plastics such as Styrofoam). However, our review found that their work with KTG only involves providing them the metal parts extracted from the Asian washer tubs.

DECEM and the EPA offices lack the necessary capacity and resources to destroy the confiscated items in an environmentally friendly manner. This indicates noncompliance with the Permanent Regulation.

Accordingly, while DOFA, DECEM, and CTA have taken some steps toward addressing the prior recommendation, the required coordinated arrangements and procedures for the environmentally safe disposal of confiscated items have not been established or implemented. Therefore, we consider the prior recommendation partially implemented.

New Recommendation: We recommend that DECEM and DOFA finalize the pending MOU with the state EPAs and take the necessary steps to ensure its implementation.

7.5 Implementation of Recommendations on prior Finding 5: Absence of Policies and Standard Operating Procedures for the effective Implementation of the Subject Law and Regulation

We issued 1 recommendation under prior Finding

DECEM and CTA to collaborate to develop internal policies and SOP for guidance in the implementation of PL 21-76 and its corresponding Permanent Regulation, which should include proper SOP for inventory management to include timely recording, tracking, periodic reconciliation, and reporting of the stocks from all locations of storage to the national offices.

Management Response: DOFA responded that log sheets, seizure and custody, step by step procedures have been implemented by CTA and that their current SOP will be amended to include procedures for handling ceased Styrofoam and plastic food service items.

DECEM responded that they met with CTA and clarified the confiscation procedures. CTA developed a template, whereas DECEM records only those activities applicable under the law.

Current Implementation Status: [Partial Implementation](#)

DOFA has developed an SOP which establishes procedures for the seizure, documentation, storage, and post-seizure of banned items in accordance with PL 21-

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76 and FSM Customs procedures. The SOP outlines the operational procedures necessary to implement the regulatory requirements and clearly defines the respective roles and responsibilities of CTA and DECEM.

DECEM, in its official response to the implementation status matrix, stated that the National Waste Management Policy includes guidelines on how to properly dispose of and handle the various types of plastics and that the Policy has been shared with the State counterparts, namely EPA and KIRMA, all Secretaries at the national level, and relevant stakeholders. However, the Policy does not address our recommendation to establish inventory management procedures.

New Recommendation: We recommend that DECEM establish procedures for inventory management of confiscated items, which include tracking, periodic reconciliation, and reporting of the stocks from all locations of storage to the national offices.

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8. APPENDIX A: STAGES OF IMPLEMENTATION OF AUDIT RECOMMENDATIONS.

Summary

The implementation status of the recommendations is classified into four stages, as described below:

- i. Not implemented (NI)**
No progress or insignificant progress.
Actions such as having meetings and generating informal plans.
- ii. Partial Implementation (PI)**
When formal plans for organizational changes have been created and approved by the appropriate level of management with appropriate resources and a reasonable timetable.

If the entity made preparations for implementing a recommendation by hiring or training staff or developing or acquiring the necessary resources to implement the recommendation.

If the structure or processes are in place and integrated within at least some parts of the organization, and some achieved results have been identified.
- iii. Full Implementation (FI)**
If the structure or processes are operating as intended and are fully implemented.
- iv. No longer applicable (NLA)**
If the recommendation that was issued no longer applies to the current processes or systems.

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9. MANAGEMENT RESPONSES

Management responses are presented below for each finding and recommendation.



Department of Environment, Climate Change and Emergency Management
PO BOX PS-69
Palikir, Pohnpei 96941 Phone: (691) 320-8814/8815 Fax: (691) 320-8936

October 14, 2026

MEMORANDUM

To: National Public Auditor, Office of the National Public Auditor

From: Secretary

Subject: Audit Response to Public Law 21-76 Findings

This is to acknowledge the discussion that took place between your office and my department on October 12, 2026, regarding the findings on Public Law 21-76. DECEN concurs with the outcomes of your findings based on its own challenges but has justified its position in the attached response.

Furthermore, we acknowledge your office mandate to guard funds, ensure effective administration, and audit financial and operating activities to ensure compliance. Thank you for the opportunity.

We look forward to collaborating with the relevant departments to meet our objectives. If you should need further clarifications, please do not hesitate to let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Florian J. Yatilman".

Florian J. Yatilman

cc: EPAs/KIRMA

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AUDIT RESPONSE -PUBLIC LAW 21-76 (One time use items-Plastics and Styrofoam + Plastic Shopping Bags)

10/7/2026 - DECEN receives electronic notification documents
10/9/2026 --DECEN receives hand delivered notification documents
10/12/2026- DECEN and CTA met with AUDITOR OFFICE

AUDITOR OFFICE FINDINGS/SUGGESTIONS

1. **Findings-** *Public Law and Regulations were Created Without Including Penalties for Violation and Without Consultation with the Implementing Agencies.*

Suggestions- Approving Congressional Bill 22-72 to amend PL 21-76 “to specify the penalties for violation of the prohibition on the import of plastic materials...”. This will add to the effectiveness of the law and regulations in meeting its intended purpose in ensuring a safer environment. Consulting with implementing or relevant agencies prior to creating new legislation to ensure that their good intentions are achieved without delay.

2. **Findings-** *Key Agencies were not Equipped with the Skills and Tools to Implement the Law*

Suggestions- DECEN, as the national agency for safeguarding the environment, shall request funding FSM Congress funding for:

- a. Measuring tools for plastic bags; and
- b. A consultant to provide training to both DECEN and CTA officials in recycled and biodegradable items.

3. **Findings-** *Current Locations Are Not Secure for Storing the Confiscated Items*

Suggestions- The Secretary of DOFA should promptly initiate the necessary arrangements (collaboration with DECEN, budget allocation, etc.) to identify secure locations or facilities to store prohibited confiscated items to avoid theft, unauthorized release of confiscated items, and overcrowding at the current locations.

4. **Findings** -*Plans to Safely Destroy the Confiscated Items were Not Established as per Regulatory Requirements*

Suggestions- The Secretaries of both DOFA and DECEN to promptly implement the requirements of the Permanent Regulations to increase coordination and to finalize plans, policies, and step-by-step procedures for the destruction of confiscated items in an environmentally safe manner.

5. **Findings** - *Absence of Policies and Standard Operating Procedures (SOP) for the effective Implementation of the Subject Law and Regulation.*

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Suggestions -DECEM and CTA to collaborate to develop internal policies and SOP for guidance in the implementation of PL21-76 and its corresponding Permanent Regulation, which should include proper SOP for inventory management to include timely recording, tracking, periodic reconciliation, and reporting of the stocks from all locations of storage to the national offices.

DECEM RESPONSE

- 1. DECEM concurs with the recommendation. Consultations are key toward collaborative efforts.**
- 2. DECEM concurs with the recommendation. Attempts have been made during Congress budget calls to request funding of testing kits and training and awareness.**
- 3. DECEM concurs with the recommendation. The definition of “secure” needs to be clarified. DECEM has no issues with theft. Incoming and Outgoing confiscated items are documented in a log sheet and stored in storage room. CRS was the only interested partner that agreed to assist DECEM to repurpose the confiscated items.**
- 4. DECEM concurs with the recommendation. While guidelines are in place, clarified procedures are considered for proper disposal**
- 5. DECEM concurs with the recommendation. DECEM will develop its SOP in consultation with CTA.**

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Secretary of Finance
&
Administration

**GOVERNMENT OF THE
FEDERATED STATES OF MICRONESIA**
Department of Finance and Administration

P.O. Box PS 158
Palikir, Pohnpei FM 96941
Tel: (691) 320-2640/5852 Fax: (691) 320-7728
E-mail: fsmsofa@mail.fm



October 16, 2026

Memorandum

To: Public Auditor

From: Secretary Rose N. Nakanaga, Department of Finance

Subject: The Department response to the exit audit, Audit Report No. 2026-12: DECEM & DOFA Take Action to Confiscate and Manage Plastic and Styrofoam

Finding 3: Storage of Confiscated Items

Management Response:

DOFA clarifies that CTA offices provide adequate temporary storage for confiscated prohibited goods during the applicable 30-day appeal period. CTA's role is to enforce the import restrictions, confiscate prohibited items when necessary, maintain custody during the appeal period, and coordinate the handover of the goods after the appeal period has expired.

DOFA acknowledges the Auditor's observations regarding confiscated items remaining in storage beyond the 30-day period. These situations require improved coordination between CTA, DECEM, and the respective State Environmental Protection Agencies (EPAs) to ensure timely handover and subsequent disposal.

DOFA maintains that establishing permanent storage facilities at each CTA field office is not necessary, provided that CTA offices can adequately secure the confiscated goods during the required appeal period and that arrangements are in place for their timely transfer to the appropriate authority.

Corrective Action:

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CTA will continue to maintain proper custody and documentation of confiscated goods during the 30-day appeal period. Upon expiration of the appeal period, CTA will coordinate with DECEM regarding the handover of the goods.

DECEM should take the lead in coordinating with the respective State EPAs to establish consistent arrangements for receiving, managing, and disposing of confiscated goods after the 30-day appeal period. This coordination should ensure that confiscated goods are transferred in a timely manner and do not remain unnecessarily at CTA offices.

Finding 4: Plans for the Safe Disposal of Confiscated Items

Management Response:

DOFA clarifies that CTA's responsibility is to confiscate prohibited goods, maintain custody during the applicable 30-day appeal period, and facilitate their handover after the appeal period has expired. The subsequent arrangements for environmentally safe disposal require coordination by DECEM with the respective State EPAs and other relevant authorities.

DOFA acknowledges that further work is necessary to establish consistent arrangements for the safe disposal of confiscated goods. However, the coordination and finalization of the Memorandum of Understanding (MOU) with the State EPAs fall under DECEM's responsibility as the national agency responsible for environmental protection and waste management.

Corrective Action:

DOFA will continue to support coordination between CTA and DECEM to ensure that confiscated goods are properly handed over following the expiration of the 30-day appeal period.

DECEM should finalize the necessary MOU and coordinate with the State EPAs to establish clear procedures for receiving, transporting, storing, and safely disposing of confiscated goods. The arrangements should identify responsible agencies, approved disposal methods, and documentation requirements to ensure accountability from handover through final disposal.

Finding 5: Standard Operating Procedures and Inventory Management

Management Response:

DOFA clarifies that CTA already has established procedures and Standard Operating Procedures (SOPs) governing the seizure, documentation, custody, and handling of prohibited goods. These procedures provide guidance to CTA officers in carrying out their enforcement responsibilities under Public Law No. 21-76 and the corresponding Permanent Regulations.

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CTA also maintains documentation relating to confiscated goods and their subsequent handling. DOFA therefore considers that the existing CTA procedures provide an operational framework for the performance of CTA's responsibilities.

Nevertheless, DOFA recognizes the need to strengthen coordination between CTA and DECEM to ensure consistent documentation and accountability when confiscated goods are transferred from CTA to DECEM or the relevant State EPA after the 30-day appeal period.

Corrective Action:

CTA will continue implementing its existing SOPs and will review them as necessary to ensure that records of confiscated goods, custody, and handover are properly maintained.

DECEM should establish and implement procedures for tracking confiscated goods received from CTA and other relevant sources, including inventory reconciliation, reporting, and documentation of final disposal. DECEM should also coordinate with the State EPAs to ensure that the receipt and subsequent management of confiscated goods are consistently documented.

This approach will maintain CTA's established enforcement procedures while strengthening DECEM's responsibility for coordinating the management and disposal of confiscated goods after handover.

Response to the New Recommendations

1. Legislation establishing penalties

DOFA supports DECEM's coordination with the appropriate congressional committees to facilitate consideration of legislation establishing penalties for violations of Public Law No. 21-76.

2. Training for CTA inspectors

DOFA acknowledges the need for technical training to assist CTA inspectors in identifying prohibited, recyclable, and biodegradable products. DOFA will work with CTA and DECEM to identify training requirements and explore available funding and technical assistance opportunities.

3. MOU with State EPAs

DOFA clarifies that finalization and coordination of the MOU with the State EPAs is DECEM's responsibility. DECEM should work directly with the respective State EPAs to establish consistent arrangements for receiving and safely disposing of confiscated goods after the 30-day appeal period. CTA will coordinate with DECEM to facilitate the handover of confiscated goods in accordance with established procedures.

4. Inventory management

Tel: (691) 320-2640/2645

Fax: (691) 320-7728

Email: fsmsofa@mail.fm

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CTA will continue using its existing SOPs and documentation procedures for confiscated goods under its custody. DECEM should establish procedures for inventory tracking, periodic reconciliation, and reporting of goods received and held at DECEM and State EPA facilities, including documentation of final disposal.

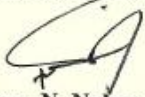
Conclusion

DOFA remains committed to the effective implementation of Public Law No. 21-76 and its corresponding Permanent Regulations. CTA will continue to carry out its enforcement responsibilities, maintain secure temporary custody of confiscated goods during the 30-day appeal period, and coordinate their handover after that period expires.

DOFA emphasizes the importance of DECEM taking the lead in coordinating with the State EPAs to establish the necessary arrangements for receiving and safely disposing of confiscated goods. Clear delineation of responsibilities, timely handover, and appropriate documentation will strengthen accountability and improve implementation of the law.

DOFA appreciates the work of the Office of the National Public Auditor and will continue working with DECEM and other relevant agencies to address outstanding issues within their respective responsibilities.

Respectfully submitted,



Rose N. Nakanaga

Tel: (691) 320-2640/2645

Fax: (691) 320-7728

Email: fsmsofa@mail.fm

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10. ONPA EVALUATION OF MANAGEMENT RESPONSE

Both DECEM and DOFA generally agreed with the findings in their management responses in Section 9 above. In addition, they have outlined corrective actions to address the identified issues.

11. NATIONAL PUBLIC AUDITOR COMMENTS

We express our gratitude and appreciation to the Secretary of DECEM, Secretary of DOFA, and their staff for their cooperation and assistance throughout this audit.

We have provided this report to His Excellency, the President; members of the 24th FSM Congress; Secretary of DECEM; and Secretary of DOFA.

If there are any questions or concerns regarding this report, feel free to contact our office. Our contact information is on the last page of this report along with the audit team that conducted this audit.



Haser H. Hainrick
National Public Auditor

October 16, 2026

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12. ONPA CONTACT AND STAFF ACKNOWLEDGEMENTS

ONPA CONTACT Haser Hainrick, National Public Auditor
Email: hhainrick@fsmopa.fm

ACKNOWLEDGEMENTS In addition to the contact named above, the following staff made key contributions to this report:

Selai Managreve, Audit Manager
Neong U. Yoma, Team Leader
Shelolyn Neth, Team Member

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P.O. Box PS-05
Palikir, Pohnpei FM 96941
Phone: (691) 320-2862/3

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