



REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL

**Review of Imprest Fund Management in the Consulate-General Office
Honolulu, Hawaii: Fiscal Years 2014-2016**



Report NO: 03/17-1662

August 20, 2018
Date

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Honorable John M. Silk
Minister of Foreign Affairs and Trade
Republic of the Marshall Islands

**Subject: Review of Imprest Fund Management in the RMI Consulate
General Office in Honolulu, Hawaii**

Dear Minister:

We conducted a review of Imprest Fund Management by the Republic of the Marshall Islands Consulate General Office (Consulate Office) in Honolulu, Hawaii. The objectives of our review were to determine if (1) Imprest Fund expenditures were incurred and paid in accordance with established RMI laws, policies, and guidelines, (2) capital assets under the custody of the Consulate Office were properly accounted for, and (3) whether prior year recommendations have been implemented. Our review covered activities during fiscal years 2014, 2015, and 2016.

Unless well controlled, Imprest Funds provide opportunities for misuse, loss and theft of money. In addition to RMI laws governing expenditures of public funds, the Ministry of Finance, Banking and Postal Services has developed Imprest Fund guidelines and policies to minimize these opportunities. The Ministry of Foreign Affairs and Trade and each Embassy, Mission and Consulate are responsible for implementing and complying with these Imprest Fund policies.

Our review found that Consulate Office has not fully complied with these policies. For example, we found that the Consulate Office continued to incur expenses in excess of appropriations limit and fixed assets under its custody were not properly accounted for. In addition, we found that not all Consulate Office expenses were reimbursed back to the Imprest account due to lack of adequate documentations, invoices, and receipts to support each expense incurred. We do commend the Consulate Office for implementing a two-

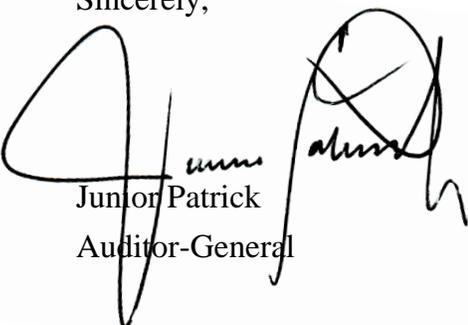
official signature to authorize withdrawal and disbursement from the Imprest bank account, a key internal control we highlighted in our prior review. This control ensures that at least two people must agree that a withdrawal is legitimate and payment is appropriate for valid official purposes.

Pursuant to the Auditor-General Act of 1986, we provided the Consul General, the Secretary of Foreign Affairs and Trade, and the Secretary of Finance a copy of our draft report requesting their responses in writing. We appreciated the response from the Consul General and Secretary of Finance which we have included as Appendix I and II, respectively. We also discussed our report with Consul General and Assistant Consul during our exit teleconference on July 30, 2018. We did not receive a written response from the Secretary of Foreign Affairs and Trade regarding this review.

The most important outcome of any review is the correction of past deficiencies and improvement in the internal controls and operation. We believe that the implementation of our recommendations is a step in that direction. This Office maintains a “Follow-Up-System” and in order for this report to be closed, we require the actions detailed in Appendix IV to be implemented.

We wish to express our sincere appreciation to the Consul General, the Secretary of Foreign Affairs and Trade, the Secretary of Finance, and their staffs, for their cooperation during the course of our review.

Sincerely,



Junior Patrick
Auditor-General

Date: August 20, 2018

Cc: President
Minister of Finance, Banking and Postal Services
Secretary of Finance
Secretary of Foreign Affairs and Trade
Consul-General, Consulate-General Office in Honolulu, HI
OAG File

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Background

Republic of the Marshall Islands' (RMI) Consulate-General Office (Consulate Office) in Honolulu, HI was established pursuant to Cabinet Minute 146(88) dated August 26, 1988. In August 2016, Cabinet endorsed RMI's foreign policy and operational manual which provide additional clarification on the roles and responsibilities of RMI Overseas Missions. RMI Overseas Missions are established with the mandate to pursue national interests and broader government goals and objectives at their respective host countries and jurisdictional areas of responsibility. The key responsibilities of the Consulate Office include¹:

- Assists the RMI Embassy to the United States of America by providing consular assistance to RMI citizens. Its functions, duties and responsibilities include protecting and safeguarding the welfare and interests of the Marshall community in Hawaii. The Consul-General performs administrative and logistical support to the Ministry of Foreign Affairs and the Ministry of Health;
- Collects information and provides comprehensive analytical reports thereof, including policy advice, to the RMI Ambassador to the U.S. as well as to the Secretary;
- The Consul-General assumes key functions in representing the RMI government in Hawaii and in promoting, maintaining and strengthening relations with the federal, state and municipal governments in Hawaii. The latter may include cultural activities that would help promote understanding and appreciation of the Marshallese culture;
- Reports on economic, trade, commercial and other development opportunities to the RMI from the government of the Hawaii;
- Liaises with the Division of Investment and Trade of the Ministry of Resources and Development on activities that are related to the exploration of investment, research and business opportunities that may exist in Hawaii; and

¹ Foreign Policy Manual Adopted by Cabinet in August 2016

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- Serves as the focal point of the RMI government interests in Hawaii, and shall cooperate with the RMI Ministry of Health on issues relating to the management of the health referral program, the management of RMI assets and other duties and responsibilities as may be assigned by the government.

RMI laws and regulations govern all activities of the Consulate Office. Specifically, the operation of the Consulate is guided by the Financial Management Act, Procurement Code, Income Tax Act, Travel Policy and the Imprest Fund Guidelines as prescribed by the Secretary of Finance, and such other applicable laws and policies of the RMI. In August 2016, the Cabinet endorsed operations manual and foreign policy regulations that include additional procedures for overseas missions and embassies to follow.

Consulate management has responsibility to ensure that the operational expenditures of the Consulate are carried out in accordance with the relevant laws, policies and procedures of the RMI. During our fieldwork, Consulate had four officers having management and administrative responsibilities over the operation of the Consulate, including the Consul-General, Assistant Consul-General, an Outreach Coordinator, and a Logistic Officer/Administrator.

The Consulate Office operates through an Imprest Fund scheme. Imprest Fund are cash fund set aside for the operational expenditures of the Consulate. At the close of each month, the Consulate prepares and submits itemized and detailed expenses paid out of the Imprest Fund for the purposes of replenishing the Imprest Fund to its original amount. The monthly reports are submitted with relevant documents, invoices, cancelled checks, bank statement/reconciliation, and such other relevant documents to the Ministry of Foreign Affairs and Trade (MOFAT) and Ministry of Finance, Banking and Postal Services (Ministry of Finance or MOF) for review and approval. Once expenses have been reviewed and approved for the month, the amount requested is processed and Imprest Fund Account is replenished to its initial amount.

For its operational needs, each year the Consulate Office and the MOFAT prepares a budget for the Consulate Office's recurrent operational expenses. Table 1 below indicates the annual budget allocation of the Consulate during the periods from FY 2014 through FY 2016.

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Table 1: Operational Budget

Fiscal Year	Approved Budget	Amended Budget
2014	\$177,853	\$197,063
2015	\$172,517	\$193,319
2016	\$166,433	\$180,890
Total	\$516,803	\$517,272

Source: Appropriation Acts & Ministry of Finance Budget Reports (DILOG 240-P)

Objective, Scope & Methodology

The OAG is concerned about the adequacy of internal controls related to the safeguarding of assets, compliance with RMI laws, policies, and guidelines regarding the Imprest Fund. The OAG examined if: (1) Imprest Fund expenditures were incurred and paid in compliance with established laws, policies, and guidelines, (2) the Consulate properly accounted for capital assets under its custody; and (3) whether prior year recommendations have been implemented.

The review was conducted pursuant to Article VIII, Section 15(1) of the RMI Constitution which states in part:

“The Auditor-General shall audit public funds and accounts of the Republic of the Marshall Islands including those of the department or offices of the legislative, executive, and judicial branch of government, and of any other public corporation or other statutory authority constituted under the laws of the Marshall Islands unless, in relation to any such public corporation or any statutory authority, provision is made by Act for audit by any other person.”

Our inspection was conducted from August 29, 2017 to November 30, 2017 in accordance with the Quality Standards for Inspections and Evaluations as put forth by the Council of Inspectors General on Integrity and Efficiency (CIGIE). We believe that the work performed provides a reasonable basis for our conclusion.

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To accomplish our objectives, the Office of the Auditor-General (OAG) conducted the following activities at the MOF, MOFAT, and at the RMI Consulate-General Office in Honolulu, Hawaii:

- Analyzed actual expenditures versus appropriation to assess whether the Consulate Office expenses were within its appropriation limit;
- Examined a random sample for each fiscal year from 2014-2016 of reimbursement forms to determine whether expenditures were included in the Consulate's line item budget, the permissibility of the expenditures, and whether the expenditure was properly supported. In addition, the examination tested transactions valued at over \$300 and excluded payroll and cost of living allocation that were not subject to disbursement from the Imprest Fund;
- Evaluated the adequacy of internal controls to safeguard the assets of the RMI by interviewing and evaluating RMI policies and procedures governing cash receipts, cash disbursements, purchasing, receiving, and acquisition and dispositions of property and equipment;
- Verified the existence of all capital assets recorded on the Consulate's fixed Asset Register and the completeness of the fixed asset listing submitted to the MOFAT;
- Randomly selected assets purchased from April 1, 2016 to September 30, 2016 to determine their existence on the fixed asset listing; and
- Review prior year reports and management letters prepared by RMI's external financial auditor.

Prior Year Audit Coverage

This is the second inspection review undertaken by the OAG on the Consulate's Imprest Fund. However, the OAG has performed internal control reviews in prior years.

Findings and Recommendations

**Finding No. 1 – The
Consulate Does Not
Adhere to Fixed Assets
Policies and Procedures**

All overseas missions shall annually furnish to MOFAT a list of fixed assets valued over \$300 that belong to the RMI under the custody of the Consulate Office, whether donated or purchased with funds appropriated to the Consulate. RMI defines fixed assets as building, improvements, furniture, equipment, ships, over the road vehicles and aircraft. In addition, the Imprest Fund Procedures require a Fixed Assets Register (FAR) be maintained at the Consulate at all times. The FAR needs to be updated every two years indicating all assets acquired and disposed of every two years.

Our review found that the Consulate Office did not update its FAR until the time of our visit. The FAR was incomplete and missed crucial information such as cost and date of acquisition of assets, current conditions, and a list of disposed off assets. In addition, MOFAT had failed to ensure that the Consulate maintains a complete record of RMI assets under its custody. Without a complete record of assets it is difficult for the Consulate Office and MOFAT to monitor its existing assets and creates the potential for loss of Government properties to occur which may not be detected and corrected in a timely manner.

In our report dated July 31, 2015, we identified similar weaknesses in the Consulate Office's current method of accounting for fixed assets under its custody. Despite assurances by the Consulate Office and MOFAT in their responses to implement our recommendations, we note these weaknesses continue to exist.

Recommendation:

We recommend that:

1. The Consulate Office should maintain a complete list of all RMI assets under its custody. In addition, the fixed asset register should be updated once at least every two years indicating lists of assets that were acquired and disposed off during the period.

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Finding No. 2 – Certain Consulate disbursements were not reimbursed by the Ministry of Finance

All expenditures from the Consulate Imprest Fund account should agree to amounts reported and reimbursed back to the Imprest Fund.

Our review found discrepancies between expenditures paid and reported by the Consulate Office when compared to actual amounts reimbursed back to the Consulate Imprest Fund. Total of these variances for fiscal years 2014, 2015 and 2016 amount to \$11,292 as illustrated in Table 2 below. The variances are a result of certain expenditures reported not being reimbursed or were disallowed by the Ministry of Finance due to lack of adequate supporting documentations, receipts or invoices to support expenses incurred. In other instances, expenditures were disallowed because those line items have exceeded authorization (budget). We present details of these discrepancies in Exhibit 1-A thru 1-C attached to this report.

Table 2: Summary of Discrepancies between amount expended/reported and actual reimbursements back to Imprest Fund

Fiscal Year	Per Reimbursement Reports	Per Wire Transfers	Under/Over (-/+) Reported
2014	\$50,367	\$50,031	\$(336)
2015	\$56,045	\$53,363	\$(2,682)
2016	<u>\$64,180</u>	<u>\$55,906</u>	<u>\$(8,274)</u>
Total	<u>\$170,592</u>	<u>\$159,300</u>	<u>\$(11,292)</u>

Source: Consulate's Reimbursement Reports versus Wire-Transfer records maintained by MOF

The effect of the above conditions have resulted in the Imprest Fund being depleted, thereby affecting the Consulate Office's ability to maintain cash availability on hand to pay for its recurrent operational expenses and other unexpected billings that may arise during the course of the operation. Further, there is the possibility that unauthorized transactions may occur which may not be detected and corrected in a timely manner.

In addition, we noted that RMI Single Audit Management Letter Reports addressed to the Secretary of Finance for FY2014 through FY2016 indicated also certain reconciling items (Unknown variances) that need resolution as shown in the Consulate Imprest Fund reconciliations performed by the Ministry of Finance.

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<u>Reconciling Items</u>	<u>Year</u>	<u>Amount</u>
Unknown variance	2014	\$(1,143)
Unknown variance	2015	\$(1,089)
Unknown variance	2016	<u>\$(1,089)</u>
Total		<u>\$(3,321)</u>

Recommendations:

We recommend that:

2. The Consulate Office should ensure that all disbursements are accompanied by proper and verifiable vendor invoices and receipts.
3. The Ministry of Foreign Affairs and Trade should carefully review the monthly reimbursement reports submitted by the Consulate Office to ensure that all disbursements are adequately supported with valid receipts. Any payments that are missing supporting document should be communicated to the Consulate for correction in a timely manner.
4. The Consulate Office should work with the Ministry of Finance to determine the appropriate resolution to the discrepancies (Unknown variances) highlighted in the RMI Single Audit Management Letter Reports.

Finding No. 3 – Consulate Expenses Exceeded Budget Authorization

The Financial Management Act restricts departments and agencies of the RMI from exceeding budget appropriation. In addition, Section 2 of the Over-Expenditure and Over-Obligations of Fund Act stipulates that no personnel shall authorize or expend any government funds in excess of appropriate amounts, except in emergencies, and only pursuant to procedures provided by law.

Our analysis of budget and expense financial reports (Dialog 240-P Report) showed that the Consulate Office did not exceed its overall approved budget for the two years under review

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except for FY 2014 where expenditures exceeded its budget by \$28,293. This is a result of certain line items exceeding their budget limits and some expense line items were not budgeted at all as indicated in Table 3 below. Details of these are presented in Exhibit 2-A thru 2-C attached to this report.

Table 3: Line items budget exceeded the approved amounts:

Fiscal Year 2014

Description	Account No.	Approved Budget	Actual Expense	Variance	Comment
Wages and Salaries	1011	\$67,000	\$91,454	\$(24,454)	a
Lease and Rental Housing	2115	-	\$6,657	\$(6,657)	b
Cost of Living Allowance	2110	\$35,725	\$43,750	\$(8,025)	c
Allowance	2615	-	\$2,000	\$(2,000)	d
Total		\$102,725	\$143,861	\$(41,136)	

Source: Appropriation Acts & MOF Budget Report (DILOG 240-P)

- a. Wages and salaries was budgeted for \$67,000 but incurred a total of \$91,455 resulting in a variance of \$24,455. No budget amendments were noted on file.
- b. No budget authorization was made for Leased & Rental Housing resulting in total expenses of \$6,657 as unauthorized spending as there were no budget amendments noted on file.
- c. Cost of Living Allowance (COLA) exceeded authorization by \$8,025. A budget officer at the Ministry of Finance indicated to us that the cause of the overspending is a result of a retroactive payment. We noted no budget amendments or authorization for the retroactive payment.
- d. Allowance account was not budgeted for but incurred \$2,000. We noted the \$2,000 represents a payment to an Official at the RMI Korean Embassy but was incorrectly charged to the Consulate's Imprest Fund account.

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Fiscal Year 2015

Description	Account No.	Approved Budget	Actual Expenses	Variances	Comment
Wages and Salaries	1011	\$67,000	\$87,646	\$(20,646)	e
Total		\$67,000	\$87,646	\$(20,646)	

Source: Appropriation Acts & MOF Budget Report (DILOG 240-P)

- e. Budget for Wages and Salaries was set for \$67,000. However, an \$87,646 was incurred resulting in a variance of \$20,646 being expended above budget authorization limit. Discussions with the staff indicated that this variance is the result of the salary of wages for the Outreach Coordinator which was not reflected in the budget.

Fiscal Year 2016

Description	Account No.	Approved Budget	Actual Expenses	Variances	Comment
Wages and Salaries	1011	\$27,000	\$97,677	\$(70,677)	f
Total		\$27,000	\$97,677	\$(70,677)	

Source: Appropriation Acts & MOF Budget Report (DILOG 240-P)

- f. Per the financial budget report from Ministry of Finance (DILOG 240-p), wages and salaries were budgeted for \$27,000; however the Consulate Office incurred \$97,677, a variance of \$70,677. The variance appears to be related to salaries for three Consulate employees totaling \$61,000 that was not reflected in the salaries and wages account (1011) and an unidentified variance of \$9,677. We noted also that contractual services account (1520) had an approved budget of \$66,964 without any expenses charged against it. According to staff at Ministry of Finance, this might be an error in posting to the system, as salaries and wages for all employees at the Consulate Office were budgeted during this period.

Currently, the Consulate Office does not have a system in place to track and monitor expenditures against budget authorization. Without an effective monitoring tool for budget analysis, mis-postings and over expenditures could occur without being detected and corrected in a timely manner. In addition, the effect of the above conditions is non-compliance with the Over-Expenditure and Over-Obligations of Fund Act.

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In our report dated July 31, 2015, we highlighted also the same issue where Consulate Office incurred expenses in excess of budget (authorization).

Recommendations:

We recommend that:

5. The Consulate Office should:
 - Only incur expenses with budget authorization. Unexpected expenses are to be processed only in accordance with procedures prescribed by RMI laws.
 - Develop a monitoring tool to track line item expenses against their budget. Each time a purchase is made the budget tracking tool must reflect a decrease in the authorization. This is important to avoid risk of incurring expenses in excess of appropriations limit.
 - Obtain on a periodic basis a financial budget report from the Ministry of Finance and reconcile with its own records and if discrepancies are noted, they should be further investigated and reported to the Ministry of Finance for corrective action.
6. The MOFAT and Ministry of Finance should ensure strict compliance with financial management guidelines pertaining to budget control. Specifically, both Ministries should carefully and verify that there is available funding for each expense item reported for reimbursement prior to processing of reimbursements. Unbudgeted items are to be processed only in accordance with procedures prescribed by RMI.
7. The Secretary of Foreign Affairs and Trade should ensure realistic budget that include all operational needs of the Consulate Office.

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Exhibits

Exhibit 1-A: Comparative Analysis FY 2014

Date	Description	Per Check Register	Per Reimbursement Vouchers	Amount Wired	Variance: Over/Under
12/31/13	October Reimbursement	\$1,970	\$1,970	\$1,970	\$ -
12/31/13	November Reimbursement	\$110	\$110	\$110	\$ -
12/31/13	December Reimbursement	\$6,786	\$6,786	\$5,078	\$(1,708)
03/03/14	January Reimbursement	\$5,174	\$5,174	\$6,772	\$1,598
03/03/14	February Reimbursement	\$218	\$218	\$218	\$ -
05/27/14	March Reimbursement	\$6,366	\$6,366	\$6,366	\$ -
05/27/14	April Reimbursement	\$5,929	\$5,929	\$6,286	\$357
07/10/14	May Reimbursement	\$2,096	\$2,096	\$2,096	\$ -
07/10/14	June Reimbursement	\$5,698	\$5,698	\$5,698	\$ -
09/12/14	July Reimbursement	\$7,599	\$7,599	\$7,016	\$(583)
10/04/14	August Reimbursement	\$7,796	\$7,796	\$7,796	\$ -
10/27/14	September Reimbursement	\$625	\$625	\$625	\$ -
Total		\$ 50,367	\$ 50,367	\$ 50,031	\$ (336)

Source: Consulate's Check Register, Reimbursement Reports and Wire Transfers

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Exhibit 1-B: Comparative Analysis FY 2015

Date	Description	Per Check Register	Per Reimbursement Vouchers	Amount wired	Variance: Over/Under
12/02/14	October Reimbursement	\$7,870	\$7,870	\$7,870	\$ -
01/16/15	November Reimbursement	\$8,155	\$8,155	\$7,702	\$(452)
03/05/15	December Reimbursement	\$399	\$399	\$399	\$ -
03/10/15	January Reimbursement	\$6,850	\$6,850	\$6,850	\$ -
05/15/15	February Reimbursement	\$841	\$841	\$841	\$ -
05/29/15	March Reimbursement	\$111	\$111	\$111	\$ -
06/03/15	April Reimbursement	\$6,850	\$6,850	\$6,850	\$ -
07/22/15	May Reimbursement	\$1,021	\$1,021	\$1,021	\$ -
07/22/15	June Reimbursement	\$4,187	\$4,187	\$3,383	\$(804)
09/11/15	July Reimbursement	\$7,815	\$7,815	\$7,815	\$ -
12/22/15	August Reimbursement	\$3,215	\$3,215	\$3,215	\$ -
12/22/15	September Reimbursement	\$8,731	\$8,731	\$7,305	\$(1,426)
Total		\$56,045	\$56,045	\$53,363	\$(2,682)

Source: Consulate's Check Registers, Reimbursement Reports and Wire Transfers

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Exhibit 1-C: Comparative Analysis FY 2016

Date	Description	Per Check Register	Per Reimbursement Vouchers	Amount Wired	Variance: Over/Under
12/22/15	October Reimbursement	\$3,501	\$3,501	\$3,501	\$ -
1/6/16	November Reimbursement	\$5,497	\$5,497	\$5,496	\$(1)
01/25/16	December Reimbursement	\$5,878	\$5,878	\$5,878	\$ -
3/28/16	January Reimbursement	\$1,063	\$1,063	\$1,063	\$ -
03/28/16	February Reimbursement	\$5,378	\$5,378	\$5,356	\$(22)
07/22/16	March Reimbursement	\$4,300	\$4,300	\$3,945	\$(355)
07/22/16	April Reimbursement	\$1,659	\$1,659	\$1,659	\$ -
06/23/16	May Reimbursement	\$6,778	\$6,778	\$6,778	\$ -
08/16/16	June Reimbursement	\$6,020	\$6,020	\$6,020	\$ -
09/28/16	July Reimbursement	\$2,944	\$2,944	\$2,944	\$ -
09/28/16	August Reimbursement	\$5,116	\$5,116	\$4,731	\$(384)
10/16/16	September Reimbursement	\$16,046	\$16,046	\$8,534	\$(7,512)
Total		\$64,180	\$64,180	\$55,906	\$(8,274)

Source: Consulate's Check Registers, Reimbursement Reports and Wire Transfers

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Exhibit 2-A: Budget vs. Actual FY 2014

Account Name	Acct No.	Adjusted Budget	Expended	Encumbered	Balance Remaining
Salaries & Wages Marsh	1011	\$67,000	\$91,454		\$(24,454)
Pers Benefits – Marsh	1115	\$7,035	\$7,871		\$(836)
Employee Insurance Exp	1116	\$900	\$421		\$479
Audit Expense	1515	\$(4)			\$(4)
Travel	2020	\$6,848	\$6,848		\$ -
International Travel	2021				\$ -
Cost of living Allowance	2110	\$35,725	\$43,750		\$(8,025)
Leased & Rental Housing	2115		\$6,657		\$(6,657)
Utilities	2215	\$23,060	\$16,881		\$6,179
Communication	2305	\$10,800	\$5,278		\$5,522
Insurance	2315	\$4,003	\$4,523		\$(520)
Printing & Reproduction	2320	\$110	\$221		\$(111)
Repairs	2325	\$1,500			\$1,500
Freight	2401	\$2,351	\$1,736		\$615
Office/Computer Supplies	2405	\$294	\$294		\$ -
POL (Fuel)	2410	\$8,151	\$10,245		\$(2,094)
Water	2445	\$891			\$891
Other Supplies/Materials	2450	\$2,601	\$2,601		\$-
Representation	2605	\$2,500	\$1,116		\$1,384
Allowances	2615		\$2,000		\$(2,000)
Other Charges & Expenses	2750	\$23,239	\$1,220	\$22,182	\$(163)
Vehicle	3133	\$59	\$59		\$ -
Grand Total		\$197,063	\$203,174	\$22,182	\$(28,293)

Source: Appropriation Acts & MOF Budget Reports (Dialog 240-P)

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Exhibit 2-B: Budget vs. Actual FY 2015

Account Name	Acct No.	Adjusted Budget	Expended	Balance Remaining
Salaries & Wages Marsh	1011	\$67,000	\$87,646	\$(20,646)
Pers Benefits - Marsh	1115	\$7,035	\$7,293	\$(258)
Employee Insurance Exp	1116	\$900	\$411	\$489
Audit Expense	1515			\$ -
Cost of living Allowance	2110	\$40,867	\$37,500	\$3,367
Leased & Rental Housing	2115	\$2,627		\$2,627
Utilities	2215	\$20,060	\$22,687	\$(2,627)
Communication	2305	\$7,553	\$3,949	\$3,604
Insurance	2315	\$6,342	\$6,342	\$ -
Printing & Reproduction	2320	\$550	\$84	\$466
Repairs	2325	\$1,500	\$1,295	\$205
Freight	2401	\$900	\$116	\$784
POL (Fuel)	2410	\$5,456	\$5,456	\$ -
Water	2445	\$1,000		\$1,000
Other Supplies/Materials	2450	\$1,379	\$1,352	\$27
Representation	2605	\$2,815	\$(8,857)	\$11,672
Other Charges & Expenses	2750	\$27,334	\$152	\$27,182
Grand Total		\$193,319	\$165,428	\$27,891

Source: Appropriation Acts & MOF Budget Reports (Dialog 240-P)

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Exhibit 2-C: Budget vs. Actual FY 2016

Account Name	Acct No.	Amended Budget	Expended	Encumbered	Balance Remaining
Salaries & Wages Marsh	1011	\$27,000	\$97,677		\$(70,677)
Pers Benefits - Marsh	1115	\$2,100	\$8,322		\$(6,222)
Employee Insurance Exp	1116	\$900	\$270		\$630
Audit Expense	1515	\$(10)			\$(10)
Contractual Services	1520	\$66,964			\$66,964
Travel	2020	\$1,000	\$1,474		\$(474)
International Travel	2021	\$5,000	\$4,304	\$1,084	\$(388)
Cost of living Allowance	2110	\$12,500	\$12,500		\$ -
Rentals	2205	\$1,250			\$1,250
Utilities	2215	\$17,048	\$14,905		\$2,143
Communication	2305	\$11,312	\$10,748		\$564
Insurance	2315	\$13,412	\$10,864		\$2,548
Printing & Reproduction	2320	\$550	\$506		\$44
Repairs	2325	\$3,271	\$2,588		\$683
Freight	2401	\$985	\$619		\$366
Office/Computer Supplies	2405	\$479	\$428		\$51
POL (Fuel)	2410	\$5,000	\$2,584		\$2,417
Water	2445	\$500	\$166		\$334
Other Supplies/Materials	2450	\$2,592	\$1,928		\$664
Representation	2605	\$7,401	\$6,964		\$436
Other Charges & Expenses	2750	\$290	\$277		\$13
Office Equipment & Computer	3132	\$1,348	\$1,348		\$ -
Grand Total		\$180,891	\$178,469	\$1,084	\$1,337

Source: Appropriation Acts & MOF Budget Reports (Dialog 240-P)

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Appendices: Agency Responses

Appendix I: Consulate's Response to Recommendations



Consulate - General of the
Republic of the Marshall Islands
Honolulu Office



August 14, 2018

Mr. Junior Patrick
Auditor-General
Office of the Auditor-General
Majuro, Marshall Islands 96960

Dear Mr. Auditor-General Junior Patrick:

Thank you for your letter of August 1, 2018 regarding the report of the audit report of 2014-2016 of the RMI Consulate in Honolulu. Also thank you and your staff for the Video Conference on July 31, 2018.

In the Audit Report of 2014-2016, there are three findings: The 1st Finding (assets), the Consulate has a list of Fixed Assets but was not updated. We will make sure the list will be updated right away.

Finding #2, Consulate disbursements were not reimbursed by the Ministry of Finance. The Consulate will work closely with MOFAT administration and Finance on the issue.

Finding #3, Consulate Expenses Exceed Budget Authorization. New employee hired in the middle of the fiscal year without budget authorization. The Consulate will do its best not to exceed the budget authorization with the assistance of the MOFAT Assistant Secretary of Administration and the Ministry of Finance.

I am pleased to say that the Audit Report this year is much better than the last report and we will try to do our best to comply with the RMI laws, policies and guidelines.

Best regards,

Neijon Rema Edwards
Consul-General, RMI Honolulu Consulate-General

Cc: Secretary of MOFAT

1888 Lusitana Street, Suite #301, Honolulu, HI 96813 * Tel: (808)545-7767 * Fax: (808)545-7211

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Appendix II: Ministry of Finance, Banking and Postal Services' Response to Recommendation



Republic of the Marshall Islands
Ministry of Finance, Banking & Postal Services
P.O. Box D ~ Majuro ~ Marshall Islands ~ 96960
Phone No. (692) 625-8311 ~ Fax No. (692) 625-3607

August 20, 18

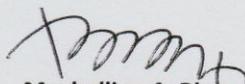
Mr. Junior Patrick
Auditor General
Office of the Auditor General
Majuro, RMI 96960

Dear Auditor General Patrick,

The Ministry of Finance, Banking, and Postal Services received the Inspection Draft with gratitude and is pleased to submit its responses to both Honolulu and Fiji's Imprest Fund Performance Audits for 2017. Please let us know should you have any questions or concerns.

Thank you!

Sincerely,


Maybelline A. Bing

Secretary of Ministry of Finance, Banking & Postal Services

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Audit Response for Honolulu Consulate Imprest Fund 2017

Finding no. 3: The Ministry of Finance, Banking and Postal Services agrees with the finding and will continue to work with the Ministry of Foreign Affairs and Trade to ensure the consulate complies to the financial management Act. It will continue to ensure quality assurance to avoid reimbursing more than needed now that the office of the Compliance and Monitoring officer and Internal Auditor is in place. In addition, The PFM-RCU is in the process of developing a Procedures Manual on Imprest Fund administration and will conduct simultaneous training workshops and forum to ensure proper execution of guidelines and procedures set.

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Appendix III: Auditors' Response to the Comments from the Consulate-General and Ministry of Finance

We acknowledge the comments by both Consulate General and the Secretary of Finance for taking steps to improve Imprest Fund management at the Consulate Office. In particular, we commend the Secretary of Finance for the initiative to establish a new Procedural Manual on Imprest Fund administration and conduct training workshops to ensure proper execution of these guidelines and procedures.

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Appendix IV: OAG Follow-Up System

#	FINDING	ACTION TO BE TAKEN
1	The Consulate Does Not Adhere to Fixed Assets Policies and Procedures	<p>Consulate:</p> <p>To provide a copy of the updated fixed assets register and written assurance that recommendation has been implemented.</p>
2	Certain Consulate Disbursements were not reimbursed by the Ministry of Finance.	<p>Consulate and MOFAT:</p> <p>Provide written assurance that recommendation regarding lack of proper supporting documentation to support each expense incurred has been implemented.</p> <p>MOF:</p> <p>Provide a copy of new Procedure Manual on Imprest Fund guidelines and approved by government.</p>
3	The Consulate Expenses Exceeded the Budget Authorization	<p>Consulate:</p> <p>Provide a copy of your proposed budget and written assurance that recommendation will be implemented by Consulate and MOFAT.</p>

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Contact and Acknowledgement

OAG Contact

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Acknowledgement

The following auditors made key contributions to this report.

Atmita Jonathan, Assistant Auditor-General

Ayako Yamaguchi-Eliou, Audit Manager (no longer with OAG)

Elizabeth Jack, Audit Supervisor

Lynna Rockyland, Staff Auditor

David John, Staff Auditor

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Office of the Auditor-General

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Majuro, MH 96960

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