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OFFICE OF THE CHUUK STATE PUBLIC AUDITOR (OCPA)
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OCPA releases its audit on the Chuuk State Department of Health Services (Audit Report No. 2023-01)

The Office of the Chuuk State Public Auditor (OCPA) completed its Audit Report No. 2023-01 entitled **“Chuuk State Department of Health Services: Issues Found on Documentation, Inventory System, and Warehousing”**. This audit covered the period beginning fiscal year 2020 to fiscal year 2022. It was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the U.S. Comptroller General.

The objective of this audit was to determine whether the Chuuk State Department of Health Services (DHS) is effectively ensuring that financial transactions are compliant with applicable laws and regulations of Chuuk State, focusing on the proper filing and complete documentation of obligation and appropriate payment of government housing allowance. In addition, the second objective was to determine the efficiency and effectiveness of internal controls on pharmaceutical products, medical supplies, and donated items; focusing on inventory system and warehousing management.

The OCPA concluded the DHS did not comply with the Chuuk State Financial Regulation regarding the proper documentation and filing. Important documents were misplaced and untraceable. The OCPA found the documentation of \$354,210.73 worth of payments was missing on file: \$648,132 worth of payments was lacking supporting documents and, this cannot be substantiated. However, \$356,480.27 of this amount represents document for formulation of pharmaceuticals which was explained as filed with the Division of Planning and Statistics. In addition, a total of \$118,200 was overspent in housing allowance for three years caused by variance in rate and conflict of interest.

The OCPA also concluded that the DHS poorly managed its inventory and warehousing. The DHS was incurring a substantial amount estimated at \$1.5million yearly for procurement of pharmaceutical products and medical supplies. And an estimated of about \$1million is left in the inventory. However, the pharmaceutical products were manually tracked using Microsoft Excel which is not updated timely, and there was no system for medical supplies and donated items. As a result, an estimated purchased of medical supplies worth of \$432,514.32 was not properly accounted for. In addition, the OCPA noted that the inventory was stored in four different, fully packed warehouses.

The OCPA recommended proper filing of documentation and an updated policy on housing allowance. Regarding the inventory, the OCPA recommended for investment on new inventory system and bigger warehouse.

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The actual audit report can be accessed on the “Office of the Chuuk State Public Auditor” Facebook post entitled **“Chuuk State Department of Health Services: Issues Found on Documentation, Inventory System, and Warehousing”**