



Chuuk State
Office of the Public Auditor

P.O. Box B, Weno, Chuuk FSM 96942
Tel: (691) 330-8832/8835 Fax: (691) 330-8840
E-mail: publicauditor@fmocpa.com

OFFICE OF THE CHUUK STATE PUBLIC AUDITOR
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OCPA releases its follow-up audit on Accounts Receivable from Federal Grants

This is to announce that we have completed the follow-up audit on the Chuuk State Accounts Receivable from Federal Grants covering end of FY September 30, 2021 and subsequent collections up to January 27, 2022. The purpose of the follow-up was to determine whether actions were taken as regards to the audit recommendations indicated in the previous audit report 2019-01.

During the previous audit, we found that the Chuuk State has uncollected advances from the Federal Programs amounting to \$396,202.19. Majority of these uncollected advances were long outstanding accounts. We made two recommendations in the report to improve the management and monitoring of Accounts Receivable-Federal Grants and to ensure that the money advanced by the Chuuk State Government to run the federal programs was promptly collected back.

1. We recommended that the Funds Division Accountant should establish an accounts receivable subsidiary ledger and should maintain their own record of collections to reconcile the billed amounts with collections and receivable balance.
2. In addition, we recommended that the Federal Grants Fund Accountant should study the collectability of the accounts receivable and initiate collection if still collectible.

During the follow up audit, we found that recommendation # 1 above was implemented while no action was taken on recommendation # 2. The Accounts Receivable-Federal Grant Subsidiary ledger (using excel sheet) has now been in place to monitor and provide the details of the Accounts Receivable- Federal Grants.

On recommendation # 2, we noted that there was no complete study made on the collectability of the accounts as recommended. Old uncollected accounts still existed but not documented whether they can still be collected.

*****END*****

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