

PRESS RELEASE NO. 2021-06
Office of the National Public Auditor, FSM
Palikir, Pohnpei FM
July 20, 2021

We have completed our second performance audit on the Pacific Island Regional Oceanscape Program (PROP) funded by International Development Association – World Bank (WB). The PROP project is a five-year project which the FSM National Oceanic Resources Management Authority (NORMA) has been implementing since May 2015 when the Financing Agreement between the WB and FSM was initially formalized. The objective of the PROP Project is to strengthen the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend.

This performance audit was requested by the Executive Director of National Oceanic Resource Management Authority (NORMA) as required by the Financial Agreement and covers the period FY2018 – FY2020 up to January 2020; however, relevant information up to FY2021 was also used to come up with the findings, recommendations and conclusions that reflect recent implementation updates. The focus of our audit was on Components 1 & 4 only of the PROP project, as Component 2 had been completely implemented by the Department of Resources & Development while Component 3 is not applicable to FSM. Our office had carried the 1st performance audit on the PROP project for the period March 2015 to September 2017 (issued on Audit Report No. 2018-01), and an audit follow-up report was issued on Audit Report No. 2020-03.

We conducted this audit performance in accordance with the generally accepted government audit standards. Those 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.

We noted that the PROP project was set to end in September 30th 2020 and later extended for another year to September 30th 2021 following a restructure proposal by FSM. Based on our audit, we concluded the following:

- a) Project development objectives are anticipated to be achieved by the new closing term of the project (September 2021) despite the delays in implementation of activities as:
 - i. NORMA continues to implement project activities relating to institutional strengthening and capacity building; activities that relate to meeting Disbursement Linked Indicators (DLI) for strengthened management tuna fisheries; and activities that are based on the annual work plan and budget; and
 - ii. NORMA has not fully met the required DLI targets even though it is up to date with its disbursement.

- b) Lack of required support from Forum Fisheries Agency (FFA) and other challenges delayed full implementation of project activities under Component four (4) as:
 - i. FFA did not provide initial required support needed for procurement activities, documentation for national level project procurement processing and daily implementation of the PROP project;
 - ii. There was no Procurement Specialist until late September 2017 and no recruitment for both Finance Officer and Safeguard Specialist to assist FSM PROP project; and
 - iii. NORMA encountered difficulty in obtaining timely approvals for procurement.

- c) NORMA is in process of implementing strategic steps to sustaining the activities currently funded by World Bank including formalization of an approved 5-years Strategic Plan 2018-2023 and finalizing the FSM National Oceanic Fisheries Investment Policy 2018-2023.

We thank the Executive Director for NORMA for requesting our audit services.

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