

REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL



Audit of RMI Embassy in Suva, Fiji
FY 2017-2021

**Repeated Noncompliance Signals Need for Stronger Oversight of Embassy
Activities**

REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL
Audit of RMI Embassy in Suva, Fiji
Fiscal Years 2017 to 2021

Honorable Kalani Kaneko
Minister of Foreign Affairs and Trade
Republic of the Marshall Islands
Majuro, MH 96960

Subject: Audit of RMI Embassy in Suva, Fiji

Dear Minister,

We have completed an audit of the RMI Embassy in Suva, Fiji. The objectives of the audit were to determine (1) if the Embassy spendings complied with established RMI laws, policies and guidelines, and (2) whether compliance issues previously reported have been addressed. The audit covered fiscal years 2017 to 2021.

Based on our audit, we found that the Embassy's spending did not comply with established RMI laws and policies in many instances. Many of the compliance issues identified in this audit were also noted and reported in our previous reviews, indicating that corrective actions have not been effectively implemented. It also appeared that RMI laws and policies were disregarded to allow greater convenience and flexibility in operations. We provide a summary of the noncompliance issues identified during our audit, along with the applicable RMI requirements, below. Further details are provided in the Findings and Recommendations section:

1. Certain Embassy Expenses Were Not Supported with the Required Documentations

A total of 20 transactions amounting to \$13,090.08 lacked the required supporting documentation. Accordingly, we were unable to determine the authenticity and appropriateness of the expenses paid. The *Foreign Affairs regulations 2016* (Foreign Affairs Regulations) and the *Procedures Manual: Imprest Fund of the Embassies/Missions* (Procedures Manual) require all Embassy expenses to be properly supported with appropriate documentation to justify each expense incurred.

2. Noncompliance with Procurement Policy

A total of 24 expenditures amounting to \$38,663.94 did not include adequate documentation to demonstrate compliance with small purchase procedures. The RMI Procurement Code Act of 1988 (Procurement Code) requires that for small purchases of supplies or services between \$500 and \$25,000, at least three businesses must be solicited to submit written, electronic, or oral quotations. Additionally, the Procedures Manual also states that “all purchases of goods

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and services shall conform with the RMI Procurement Code Act of 1988”.

3. Certain Embassy Expenses Were Disallowed for Reimbursement

A total of \$62,815.88 in expenses over the five-year review period were disallowed for reimbursement primarily due to insufficient documentation to justify expenses, questions regarding the eligibility of the expenses and budget exhaustion. According to the Foreign Affairs Regulations and the Procedures Manual, every financial report must account for the Mission’s expenditures and include valid invoices and receipts as evidence of the amounts expended.

4. Certain Embassy Expenses Exceeded the Authorized Limits (Budgets)

Certain line-item expenses exceeded authorized amounts or were not budgeted. Under the Financial Management Act 1990¹, departments, agencies or establishments of the RMI Government are prohibited from exceeding budget appropriations. Additionally, the Over-Expenditures and Over-Obligations of Funds Act 1977² stipulates that no person shall authorize or expend any governmental funds in excess of appropriated amounts, except in emergencies and only pursuant to procedures provided by law.

5. Certain Travels Did Not Comply with the RMI Travel policy

A total of \$26,415.23 in domestic and international travel expenses did not comply with RMI travel policy requirements. The Foreign Affairs Regulations require that all travel by the Heads of Missions and staff members employed at Missions must receive prior approval from the Secretary for travel outside the host country or State, whether for official or unofficial purposes. In addition, the Government Travel Policy requires all official travels be properly supported and approved through Travel Authorizations (TA) forms.

6. Not All Required Monthly Reports Were Submitted by the Embassy

Not all required documents and reports were submitted to the Ministry of Foreign Affairs and Trade (MOFAT) and the Ministry of Finance (MOF) as outlined in the Procedures Manual. The manual requires submission of the following reports and documentations on a monthly basis:

- Disbursement/Check Voucher
- Disbursement/Check Register
- Summary of Disbursement by Account Report
- Petty Cash Voucher

¹ The Financial Management Act has been replaced with the Public Financial Management Act of 2023

² The Over-Expenditures and Over-Obligations Act has been replaced with the Public Financial Management Act of 2023

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- Request for Reimbursement of Petty Cash
- Imprest Cash Reimbursement Voucher
- Special Fund Report (if applicable)
- Bank Reconciliation
- Bank Statements
- Imprest Fund Reconciliation

7. Noncompliance with the Asset Management Requirement

Management of RMI fixed assets under the custody of the Embassy was not effective. As a result:

- Assets valued at \$8,840.01 are missing, and unaccounted for.
- Assets totaling \$8,436.33 are not recorded in the Fixed Asset Register (FAR).
- Assets worth \$2,175.54 are not tagged to indicate RMI Government ownership.

According to the Procedures Manual and the *Foreign Policy Manual* (MOFA Manual), all Overseas Missions are required to submit an annual report of government fixed assets, including their current conditions, to the Secretary. Additionally, all fixed assets shall be marked (tagged) to indicate government ownership and recorded in the FAR.

8. School Allowances Are Not Supported

A total of \$30,938.97 in school allowances paid from the Imprest Fund were not supported by school invoices or receipts and were paid directly to Embassy officials. According to the Foreign Affairs regulations and the Procedures Manual, all expenses out of the Embassy must be properly supported with documentation.

9. Not All Locally Engaged Staff Have Valid Employment Contracts

Three (3) locally engaged staff (LES) were paid from the Imprest Fund without valid contracts after their original contracts had expired. The Embassy paid \$242,389.65 in salaries to these LES, of which \$136,052.53 was not supported by valid contracts and \$576.91 was paid without any contract. This practice violates the Government Liability Act, which requires that all contracts involving public funds must be in writing, executed in the name of the government, and comply with all statutory requirements.

10. Lack of Proper Documentation to Support Salaries Paid

During FY2018 and FY2019, the Embassy made 27 contractual payments totaling \$21,336.51 to locally engaged staff (LES) employees without proper supporting documentation, such as complete timesheets with clock-in/out records or approved leave slips. Despite the absence of proper documentation, employees received full 80-hour pay each period.

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11. Certain Petty Cash Expenses Did Not Comply with the Imprest Fund Requirement

A total of 18 petty cash transactions totaling \$1,474.52 exceeded the \$50 per transaction threshold. According to the Procedures Manual, a ceiling amount of \$50.00 per payment must be strictly imposed, and splitting payments to accommodate purchases over \$50.00 is not permitted.

12. Advances from the Imprest Fund Violated RMI Policy

Three advance payments totaling \$1,673.27 were made from the Embassy Imprest account against employee salaries or living allowances, contrary to RMI policy. The Procedure for Imprest Fund for the Embassy and Consulate (June 2010) states, “no official may borrow any money from the Imprest Fund; cash advance or loan from the Embassy funds against an employee’s salary bargained by the employee or a proxy is prohibited”. Furthermore, the Procedures Manual (January 2019) also states, “no official shall borrow any amount from the Imprest Fund. Likewise, no official shall enter into a borrowing arrangement for the purpose of replenishing the Imprest Fund”.

13. Personal expenses Paid from the Embassy Imprest Fund

A total of \$4,329.82 in personal expenses were paid from the Imprest Fund related to the following payments:

- Check #14061 for \$1,249.10 related to hotel accommodations and laundry services for 2 officials from the MOFAT Home Office for which no approved TA was noted on file.
- Check #14711 for \$1,438.37 for a plane ticket for a former Embassy staff. It was indicated that the amount will be reimbursed through payroll. However, no payments were made.
- Check #15015 for \$1,094.25 for a Yamaha Keyboard and an Ashton ukulele for a former Embassy official. Officials indicated that the amount will be reimbursed back to the Imprest Fund account from the official’s quarterly Cost of Living allowances (COLA). Instead, the amount was included in the Embassy replenish request and was reimbursed by MOF.
- Check #14101 for \$548.10 purchased Sony PlayStation, PS4 game, mini blankets, etc for a former Embassy official.

According to the Government Travel Policy, per diem at the established government rates approved by Cabinet for each destination and is intended to cover hotel and food costs (or board or lodging) for the traveler. Expenses beyond these, including items such as hotel tips, laundry services, and personal purchases, are the responsibility of the traveler and are not

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reimbursable. Additionally, using the Embassy Imprest Fund for personal expenses is prohibited.

14. Unauthorized Credit Accounts

The Embassy established a credit line with a local company for purchases of furniture & fixtures, household goods & appliances, computers, air conditioning units, kitchen appliances and other household goods without obtaining approval from the appropriate RMI officials. Under the Borrowing Act of 1985, later repealed and replaced by the Fiscal Responsibility and Debt Management Act, only the Minister of Finance, or a person specially authorized with the concurrence of the Cabinet, may sign agreements relating to loans or execute any contract, bond, promissory note, or other document required by such agreements on behalf of the Government of the Marshall Islands.

15. Unreported Expenditures

Not all disbursements from the Imprest Fund were reported to the Ministry of Finance for reimbursement, which is contrary to RMI policy. As a result, certain expenses were not reimbursed or returned to the Embassy Imprest Account, causing it to be depleted. According to the Procedures Manual, “The Head of Mission shall be accountable for the sound management of all government funds in accordance with RMI fiscal requirements of policies. He must ensure that each Mission submits a financial report on the administration, approval, and expenditure of funds from the Mission’s Imprest Fund. Every financial report must account for the expenditures of the Mission and must be supported by valid invoices and receipts as evidence of the expended amount”.

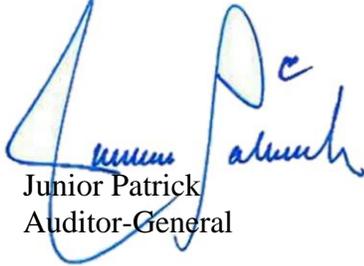
Pursuant to the Auditor-General Act, we provided a copy of our draft findings and recommendations to the Ambassador (Embassy), Secretary of Foreign Affairs & Trade (MOFAT) and the Secretary of Finance (MOF), requesting their written responses. We also discussed our draft findings and recommendations during an exit conference on August 14, 2025. We appreciate the responses received from the Embassy, MOFAT, and MOF, which are included as Appendix 1 through Appendix 3. Generally, the Embassy, MOFAT and MOF concurs with our findings and recommendations. We emphasize that it is the responsibility of the Embassy, MOFAT and MOF to actively pursue these recommendations to improve compliance with established RMI policies.

The most important outcome of any audit is the correction of past deficiencies and improvement in the operation. We believe the implementation of our recommendations is a step in that direction. This office maintains a “Follow-Up System” and for this report to be closed, we require the actions detailed in Appendix 5 to be implemented.

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We wish to express our sincere appreciation to the Ambassador, Secretary of Foreign Affairs, Secretary of Finance, and their staff, for their cooperation during the course of our audit.

Sincerely,



Junior Patrick
Auditor-General

October 17, 2025

Cc: President
Secretary of Foreign Affairs and Trade
Secretary of Finance
Ambassador, RMI FIJI Embassy
OAG File

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Introduction

This audit was conducted at the request of the Ministry of Foreign Affairs and Trade of the Republic of the Marshall Islands and as part of the OAG's periodic reviews of overseas missions. It aimed to determine whether the Embassy's spending complied with applicable laws, policies, and procedures, and whether previous compliance issues had been resolved.

Background

The Republic of the Marshall Islands' (RMI) Embassy in Suva, Fiji was established pursuant to Cabinet Minute 161(87) dated December 10, 1987. The Foreign Affairs Act of 2007 (P.L. 2007-88), Section 11(2) establishes the primary functions of RMI Missions abroad. The functions include:

- Pursuing foreign policy objectives of the Government in the host country and its jurisdictional areas of responsibility;
- Seek bilateral, multilateral, and international assistance to support national development goals of the Republic;
- Transmitting official communications between the Government of the Republic of the Marshall Islands and the Governments of other countries and international organizations;
- Promoting and protecting the interests of Marshallese citizens residing in the host country and jurisdictional areas of responsibility;
- Providing consular services for citizens of the Republic abroad;
- Any other functions as directed by the President and Cabinet.

The Embassy activities are governed by RMI laws and regulations, including the Financial Management Act, Procurement Code Act, Government Liability Act, Income Tax Act, and Imprest Fund Guidelines and other relevant laws and regulations of the Republic.

The Embassy operates under an Imprest Fund system. The Imprest Funds are cash funds set aside for the operational expenditures of the Embassy. At the close of each month, the Embassy prepares and submits a report on expenses paid out of the Imprest Fund for the purpose of replenishing the Imprest Fund to its original amount. The monthly report is submitted with the supporting documents, such as invoices, cancelled checks, bank statements, and bank reconciliation reports to the Ministry of Foreign Affairs and Trade and Finance for review and approval. Once expenses have been reviewed and approved for the month, the amount requested is processed and the Imprest Fund is replenished to its initial amount.

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Complete and accurate documentation is required for all expenditures. The Ambassador or head of mission is responsible for ensuring that all disbursements are for official purposes and within budget limits. A fund custodian may be appointed to manage daily transactions and prepare monthly reports.

The Head of Mission or authorized officers are responsible for ensuring that government funds under the custody of the Embassy are used for their intended and official purposes only.

Objective, Scope & Methodology

Objective and Scope

The objectives of the audit were to determine (1) if the Embassy spendings complied with established RMI laws, policies and guidelines, and (2) whether compliance issues previously reported have been addressed. The audit covered fiscal years 2017 to 2021. The audit 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 law of the Marshall Islands unless, in relation to any such public corporation or other statutory authority, provision is made by Act for audit by any other person.”

We conducted this performance audit in accordance with generally accepted government auditing 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 believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Methodology

The audit fieldwork was conducted at the Ministry of Finance, the Ministry of Foreign Affairs, and the RMI Embassy in Suva, FIJI. We reviewed accounting records, financial reports, and documentation related to the financial transactions of the Embassy to determine if the Embassy's spending complied with the RMI laws, policies, and guidelines. We also interviewed the

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responsible officials at the RMI Embassy in Suva, FIJI, to verify assets acquired and disposed of by the Embassy during the years covered by this audit.

Prior Audit Coverage

This is the third (3rd) review conducted by the Office of the Auditor-General on the RMI Embassy in Suva, Fiji. Previous reviews looked at both the internal control and compliance aspects of the Embassy operation and environment. This review focused on compliance with established laws and regulations by the Embassy.

Conclusion

We conclude in this report that there are many opportunities for the Embassy to improve its compliance with RMI laws and policies governing public spending. Many of the noncompliance issues identified in this audit were also reported in previous reviews, indicating that the recommended corrective actions have not been implemented. Accordingly, in addition to our recommendations to the Embassy, we urge the Ministry of Foreign Affairs and Trade (MOFAT) and the Ministry of Finance (MOF) to strengthen their respective oversight of the Embassy's activities and expenditures.

Our Findings, based on our review, along with our recommendations, are discussed in the next section.

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Findings and Recommendations

Finding No. 1: Certain Embassy Expenses Were Not Supported with the Required Documentation

The Foreign Affairs Regulations 2016, Section IV (4), subsection 6, states that every financial report must account for the expenditures of the Mission and attach valid invoices and receipts as evidence of the expended amount. This requirement is further stipulated in the Procedures Manual: Imprest Fund of the Embassies/Missions (Procedures Manual), Section VI, requiring all requests for reimbursement for allowable expenses out of the Imprest Fund to be supported by invoices that clearly states the detailed goods or services received, with a justification for incurring such expenditures.

We found that certain expenses paid from the Imprest Fund account during the FY2017 to FY2021 period did not contain all the required information and documentation. Specifically, we reviewed a total of 299 sampled expenditure transactions valued at \$268,477.90 and found that 277 of these expenditure transactions totaling \$255,387.82 contained the required documentation, while the remaining 20 expenditure transactions totaling \$13,090.08 did not, as summarized in Table 1 below.

Table 1: Unsupported Expenses

Account	Date	Check No.	Amount	Description
Other Charges & Expenses	Oct/26/2016	14071	\$1,003.90	Purchase of goods & supplies; payment was not supported with receipts/invoices.
Representation	Nov/3/2016	14078	\$236.45	Dinner for staff & visiting RMI government officials; payment was not supported with receipts/invoices.
POL (Fuel)	Nov/18/2016	14092	\$127.68	Payment for fuel with no receipts/invoices provided; payment was also disallowed by MOF.
Other Charges & Expenses	Nov/30/2016	14101	\$548.09	Payment for personal items; it was a partial payment based on the company statement rather than an invoice; payment was also disallowed by MOF.
Representation	Feb/7/2017	14132	\$834.31	Reimbursement to Official #1 for hotel accommodation during a family Christmas holiday and for hosting a lunch with Officials from Kiribati, Nauru & FSM; payment was not supported with a Travel Authorization; payment was disallowed by MOF.
POL (Fuel)	Feb/21/2017	14149	\$230.49	Payment for fuel; payment did not match receipts/invoices provided.
Representation	Aug/16/2017	14240	\$508.07	Payment for Dalo/fresh flowers & biscuits for a funeral; payment was not supported and did not match the amount on purchase; payment was disallowed by MOF.

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Representation	April/11/2018	14427	\$298.07	Cash payment to an Embassy official for representation for attending the US treaty meeting in Nadi; no receipts/invoices were provided to support the amount; therefore, we are unable to determine justification for incurring expenses.
Reimbursable Expenses	April/19/2018	14436	\$478.00	Payment for fabrics & umbrellas for MOFAT home office; payment was not supported with receipts/invoices; the expense account charged was not budgeted.
Representation	July/28/2018	14499	\$242.79	A check was issued to Henry's Kitchen; however, a copy of the check & the related invoice/receipt were not provided, therefore we are unable to determine the justification for the incurring expense. Payment was disallowed by MOF.
Rentals	Aug/7/2018	14503	\$927.20	Unable to determine what the payment is for because there were no invoices provided; payment was originally disallowed, but subsequently reimbursed through the additional payments made during FY2018.
Subscription, Dues & Fees	Oct/31/2018	14566	\$58.60	Television bill for the Embassy; payment was based on a statement and not on actual invoice; payment was disallowed by MOF.
Representation	Dec/13/2018	14603	\$462.10	Contribution to an Embassy official on the passing of the official's relative; no written communication approving payment was noted on file; payment was disallowed by MOF.
Reimbursable Expenses	Mar/5/2019	14637	\$322.14	The Embassy hosted a function for a government official and the delegation; however, total receipts of \$302.35 do not match the amount of the check issued (\$332.14), with a balance of \$19.78 unaccounted for; the account charged was not budgeted for; payment was disallowed by MOF.
Reimbursable Expenses	Mar/18/2019	14660	\$304.65	Per diem refund to the Secretariat of the Pacific Community (SPC) for a funded trip for an Embassy official, as the trip was cancelled. A copy of the check and deposit slip were not provided. Account charged is not an approved account code for the Embassies (a/c 2910) and was not budgeted for.
Unidentified	April/29/2019	14695	\$137.70	Payment for a stick chart concept design for the Embassy uniform. However, payment was based on a price quotation; there were no valid receipts/invoices provided; the account charged is not an approved account code for the Embassies (a/c 2610), and was not budgeted for
Representation	June/14/2019	14722	\$500.76	Payment for representational-related expenses; no invoices/receipts were provided to support the representation expenses
Representation	June/27/2019	14737	\$498.15	Cash payment to purchase food for a farewell dinner for the MV Aemman captain and crew and senior government officials attending meetings in Suva. However, there were no receipts/invoices provided.

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Vehicle	Aug/26/2019	DR	\$613.21	Electronic transfer for Embassy loan on vehicle #CD9. Written authorization for transfer from the Embassy was not on file.
Furnitures & Fixtures	Mar/31/2020	14963	\$4,757.72	Payment for 5 office desktops for the Embassy; payment is only supported with a statement and not an invoice/receipt; payment was disallowed by MOF
TOTAL			\$13,090.08	

The lack of adherence to the established Foreign Affairs Regulations and the Procedures Manual by the Embassy is the cause of the above conditions. In addition, there is a lack of proper oversight by the Ministry of Foreign Affairs & Trade (MOFAT) and MOF to ensure the Embassy follows the established reporting requirements and guidelines. The effect of the above conditions is noncompliance with the established reporting requirements imposed on RMI Missions abroad and the inability to determine the authenticity and appropriateness of the expenses being paid.

Furthermore, when the Embassy expenses are unsupported and disallowed for reimbursement, it will cause the Imprest Fund to be depleted, and the Embassy may not be able to pay for its financial obligations.

The issue regarding unsupported disbursements was also reported in our audit report dated August 20, 2018.

We recommend that:

1. The Embassy should ensure all future disbursements are supported by invoices or receipts and ensure the supporting documents are maintained on file for reference and audit purposes.
2. MOFAT and MOF should thoroughly review the Embassy expenses to ensure that they are adequately supported by proper documentation before processing payments.

Finding No. 2: Procurement Code Violations

The Procurement Regulations 2020 were enacted to improve compliance with the Procurement Code Act 1988. Section 3 (D) states that “Insofar as it is practical for small purchases of supplies or services between \$500 and \$25,000, no less than three businesses shall be solicited to submit written, electronic, or oral quotations that are recorded and placed in the procurement file. Award shall be made to the business offering the lowest acceptable quotation”. The Procedures Manual,

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Section VI (b) also states that “all purchase of goods and services shall conform with the RMI Procurement Code Act of 1988”.

Out of the 299 sampled expenditure transactions reviewed, we identified 24 expenditures totaling \$38,663.94 that lacked adequate supporting procurement documentation to demonstrate compliance with small purchase procedures. Specifically, the following payments were made which the 3-price quotations requirement was not followed:

Table 2: Expenses Lacked Quotation

Account	Date	Check No.	Amount	Description
Other Charges & Expenses	Oct/26/2016	14071	\$1,003.90	Payment for furniture and fixtures; no request for quotation was noted on file to ascertain that the lowest acceptable quotation/vendor was selected.
Other Charges & Expenses	Nov/30/2016	14101	\$548.09	Payment for PlayStation consoles & video games, which appeared to be personal-related payment, was also disallowed by MOF; no request for quotation was noted on file to ascertain that the lowest acceptable quotation/vendor was selected.
Rentals	Nov/30/2016	14098	\$567.48	Payment for Indoor rehab vehicle services for Embassy official vehicle CD23; no request for quotation was noted on file to ascertain that the lowest acceptable quotation/vendor was selected.
Office/Computer Supplies	Dec/1/2017	14323	\$1,255.31	Payment for office supplies that exceeded the \$500 threshold; no request for quotation was noted on file to ascertain that the lowest acceptable quotation/vendor was selected.
Representation	Dec/8/2017	14338	\$518.13	RMI Embassy hosted senior Government Officials for a meeting; no request for quotation was noted on file to ascertain the lowest acceptable quotation/vendor was selected.
Office/Computer Supplies	Feb/21/2018	14395	\$1,386.30	Payment for office supplies that exceeded the \$500 threshold; no request for quotation was noted on file to ascertain that the lowest acceptable quotation/vendor was selected.
Representation	Mar/1/2018	14402	\$708.22	The Embassy hosted the Nuclear Victims Remembrance Day dinner for students at the Embassy; no request for quotation was noted on file to ascertain that the lowest acceptable quotation/vendor was selected.
Rentals	Aug/7/2018	14503	\$927.20	Payment was for a maintenance fee for the Embassy vehicles; no request for quotation was noted on file to ascertain that the lowest acceptable quotation/vendor was selected; payment was disallowed by MOF.
Vehicle	Oct/19/2018	14559	\$910.69	Payment for vehicle maintenance services that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that

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				the lowest acceptable quotation/ service provider was selected; payment was disallowed by MOF.
Vehicle	Mar/18/2019	14638	\$576.17	Payment for vehicle maintenance services that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ service provider was selected.
Reimbursable Expenses	Mar/18/2019	14647	\$888.19	Payment for service charge and a cocktail for 30 individuals hosted by the Embassy; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ service provider was selected; payment was disallowed by MOF.
Reimbursable Expenses	Mar/26/2019	14661	\$517.73	Payment for a printed compendium that exceeded the \$500 threshold; no request for quotation was noted on file to ascertain that the lowest acceptable quotation/vendor was selected; payment was disallowed by MOF.
Representation	Mar/29/2019	14668	\$851.37	Payment for catering services for a function hosted by the Official #1; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ responsive service provider was selected.
Unbudgeted Expense Account	April/29/2019	14686	\$927.18	Payment for an Atoll Science Meeting dinner hosted by the Embassy; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ service provider was selected; payment was disallowed by MOF.
Unbudgeted Expense Account	May/13/2019	14709	\$973.19	Payment for catering for 60 people in respect of RMI officials and delegations for the UNSG-related meetings; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ service provider was selected; payment was disallowed by MOF.
Other Supplies/ Materials	Feb/5/2020	14907	\$1,402.70	Payment for supplying and installing blinds for the Embassy, which exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ service provider was selected; payment was disallowed by MOF.
Furniture & Fixtures	Feb/27/2020	14936	\$6,501.38	Payment for furniture and fixtures that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/vendor was selected.
Office/Computer Supplies	Mar/9/2020	14941	\$1,544.96	Payment for an Apple laptop for Official #2 that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ vendor was selected; payment was disallowed by MOF.

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Furniture & Fixtures	Mar/31/2020	14963	\$4,757.72	Payment for office desktops that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/vendor was selected; payment was disallowed by MOF.
Furniture & Fixtures	Mar/19/2020	14949	\$6,016.66	Payment for office furniture for the lounge that exceeded \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/vendor was selected.
Furniture & Fixtures	Mar/19/2020	14951	\$936.55	Payment for installation & supply of new mono tracks for the Embassy that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ service provider was selected.
Furniture & Fixtures	Apr/15/2020	14966	\$3,626.64	Payment for a new set of chairs for the Embassy that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/vendor was selected; payment was disallowed by MOF.
Other Charges & Expenses	Dec/11/2020	15206	\$714.30	Payment for electrical work carried out at official # 1's residence that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ service provider was selected.
Leased & Rental Housing	Feb/15/2021	15273	\$603.88	Payment for services for installing an A/C unit at the Embassy that exceeded the \$500 threshold; no request for quotations was noted on file to ascertain that the lowest acceptable quotation/ service provider was selected.
Total			\$38,663.94	

The cause of the above conditions is due to the lack of effort and disregard for established procurement policies by the Embassy. In addition, there is insufficient oversight by the MOFAT and MOF in ensuring the Embassy follows the Procurement Code when procuring goods and services. As a result, the Embassy was noncompliant with the Procurement Code and its Regulations. Further, disallowed disbursements will cause the Imprest Fund to be depleted, and the Embassy may not be able to pay for its operating expenses.

We recommend that:

3. The Embassy should ensure that supporting documentation is adequate to comply with the RMI Procurement Code. Supporting documentation should indicate the history of procurement, including the rationale for and method of procurement and basis for the selected price.

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4. The Secretaries of the MOFAT and MOF to require the Embassy to comply with the Procurement code. In addition, an effort should be made to replenish the Embassy Imprest Fund with the disallowed claims.

Finding No. 3: Certain Embassy Expenses Were Disallowed for Reimbursement

The Foreign Affairs Regulations 2016, Part IV, Section 7(2) states that every financial report must account for the expenditures of the Mission and attach valid invoices and receipts as evidence of the expended amount. This requirement is further stipulated in the Procedures Manual, Section VI (b) requiring all requests for reimbursement out of the Imprest Fund to be supported by invoices indicating the nature of goods or services procured and justification for expenses incurred.

Our review of the monthly reimbursement reports submitted for reimbursement during the periods under audit disclosed that not all expenses reported were reimbursed back to the Imprest Fund account. The audit found that a total of \$62,815.88 in expenses were disallowed for reimbursement during the 5 years we examined. These are further discussed in Finding No. 1, Finding No. 2, Finding No.5, Finding No.7, Finding No.10, Finding No. 11, Finding No.12, and Finding No.14.

The expenses were disallowed due to the lack of supporting documentation to support expenses incurred, the eligibility of expenses, budget exhaustion, the expense accounts charged were not budgeted, and incorrect expense account codes. Table 3 below provides a summary of the disallowed claims during the periods under review, and Exhibit 2 provides a comprehensive table of the disallowed expenses.

Table 3: Disallowed Expenses

Periods	Disallowed Expenses	Descriptions
FY2017	\$25,613.75	The disallowed expenditures are related to the purchase of goods & services, international and local travels, and salaries & wages for locally engaged staff.
FY2018	\$7,030.02	The disallowed expenditures are related to the purchase of goods & services, international and local travels, and salaries & wages for locally engaged staff.
FY2019	\$30,172.11	The disallowed expenditures are related to the purchase of goods & services, international and local travels, and salaries & wages for locally engaged staff.
Total	\$62,815.89	

The cause is the lack of effort and disregard for established RMI policies by the Embassy and the lack of oversight by MOFAT to ensure the Embassy complies with the requirements. The disallowed expenses depleted the Embassy operation fund and may affect its ability to pay major bills and expenses as they become due.

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The issue of expenses not reimbursed was also reported in our audit report dated August 20, 2018

We recommend that:

5. The Embassy should comply with the RMI policy and submit valid invoices and receipts that support the disbursements submitted for reimbursement.
6. The Secretary of MOFAT should require the Embassy to comply with all the reporting requirements when submitting the monthly reimbursement request.
7. The Secretary of MOFAT and the Embassy should work with the Secretary of MOF on the disallowed claims in the efforts to replenish the Imprest Fund for those expended amounts and to avail those funds for the Embassy's use.

Finding No. 4: Certain Embassy Expenses Exceeded Authorized Budgets

The Financial Management Act 1990³ Section 117 prohibits departments, agencies, or establishments of the RMI Government from exceeding budget appropriations. In addition, Section 2 of the Over-Expenditures and Over-Obligations of Funds Act 1977⁴, stipulates that no person shall authorize or expend any governmental funds in excess of appropriated amounts except in emergencies and only pursuant to procedures provided by law.

We found that although the Embassy did not exceed its overall budgets during the fiscal years we audited, as summarized in Table 4 below, however, certain line-item expenses have exceeded their authorized amounts or were not budgeted for.

Table 4: Expenses Exceeding Budget Authorizations

Fiscal Year	Account Name	Budget Adjusted	Expended	Budget Deficit
2017	Contractual Services	62,264.43	63,772.48	(1,508.05)
	Leased & Rental Housing	45,954.69	46,817.59	(862.90)
	Communication	18,527.15	18,866.09	(338.94)
	Subscriptions, Dues & Fees	860.34	916.64	(56.30)
	Other Supplies/Materials	1,992.52	2,965.77	(973.25)
	Other Charges & Expenses	1,859.14	14,889.10	(13,029.96)
2018	Contractual Services	80,287.33	85,384.32	(5,096.99)
	Office/Computer Supplies	3,149.36	3,478.60	(329.24)
	Water	614.01	1,337.00	(722.99)
	Other Supplies/Materials	1,010.01	1,117.22	(107.21)
	Allowances	36,000.00	40,500.00	(4,500.00)

³ The Financial Management Act has been repealed and replaced with the Public Financial Management Act of 2023

⁴ The Over-Expenditures and Over-Obligations Act has been repealed and replaced with the Public Financial Management Act of 2023

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2019	Other Charges & Expenses	10,560.43	28,067.84	(17,507.41)
	Leased & Rental Housing	30,180.74	34,788.44	(4,607.70)
	Rentals	2,417.39	2,700.32	(282.93)
	Communication	16,674.00	25,469.00	(8,795.00)
	Repairs	-0-	440.64	(440.64)
	Freight	759.88	768.02	(8.14)
	Other Supplies/Materials	21.79	183.23	(161.44)
	Other Charges & Expenses	937	18,623.81	(17,686.81)
2020	Salaries & Wages Marsh	66,900.00	67,715.51	(815.51)
	Employee Insurance Expense	-0-	390.91	(390.91)
	Retirement Plans with ASC	-0-	196.24	(196.24)
	Travel	2,620.36	8,722.92	(6,102.56)
	Communication	15,463.62	16,324.48	(860.86)
	Subscriptions, Dues & Fees	816.75	843.81	(27.06)
	Representation	3,819.27	3,984.92	(165.65)
	Office Equipment & Computer	7,000.00	14,033.48	(7,033.48)
	Furniture & Fixtures	18,022.99	22,591.39	(4,568.40)
Vehicle	3,134.11	6,268.22	(3,134.11)	
2021	Employee Insurance Expense	631.09	666.86	(35.77)
	Retirement Plans with ASC	769.41	813.02	(43.61)
	Insurance	5,625.85	5,702.16	(76.31)
	Other Charges & Expenses	2,396.15	23,566.45	(21,170.30)

The Embassy does not have a system in place to track and monitor expenses against the approved amounts. As a result, there is a possibility that expenses were not duly authorized. All overspending violates the RMI policy and impacts the government's ability to manage available resources.

In our reports dated January 31, 2015, and August 20, 2018, the issue of expenses exceeding authorized limits was also reported.

We recommend that the Embassy:

8. Only incur expenses within budget authorization. Unanticipated expenses should be processed only in accordance with procedures prescribed by law.
9. Maintain a budget monitoring tool to track expenses against allocated budget line items. Each time a purchase is made, the budget control tool must reflect a decrease in the authorization.

Finding No. 5: Certain Travels Did Not Comply with the Travel Requirements

The Foreign Affairs Regulations 2016, Section 18, requires that all travels by the Heads of Missions and staff members employed at Missions shall obtain prior approval from the Secretary for travel outside the host country or State, whether for official or unofficial purposes. In addition, the MOFA Manual, Volume II, Section 9 under Travel, Transport and Subsistence, states that, a

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foreign service officer wishing to travel from the post shall seek the approval and authorization of the Head of Mission or the Secretary. The Manual further states that any trip, whether official or unofficial, that shall take any officer, including a Head of Mission, away from the post shall have to be authorized and approved in advance by the Secretary of Foreign Affairs. Furthermore, the Government Travel Policy requires all official travel to be supported and approved through travel authorizations (TA) forms. The travelers are required to file a trip report after completion of the trip. Required travel documents and appropriate documents shall be attached to the trip report and submitted within fifteen (15) days.

We reviewed all the payments related to international and domestic travel expenses with a total value of \$26,415.23 during FY2017 to FY2021. Based on our review, we found that most of these travel expenses did not comply with the RMI policies. Specifically, the audit found that travel expenses were incurred without proper authorization and lacked required supporting documentation, such as approved travel authorization and trip reports. This has resulted in disallowed travel expenses in the amount of \$19,375.37. The summary of these payments is presented below, and the details are presented in Exhibit 1.

Travel	Amount	Remarks
Domestic (Local) Travel	\$12,012.05	Travels did not follow the RMI travel policy and requirements
International Travel	\$14,403.18	Travels did not follow the RMI travel policy and requirements
Total	\$26,415.23	

The cause of the above condition is the lack of adherence to the RMI relevant policies by the Embassy and the lack of oversight by MOFAT to ensure all travels are pre-approved by the Secretary.

The absence of proper authorization of travels described above violates RMI policy and increases the risk of misuse of public funds, while also undermining accountability and transparency in the use of government resources.

We recommend that:

10. The Embassy should ensure all travels are authorized and approved in advance by the Secretary of MOFAT as required by relevant RMI policies and regulations.

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11. Secretaries of MOF and MOFAT require the Embassy to strictly follow the Travel Policy for the benefit of using government funds.
12. Secretaries of MOF and MOFAT should carefully review all travel claims submitted for reimbursement for appropriateness of expenses prior to the processing of the reimbursement checks.

Finding No. 6: Not All Required Monthly Reports Were Prepared and Submitted by the Embassy

The Procedures Manual, Section VI. (c), requires the following reports and documentations when submitting replenishment requests for expenses out of the Imprest Fund account monthly to the MOFAT for evaluation and approval, and for review by the MOF prior to release and replenishment of disbursed funds. The Embassy/Mission shall always keep in its file a duplicate and an electronic copy of all documents submitted to MOFAT and MOF for easy reference in case of audit inquiries.

- Disbursement/Check Voucher
- Disbursement/Check Register
- Summary of Disbursement by Account Report
- Petty Cash Voucher
- Request for Reimbursement of Petty Cash
- Imprest Cash Reimbursement Voucher
- Special Fund Report, if any
- Bank Reconciliation
- Bank Statements
- Imprest Fund Reconciliation

The audit found that not all of the required documents and reports were submitted to MOFAT and MOF as required by the Procedures Manual. In addition, the Embassy is using a petty cash fund to procure goods and services; however, the required monthly petty cash vouchers to document these petty cash transactions were not consistently provided during the 5-year period under audit.

The cause is the lack of effort and disregard for established procedures by the Embassy and insufficient oversight by MOFAT and MOF in ensuring that the Embassy is complying with the requirements.

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We recommend that:

13. The Embassy prepares and submits all the required monthly reports and documentation as required by the Procedures Manual. In addition, the Embassy should ensure duplicate and electronic copies of these documents are kept and maintained for reference and audit purposes.
14. The Secretaries of MOFAT and MOF ensure that the Embassy follows the established reporting and documentation requirements imposed on the Embassy.

Finding No. 7: Management of Fixed Assets Can Be Improved

Per the Procedures Manual and the MOFA Manual, all Overseas Missions shall submit an annual report of government fixed assets, including their current conditions, to the Secretary of Foreign Affairs, whether donated or purchased with funds appropriated to the Mission. All fixed assets shall be marked to indicate government ownership and recorded on the Fixed Asset Register (FAR). All items that have an acquisition cost of \$300 or more, and a useful life of more than one year, shall be recorded as a fixed asset of the RMI Government. The FAR must be updated every two years, indicating all assets acquired and disposed of. The Head of Mission shall be responsible and accountable for all government properties.

The audit found that the management of the fixed assets under the custody of the Embassy can be further improved. We noted that the Embassy has taken steps and placed tags on certain assets acquired during fiscal years 2017 to 2021. However, the fixed assets register provided was not complete, as it did not include important information such as the cost of the assets and the date of acquisition of the assets. With no cost provided for the majority of the items on the FAR, we were unable to determine the actual value of all the assets purchased by the Embassy over the years.

Additionally, examination of the assets totaling \$38,971.21 that were purchased during the periods under audit revealed significant deficiencies in the management of fixed assets. Specifically, not all fixed assets purchased were tagged or labeled to identify them as government properties, increasing the risk of misappropriation or loss; not all fixed assets purchased were recorded in the FAR; and several assets listed in the FAR were noted as missing or reported stolen, with no documentation or investigation reports provided. A summary of these is presented below, and the details are presented in Exhibit 3.

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Fixed Asset Issues	Amount
Missing, stolen, & unaccounted for assets	\$8,840.01
Assets not recorded in the fixed assets register (FAR)	\$8,436.33
Assets not tagged	\$2,175.54
Total	\$19,451.88

In addition, our audit also found that an Apple MacBook Pro 13-inch laptop, valued at \$2,641.61, was reported stolen. According to Embassy staff, the theft was reported to the Home Office (MOFAT).

The cause of the above condition is the lack of effort by the Embassy to follow the established RMI policies and the lack of oversight by MOFAT in ensuring the Embassy complies with the fixed assets reporting requirement and ensures every disbursement from the Imprest Fund is intended solely for official purposes. In addition, these weaknesses indicate inadequate internal controls over fixed assets, which compromise the safeguarding of government resources and hinder proper financial reporting and asset management. As a result, assets purchased from the Embassy Imprest Fund worth \$8,840.01 were missing, stolen, and unaccounted for.

Non-compliance with fixed assets management was also reported in our audit reports dated July 31, 2015, and August 20, 2018.

We recommend that:

15. The Embassy should strictly comply with the Procedures Manual and the MOFA Manual regarding maintenance of fixed assets. The Embassy should update and maintain an accurate FAR, ensure all assets are tagged with identification labels, investigate and document any missing or stolen assets, and conduct a physical inventory.
16. MOFAT should require the officials responsible for the missing assets to reimburse the Imprest Fund account for the cost of those items or seek assistance from the Attorney General for cost recovery.
17. The MOFAT Secretary should thoroughly review the monthly expenditure reports to ensure expenses paid from the Imprest Fund and reported for reimbursement are solely for official purposes. Any expenses found to be personal in nature should not be approved for reimbursement.

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Finding No. 8: School Allowances Are Not Supported

Embassy officials are entitled to educational allowances as stipulated in the Procedures Manual, MOFA Manual, Volume II & the officials’ employment contracts with the GRMI to contribute towards costs of education and other related expenses for at most three (3) dependents, and shall not exceed \$6,000 per dependent per year. It shall be reported in accordance with the financial reporting requirements of the Ministry of Finance.

It shall be the responsibility of the Head of Mission to ensure that all dependents are enrolled in the public-school systems of the host nations. If private schools are preferred, the cost of education shall remain within the limit stated above. Otherwise, the excess cost will be the responsibility of the officer. Moreover, proof of the dependent’s attendance at a school, such as a report card, is required. This allowance shall be borne out of the Embassy Imprest Fund account upon submission of a receipt.

We found that educational allowance payments totaling \$30,938.97 were not supported by school invoices or receipts, nor did they include clear documentation indicating which child each payment was for. As a result, the audit team was unable to verify whether the payments complied with the \$6,000 per-child annual limit. Additionally, all payments made from the Imprest Fund for educational allowances were reimbursed by the Ministry of Finance without question. Details of these payments are indicated in Table 5 below.

The matter regarding unsupported educational allowances was also reported in our prior audit report dated August 20, 2018.

Table 5: Unsupported Educational Allowances

Date	Fiscal Year	Check No.	Amounts	Comments
Embassy Official #1 for 3 dependents				
11/3/2016	2017	14077	1,481.21	No school invoice; payment was made directly to the official
11/18/2016		14089	3,018.50	No school invoice; payment was made directly to the official
1/5/2017		14123	3,053.49	No school invoice; payment was made directly to the official
2/14/2017		14134	1,503.79	No school invoice; payment was made directly to the official
3/8/2017		14159	1,004.04	No school invoice; payment was made directly to the official; dependent not identified
4/3/2017		14170	1,992.37	No school invoice; payment was made directly to the official; dependent not identified
5/19/2017		14188	1,001.28	No school invoice; payment was made directly to the official; dependent not identified

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6/9/2017		14196	961.16	No school invoice; deposited to the Official's account in Majuro; dependent not identified
7/31/2017		14229	1,878.85	No school invoice; payment was made directly to the official; dependent not identified
TOTAL		\$15,894.69		
Embassy Official #2 for 3 dependents				
10/11/2016	2017	14059	1,500.93	No school invoice; payment was made directly to the official; dependent not identified
11/16/2016		14088	3,364.63	No school invoice; payment was made directly to the official; dependent not identified
12/16/2016		14119	1,513.98	No school invoice; payment was made directly to the official; dependent not identified
2/3/2017		14129	2,993.07	No school invoice; payment was made directly to the official; dependent not identified
2/23/2017		14153	748.42	No school invoice; payment was made directly to the official; dependent not identified
3/7/2017		14157	752.55	No school invoice; payment was made directly to the official; dependent not identified
4/3/2017		14169	1,494.28	No school invoice; payment was made directly to the official; dependent not identified
5/23/2017		14189	233.95	No school invoice; payment was made directly to the official; dependent not identified
6/9/2017		14197	961.16	No school invoice; payment was made directly to the official; dependent not identified
6/19/2017		14199	226.40	No school invoice; payment was made directly to the official; dependent not identified
7/17/2017		14224	114.75	No school invoice; payment was made directly to the official; dependent not identified
8/8/2017		14250	291.06	No school invoice; payment was made directly to the official; dependent not identified
9/8/2017		14264	485.20	No school invoice; payment was made directly to the official; dependent not identified
9/21/2017		14271	121.30	No school invoice; payment was made directly to the official; dependent not identified
9/21/2017	14272	242.60	No school invoice; payment was made directly to the official; dependent not identified	
TOTAL		\$15,044.28		
GRAND TOTAL		\$30,938.97		

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An Embassy official indicated that they are not aware of the requirements for the educational allowances in the MOFA Manual Vol. II and the Procedures Manual, only that the Embassy officials are entitled to the educational allowances as stated in their employment contracts. It appears that the MOFAT does not carefully review educational allowance expenses in the monthly expenditures report to ensure they are consistent with the RMI Policy prior to reimbursement. In addition, there appears to be inconsistencies between RMI Policies and contracts with the Embassy officials in relation to education allowance entitlements.

The outcome result is that the government is reimbursing expenses that appeared to be inconsistent with the RMI Policy.

We recommend that:

18. The Embassy should ensure that payments for educational allowances are properly supported with school invoices/receipts and relevant documentation.
19. The Secretary of MOFAT should ensure that reported expenditures are properly supported and verified as allowances before approving and submitting to the Ministry of Finance for payment.
20. The Secretary of MOFAT should ensure that educational allowance entitlements for Embassy officials' dependents are consistent with the RMI Policy, or the Policy would need to be amended to reflect contracts negotiated with the Officials.

Finding No. 9: Not All Locally Engaged Staff (LES) Have Valid Employment Contracts

The Government Liability Act requires that all contracts with the Government or agencies of the Government shall be:

- a) In writing;
 - b) In the name of the Government;
 - c) Made pursuant to an appropriation, if the contract entails an expenditure of public money;
 - d) Certified in writing by the Secretary of Finance or his designee that an appropriation has been made for the full amount of the contract liability and that funds are available;
 - e) Approved in writing as to form and execution by the Attorney General or his designee; and
 - f) Executed by a contracting officer authorized to sign on behalf of the Government.
- Contracts that do not comply with the requirements are void and unenforceable.

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The audit found that three (3) locally engaged staff (LES) were paid from the Imprest Fund without valid contracts after the original contracts had expired. During the five fiscal years under audit, the Embassy paid \$242,389.65 in salaries to these LES, of which \$136,052.53 was not supported by valid contracts and \$576.91 was not supported by a contract. Summaries of these are presented in the Table 6 below.

Table 6: Summary of Salaries Paid Without Valid Contracts

Locally Engaged Staff	FY 2017	FY 2018	FY 2019	FY 2020	FY2021	Total Amount Disbursed
LES #1	*\$22,724.27	*\$21,270.27	\$23,022.16	\$18,192.01	\$17,999.78	\$103,208.49
LES #2	*\$19,778.32	*\$21,270.08	*\$16,216.88	^\$576.91	\$17,676.51	\$75,518.70
LES #3	*\$18,147.84	*\$16,644.87	\$10,401.58	\$8,467.39	\$10,000.78	\$63,662.46
Total	* \$60,650.43	* \$59,185.22	\$49,640.62	\$27,236.31	\$45,677.07	\$242,389.65

* Contract on file not fully executed (not signed by the Secretary of Finance and the Attorney-General)

^ no approved contract on file

We determined that the cause is a result of the current practice whereby the Embassy continues to engage the services of LES without ensuring that valid contracts are executed first. Additionally, there is a lack of oversight by the MOFAT to ensure the Embassy executes valid contracts when employing the services of LES.

The current practice of employing the services of LES without a valid contract violates the Government Liability Act and poses a risk that conflict could arise as a result of the lack of written, clear, and binding terms and the rights and obligations of the parties.

We recommend that:

21. The Embassy should ensure contracts are fully executed when employing the services of locally engaged staff.
22. The Secretary of MOFAT requires the Embassy to execute formal contracts before employing the LES services.

Finding No. 10: LES Salaries are not Adequately Supported

The MOFA Manual Volume 2, Section 9, under the section titled “Attendance Recording”, states that officers shall be required to record their hours of attendance at their respective posts. This provision shall also apply to third-country nationals employed on a full-time basis at any of the

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RMI foreign posts. The recorded time card shall be submitted to the Secretary for appropriate action.

The audit found that during FY2018 and FY2019, the Embassy made twenty-seven (27) contractual payments totaling \$21,336.51 to LES employees without proper documentation – such as complete timesheets with clock-in/out records or approved leave slips. Despite the lack of documentation, employees received full 80-hour pay each period. Of the 27 payments, 6 totaling \$3,044.90 were reimbursed to the Embassy, while the remaining 21 payments totaling \$18,291.61 were disallowed by the Ministry of Finance. Details are provided in the Table 7 below.

Table 7: Salary payments without valid timesheets

Check No.	Check No.	Date	Pay Period	Amount	Comments
1	14495	7/20/2018	6/25/2018-7/6/2018	373.52	The timesheet provided indicates the employee was absent but received a full 80 hours in 2 separate payments due to NSF.
2	14496	7/26/2018		512.80	Final payment for this PPE, however, the timesheet provided indicates the employee was absent.
3	14515	8/3/2018	7/9/2018-7/20/2018	\$878.73	The expense was disallowed because no timesheet or approved leave was provided; payment was supported by the timesheet summary.
4	14521	8/16/2018	7/23/2018-8/03/2018	\$891.92	Expense was disallowed because the timesheet provided was incomplete, as no clock-in & clock-out were recorded on the timesheet & no approved leave slip was noted on file; payment was supported by a timesheet summary.
5	14526	8/31/2018	8/06/2018-8/17/2018	\$884.80	Disallowed because the timesheet provided was incomplete, as no clock-in & clock-out were recorded on the timesheet & no approved leave slip was noted on file; payment was supported by a timesheet summary.
6	14536	9/13/2018	8/20/2018-8/31/2018	\$890.22	Disallowed because the timesheet provided was incomplete, as no clock-in & clock-out were recorded on the timesheet & no approved leave slip was noted on file; payment was supported by a timesheet summary.
7	14541	9/27/2018	9/03/2018-9/14/2018	\$881.34	Disallowed because the timesheet provided was incomplete, as no clock-in & clock-out were recorded on the timesheet, and no annual leave slip was provided; payment was supported by a timesheet summary.
8	14553	10/12/2018	9/17/2018-9/28/2018	\$889.87	Disallowed because of an incomplete timesheet, as the timesheet provided did not contain time clocked in and out, but the employee claimed the full 80 hours; the timesheet also indicated the employee was absent.
9	14563	10/25/2018	10/1/2018-10/12/2018	\$885.39	Disallowed because of an incomplete timesheet, as the timesheet provided did not contain the time clocked in and out, and the employee was marked absent, but the employee claimed the full 80 hours.

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10	14576	11/9/2018	10/15/2018-10/26/2018	\$889.43	Disallowed because of an incomplete timesheet, as the timesheet provided did not contain time clocked in and out, but the employee claimed the full 80 hours.
11	14612	12/21/2018	11/26/2018-12/07/2018	\$887.49	Disallowed because of an incomplete timesheet, as the timesheet provided did not contain time clocked in and out, but the employee claimed the full 80 hours.
12	14613	12/21/2018	12/10/2018-12/21/2018	884.61	Salaries were paid in cash, however, the timesheet provided did not contain time clocked in & out, and also indicates that the employee was absent, disallowed by MOF.
13	14673	4/12/2019	3/18/2019-3/29/2019	\$884.61	\$307.38 of the \$884.61 was disallowed without a justification provided. The timesheet was incomplete but claimed the full 80 hours.
14	14684	4/26/2019	4/1/2019-4/12/2019	\$892.78	\$315.80 of the \$892.78 was disallowed without a justification provided. The timesheet was incomplete but claimed the full 80 hours.
15	14703	5/10/2019	4/15/2019-4/26/2019	\$882.85	Disallowed because of an incomplete timesheet; the timesheet provided did not contain time clocked in and out, but the employee claimed the full 80 hours.
16	14714	5/24/2019	4/29/2019-5/10/2019	\$888.91	Disallowed because of an incomplete timesheet; the timesheet provided did not contain time clocked in and out, but the employee claimed the full 80 hours.
17	14717	6/7/2019	5/13/2019-5/24/2019	\$883.25	\$306.32 of the 883.25 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
18	14728	6/20/2019	5/27/2019-6/7/2019	\$889.69	The expense was not disallowed; however, no timesheet was provided, and the payment was supported by a timesheet summary.
19	14731	6/20/2019	5/27/2019-6/7/2019	\$889.69	\$312.76 of the 889.69 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
20	14744	7/4/2019	6/10/2019-6/21/2019	\$885.56	\$308.63 of the 885.56 was disallowed without a justification provided. The timesheet was incomplete but claimed the full 80 hours.
21	14750	7/18/2019	6/24/2019-7/5/2019	\$883.26	\$306.33 of the \$883.26 was disallowed without a justification provided. The timesheet was incomplete but claimed the full 80 hours.
22	14763	8/1/2019	7/8/2019-7/19/2019	\$876.58	\$299.62 of the \$876.58 was disallowed without a justification provided. The timesheet was incomplete but claimed the full 80 hours.
23	14778	8/15/2019	7/22/2019-8/1/2019	\$881.46	\$304.53 of the \$881.46 was disallowed without a justification provided. The timesheet was incomplete but claimed the full 80 hours.
24	14790	8/30/2019	8/4/2019-8/16/2019	\$693.78	The expense was not disallowed; however, the timesheet provided did not contain the time clocked in and out to support the hours claimed.
25	14804	9/20/2019	8/9/2019-8/30/2019	\$287.67	The expense was not disallowed; however, the timesheet provided did not contain the time clocked in and out to support the hours claimed.
26	14812	9/27/2019		\$287.44	The expense was not disallowed; however, the timesheet provided did not contain the time clocked in and out to support the hours claimed.

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27	14817	9/27/2019	9/2/2019-9/13/2019	\$578.86	\$309.83 of the \$578.86 was disallowed without a justification provided. The timesheet was incomplete but claimed the full 80 hours.
Total				\$21,336.51	

We determined that the cause is a result of the Embassy’s practice of not implementing a time-keeping system (clock system) to accurately track and record employees’ working hours. Additionally, management did not regularly monitor or review timesheets to ensure that the hours claimed were properly documented and supported. As a result, unsupported salary payments totaling \$21,336.51 were made.

We recommend that:

23. The Embassy complies with the RMI policy regarding proper recording of hours worked or attendance.
24. The Secretary of MOFAT requires the Embassy to use the time-keeping system to properly record hours worked for all its employees.

Finding No. 11: Certain Petty Cash Expenses Did Not Comply with the Imprest Fund Requirement

The Procedures Manual, Section V (3) states that, a ceiling amount of \$50.00 for every single payment shall be strictly imposed. Splitting of payments to accommodate purchases valued more than \$50.00 should not be allowed.

The audit found that eighteen (18) petty cash expenses totaling \$1,474.52 were incurred between FY2017 and FY2021, exceeding the \$50 per transaction threshold. Additionally, one of the expenses (voucher PC#14639) was disallowed by the Ministry of Finance due to an incorrect supporting documentation to support the expense incurred. Details of the 18 petty cash expenses are shown in the Table 8 below.

Table 8: Petty Cash Expenses Exceeded the Threshold

Voucher #	Fiscal Year	Actual	Authorized Limit	Excess	Description
PC14302	2017	87.02	50	37.02	Embassy supplies/stocks
PC14379		68.85	50	18.85	Gift for an Official
PC14173		116.05	50	66.05	Embassy supplies
Total		271.92		121.92	
PC 14554	2018	51.95	50	1.95	Safety Rain Suit and Boot

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PC 14530		106.38	50	56.38	Embassy supplies/stocks
PC 14574		95.87	50	45.87	Embassy supplies/stocks
PC 14583		120.24	50	70.24	Dinner with RMI officials
PC 14473		113.28	50	63.28	Embassy supplies/stocks
Total		487.72		237.72	
PC 14692	2019	62.42	50	12.42	Embassy supplies/stocks
PC 14793		55.81	50	5.81	Embassy supplies/stocks
PC 14639		84.01	50	34.01	Embassy supplies/stocks; payment was disallowed
PC 14765		77	50	27	Embassy supplies/stocks
Total		279.24		79.24	
PC14774	2020	89.06	50	39.06	Dinner for RMI delegation
PC14807		74.78	50	24.78	Drinking water for the Embassy
PC14809		67.12	50	17.12	Carrier hire to lead staff for sale
Total		230.96		80.96	
PC15217	2021	85.05	50	35.05	Office stationaries
PC14807		62.08	50	12.08	Refreshment for a meeting for the Marshall Island Student Association
PC15286		57.55	50	7.55	Cleaning services for the Embassy
Total		204.68		54.68	
Overall Total		\$1,474.52		\$574.52	

The cause of the above conditions is due to the lack of adherence to the RMI policy by the Embassy and insufficient oversight by MOFAT and MOF to ensure disbursements remained within the established threshold for petty cash payments.

The effect of the above conditions is a violation of established RMI policy and the risk that excess funds may not be recovered, which could deplete the Embassy Imprest Fund account.

We recommend that:

25. The Embassy should ensure that the petty cash payments are made in accordance with the authorized amount stipulated in the Procedures Manual.
26. The Secretaries of MOFAT and MOF should ensure that the Embassy follows the established threshold for petty cash purchases and the established reporting and documentation requirements imposed on the Embassy.

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Finding No. 12: Advances from the Imprest Fund

The Procedure for Imprest Fund in the Republic of the Marshall Islands Embassy and Consulate (June 2010), Section 7, states, “no official may borrow any money from the Imprest Fund; cash advance or loan from the Embassy funds against an employee’s salary bargained by the employee or a proxy is prohibited. Furthermore, the Procedures Manual (January 2019), Part VII, Section (b) also states, “no official shall borrow any amount from the Imprest Fund. Likewise, no official shall enter into a borrowing arrangement for the purpose of replenishing the Imprest Fund.

The audit found that three advance payments totaling \$1,673.27 were made to employees against their salaries or living allowance (COLA). Details of these advances are presented in the Table 9 below.

Table 9: Advanced Payments

Date	Check No.	Description	Amount
6/1/2018	14467	Advance payment to an Embassy official; justification provided – need cash. Payment was charged to an account not in the account codes approved for the Embassies (a/c 2910) and was not budgeted for; payment was included in the June 2018 reimbursement report to MOF; however, the payment was disallowed	\$497.67
3/23/2018	14410	Advance payment to an Embassy official to be reimbursed when COLA is received. Payment was charged to an account not in the account codes approved for the Embassies (a/c 2910) and was not budgeted for; payment was included in the March 2018 reimbursement report to MOF; however, the payment was disallowed	\$483.10
11/26/2018	14586	Salary advance for pay period ending 11/23/2018 to be paid on 12/7/2018 was also made to an employee on 11/26/2018, per check #14586 for FJ\$1,497.50 (US\$692.50). The employee requested the advance salary to assist him financially with his intended trip during his leave. However, the payment was disallowed.	692.50
Total			\$1,673.27

The advance payments against COLA (Check No. 14467 and 14410) were disallowed and not reimbursed to the Embassy Imprest Fund. We inquired whether the amounts had since been repaid by the Embassy official; however, no response was provided.

The cause of the above condition is due to the Embassy’s disregard for the established Imprest Fund policies. Additionally, there is insufficient oversight by MOFAT and MOF to ensure the Embassy’s compliance with RMI policies. The noncompliance increases the risk of misuse of

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government funds under the Embassy’s custody. Furthermore, the disallowed claims have directly reduced the Imprest Fund account balance from its original amount.

The issue of advancing and borrowing from the Imprest Fund was also identified and raised in the previous report dated August 20, 2018.

We recommend that:

27. The Embassy should follow the provisions of the Procedures Manual, which prohibit the use of the Imprest Fund for borrowing or cash advances. Additionally, the Embassy should recover the advanced or borrowed amounts by making appropriate deductions from the salaries of the responsible officials.
28. The Secretary of MOFAT should take action to ensure that borrowing from the Imprest Fund is ceased immediately.

Finding No. 13: Imprest Fund Paid for Personal Expenses

Per the RMI Travel Policy, Section C.1, per diem will be paid at the established government rates approved by Cabinet for each destination. The per diem should cover the hotel and food costs or board and lodging costs of the traveler. Other charges that may be paid by the traveler from part of their per diem and are not reimbursable, such as hotel tips and laundry services. Furthermore, the Imprest Fund procedures indicate that borrowing or cash advance from the Embassy Imprest Fund is prohibited.

The audit found the following:

- Check #14061 for \$1,249.10 was issued to a hotel for accommodations and laundry services for 2 officials from the Ministry of Foreign Affairs Home Office as follows:

MOFAT Officials	Accommodations	Laundry Services	Total
Official #1	\$666.68	\$22.04	\$688.72
Official #2	\$516.67	\$43.71	\$560.38
Total	\$1,183.35	\$65.75	\$1,249.10

These expenses should have been paid by the travelers. We did not note any authorization instrument approving the use of the Imprest Fund account to pay these charges. We were unable to confirm if this amount was actually paid back to the Imprest Fund. However, it

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was noted that the payment was included in the Embassy reimbursement report for October 2016 and was reimbursed back by MOF per check #146224 dated February 2, 2017.

- Check #14711 for \$1,438.37 was issued to One World Flight Center for a plane ticket from Nadi to Majuro for a former Embassy staff member. Payment was authorized by a purchase order (PO) that was approved by the former Head of the Mission. A note was written on the PO that it was on advice from the former Head of the Mission to purchase the ticket. It was also noted that the amount would be deducted from the employee's payroll until fully paid. Review of the monthly reimbursement reports showed that the payment was included in the May 2019 reimbursement report; however, the payment was disallowed by MOF. Review of the Embassy bank statements for FY2019 – 2021 shows no deposits of the above amount. Discussion with Embassy staff also confirmed that no deductions were made to pay off the amount.
- Check #15015 for \$1,094.25 issued to Dragon Music as a down payment for a Yamaha Keyboard and an Ashton Ukulele costing \$1,833.96, for an Embassy official, per his instructions that he will make repayments. Payment was included in the March 2020 reimbursement report submitted to MOF and was reimbursed per check #198048. Per discussion with Embassy staff, the amount of \$1,094.25 has not been paid back by the official.
- Check #14101 dated 11/30/16 for FJD \$1,159.00 (\$548.10) – per the statement, items being paid are personal in nature (Sony PlayStation, PS4 game, mini blanket, etc.) for a former Embassy official. Payment was disallowed by MOF.

The lack of review and scrutiny of the Embassy reimbursement reports has resulted in the government reimbursing for unsupported and unrelated Embassy expenditures. It also allowed personal expenses to be paid by the Imprest Fund account that should have otherwise been paid by the travelers and the Embassy staff. Additionally, the lack of timely investigation and proper accounting of the disallowed expenses by MOF has allowed the \$1,438.37 to be continuously disallowed for over 2 years – funds that could have supported the Embassy's daily operations.

It appears that the appropriateness of the payments was not being questioned by either MOFAT or MOF, and has resulted in government funds expended in a manner that is inconsistent with RMI Policy.

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The issue regarding personal expenses being paid out of the Imprest Fund was also reported in our audit report dated August 20, 2018.

We recommend that:

29. The Embassy should strictly follow RMI policies and prohibit the use of the Imprest Fund for unrelated expenditures.
30. The Embassy and MOFAT should investigate the matter to ensure amounts owed by the travelers are paid back to the government.
31. MOFAT and MOF should carefully review all reimbursement claims to ensure expenses are appropriate before processing payments.
32. MOF should work with the Embassy and MOFAT to ensure the disallowed personal expenses are recovered from the responsible officials.

Finding No. 14: Unauthorized Credit Accounts

The Borrowing Act of 1985 states that the Minister of Finance or any person specially authorized by, with concurrence of the Cabinet, may sign (a) an agreement relating to a loan and (c) any contract bond, promissory note or other document required by such agreement or guarantee to be executed by the Government of the Marshall Islands. The Act defines a loan as “any form of financial credit for goods and services granted to or on behalf of the Government of the Marshall Islands”. In addition, the Fiscal Responsibility and Debt Management Act 2020 Section 1018 states that “The Minister shall have authority to borrow money on behalf of Government by concluding loan agreements, issuing Government securities, or entering into supplier’s credit agreements and to issue Government guarantees, both in the Republic of the Marshall Islands and elsewhere and in local and foreign currencies with the approval of the Cabinet”.

The Embassy has established a credit line with a local company without approval from the appropriate RMI officials. Items purchased were furniture & fixtures, household goods & appliances, computers, air conditioning units, kitchen appliances, and other goods on account. The company is charging the Embassy interest and late payment fees. From the company statements noted on file, there are eight (8) different accounts that are being charged when purchasing the above items. Based on the last statement noted on file dated January 2021, the outstanding balance was FJD \$7,416.90 (\$3,272.40).

Based on our review, the following payments were made to the company based on the company statements or reminders of account arrears through email communications, and not based on the

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actual invoices. Copies of the invoices were requested to be provided; however, such were not provided as of the report date.

- Check #14071 dated 10/26/16 for FJD \$2,108.14 (\$1,003.90) - payment is based on notice of arrears for account #091000346758 and account #057000311598. Due to no invoices being provided, we are unable to determine whether the items being paid for are Embassy-related expenses or personal-related expenses. Review of the monthly reimbursement reports showed that the payment was included in the October 2016 reimbursement report to MOF and was reimbursed back to the Imprest Fund per check #146224.
- Check #14101 dated 11/30/16 for FJD \$1,159.00 (\$548.10) – per the statement, items being paid are personal in nature (Sony PlayStation, PS4 game, mini blanket, etc.) for a former Embassy official. Payment was disallowed by MOF.
- Check #14185 dated 4/27/17 for FJD \$2,048.83 (\$962.96) – payment is based on notice of arrears for account #091000346758. No invoices provided; hence, we are unable to determine whether the items being paid for are Embassy-related or personal-related expenses. Payment was included in the April 2018 reimbursement report to MOF and was reimbursed back to the Imprest Fund per check #153086.
- Check #14395 dated 2/28/18 for FJD \$2,851.30 (\$1,386.31) – payment is based on a notice to settle account balance. Written notes on the document indicate payment is for an Apple laptop, however, with no invoice provided, we are unable to verify. We reviewed the fixed assets register to ensure the item was recorded, however, the item was not on the FAR. Payment was included in the February 2018 reimbursement report to MOF and was reimbursed back to the Imprest Fund per check #160821.

In addition, we noted that the Embassy obtained two auto loans; one for a Mitsubishi Pajero for F\$81,936.25 (\$36,936) and one for a Toyota Prado 7-Seater for F\$89,364.43 (\$39,428.38). Payments totaling \$43,333.57 for these loans were made from the Embassy Imprest Fund account.

The credit accounts and loan schemes described above appear to violate the RMI policy. The appropriateness of the expenses above was not carefully reviewed by MOFAT and MOF, which resulted in unsupported and questionable expenses being paid by the Government.

This finding was also reported in our audit report dated August 20, 2018.

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We recommend that:

33. The Embassy should strictly comply with the established RMI policies.
34. MOFAT should require the former Embassy official to pay back the Imprest Fund the full amount used for personal items, or seek the assistance of the Attorney-General.
35. MOFAT and MOF should carefully review all reimbursement claims for appropriateness before processing payments to prevent reimbursement of unsupported and unrelated Embassy expenses.

Finding No. 15: Unreported Expenditures

The Procedures Manual Part VI states that “The Head of Mission shall be accountable for the sound management of all government funds in accordance with RMI fiscal requirements of policies. He must ensure that each Mission submits a financial report on the administration, approval, and expenditure of funds from the Mission’s Imprest Fund. Every financial report must account for the expenditures of the Mission and must be supported by valid invoices and receipts as evidence of the expended amount”.

We noted that check #14230, dated 8/1/2017, in the amount of \$212.16, was issued to cash for services including plumbing, light bulb replacement, and television repair. While this payment was recorded in the August 2017 check register, it was not included in the reimbursement report submitted to MOF for that period. This implies that payment of \$212.16 was not reported for reimbursement.

The payment described above violates the RMI requirements. In addition, non-reimbursement of the expended amount reduces the available balance and may affect the Embassy’s ability to pay major bills and operational expenses.

We recommend that:

36. The Embassy should strictly comply with the established RMI policy and include all expended amounts out of the Imprest Fund in its reimbursement report.

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Exhibits

Exhibit 1: Travel Expenses Did Not Comply with RMI Travel Policy

Domestic Travels

<i>Date</i>	Check No.	Payee	Amount	Purpose
<i>Oct-16</i>	14064	Sun Motor Inn	\$1,249.10	Payment for hotel accommodations & laundry services for 2 officials from the MOFAT Home Office. No approved TAs or written communication were noted on file approving the Imprest Fund to pay for the officials' rooms and laundry charges, which are normally the responsibility of the traveler. Payment was reimbursed by MOF.
<i>Nov-16</i>	14080	Embassy Official #1	\$936.34	Payment for per diem (\$436.34) & representation (\$500) to secure the arrival of an RMI visiting official & to attend a meeting in Nadi. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file; invoices supporting the representation expenses were not provided; payment was disallowed by MOF.
<i>Dec-16</i>	14106	Embassy Official #1	\$825.00	Payment for per diem (\$521.62) & representation (\$300) to attend a meeting in Nadi. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file; invoices supporting the representation expenses were not provided; payment was disallowed by MOF.
<i>Dec-16</i>	14107	Embassy Official #5	\$448.21	Payment for per diem for driving the Head of Mission to a meeting in Nadi. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file; payment was disallowed by MOF.
<i>Dec-16</i>	14118	Embassy Official #4	\$908.39	Payment for per diem for driving Embassy official & family for Christmas holidays in Lautoka. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file; supporting documents provided were hotel receipts, groceries receipts, clothing, accessories & snacks receipts; payment was disallowed by MOF.
<i>Apr-18</i>	14425	Embassy Official #5	\$748.86	Payment for per diem to secure the arrival of a Cabinet member for the FFA meeting in Nadi. TA was approved by the DCM. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file. Payment was not posted in the MOF 135-P report, but was not reflected in the MOF disallowed report, with no justification provided.
<i>Feb-18</i>	14376	Embassy Official #1 & Spouse	\$381.57	Payment for airfare to attend an opening ceremony at Nadi. No approved TA for the accompanying spouse. TA was approved by the DCM. The travel claim voucher and the trip report that are

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				required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
<i>Feb-18</i>	14377	Embassy Official #1	\$843.41	Payment for per diem (\$343.41) & representation (\$500) to attend a summit in Nadi and to secure the arrival of a Cabinet member. TA was approved by the DCM. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
<i>Jul-18</i>	14484	Embassy Official #2	\$300.84	Payment for representation to attend the Deep Sea Mineral Mining meeting in Nadi. TA was approved by the DCM. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file. Payment was disallowed by MOF.
<i>July-18</i>	14497	Embassy Official #2	\$834.26	Payment for airfare to attend the 2018 FOC & Forum Foreign Ministers meeting in APIA. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file. Payment was not posted in the MOF 135-P report, but was not reflected in the MOF disallowed report, with no justification provided.
<i>May-19</i>	14700	Sofitel Fiji Resort & Spa	\$263.15	Payment for accommodations for Embassy Official #1 to attend the 2019 annual meeting of the ADB Board of Governors in Nadi. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file. Payment was disallowed by MOF.
<i>May-19</i>	14707	Fiji Airways	\$248.76	Payment for 2 round-trip tickets for Embassy Official #1 to Nadi to secure the arrival of a visiting RMI high government official. No TA was noted on file. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file. Payment was disallowed by MOF.
<i>May-19</i>	14712	Fiji Airways	\$296.42	Payment for round-trip tickets for the spouse of Embassy Official #1 (5/16 – 27/2019). No TA was noted on file; therefore, the purpose of the trip could not be determined whether it was official or personal related. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file. Payment was disallowed by MOF.
<i>Jul-19</i>	14759	Embassy Official #1	\$526.37	Payment for per diem to attend the PIDF meeting in Nadi. The travel voucher provided was not completed; no trip report was provided with the travel voucher. Payment was disallowed by MOF.
<i>Jul-19</i>	14760	Embassy Official #6	\$451.19	Payment for per diem for driving Embassy Official #1 to attend the PIDF meeting in Nadi. The travel voucher provided was incomplete; no trip report was provided with the travel voucher. Payment was disallowed by MOF.
<i>Jan-20</i>	14899	Embassy Officials #5 & 6	\$300.74	Check issued for cash for per diem for Embassy Official #5 and #6 for traveling to Nadi to secure a pick up Ambassador & his family. The TA provided was not approved. Travel vouchers provided were not complete & no trip reports were provided. Payment was disallowed by MOF. Subsequently, all FY2020 previously

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				disallowed expenses were removed from the disallowed report with no justification provided.
Jan-20	14904	Tokatoka Resort	\$317.92	Payment for hotel accommodation and meal charges for Embassy Official#1 and family upon their return from home leave. No TA was noted on file. Payment was disallowed by MOF, but subsequently, all FY2020 previously disallowed expenses were removed from the disallowed report with no justification provided.
Feb-20	14925	Official #5	\$150.00	Payment for per diem for driving Embassy Official #1 to Nadi to secure his departure to Majuro. The TA provided was not approved. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file. Payment was disallowed by MOF, but subsequently, all FY2020 previously disallowed expenses were removed (deleted) from the MOF disallowed report with no justification provided.
Dec-20	15201	RMI SIS Office	\$452.66	Payment for per diem for the SIS Officer to attend and manage the RMI booth at the UN75th Community Program held in Nadi. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
Dec-20	15203	Official #4	\$452.66	Payment for per diem for 3 nights for driving Embassy Official #1 back from the <u>UNESCAP Pacific Forum workshop in Nadi (12/14 – 15/20)</u> . The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
Dec-20	15200	Official #1	\$352.07	Payment for per diem to attend the UN75th Community Day Program in Nadi. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
Dec-20	15199	Fiji Airways	\$98.72	Payment for a round-trip ticket for the SIS Officer to attend the UN75th Community Day in Nadi. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
Dec-20	15202	Official #6	\$301.77	Payment for per diem for driving Embassy Official #1 to attend the UN75th Community Day in Nadi. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
Oct-20	15133	Official #1	\$174.27	Payment for per diem for 1 night to secure & escort DCM & First Secretary release from quarantine facility in Nadi after 14 days. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
Oct-20	15134	Official #6	\$149.37	Per diem for transporting Embassy Official #1 to Nadi to secure DCM & FS release. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file.
Total			\$12,012.05	

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International Travels

<i>Month</i>	Check No.	Payee	Amount	Purpose
<i>17-Aug</i>	14234	One World Flight Centre	\$2,339.15	Airfares for Embassy official family members from Suva to Honolulu. No approved TA or written communication from MOFAT approving the travel was noted on file; the travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file; payment was disallowed by MOF.
<i>17-Aug</i>	14235	Fiji Airways Limited	\$2,656.07	Airfares for Embassy official family members from Honolulu to Majuro. No approved TA or written communication from MOFAT approving the travel was noted on file; the travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file; payment was disallowed by MOF.
<i>17-Aug</i>	14246	Fiji Airways Limited	\$684.50	Airfare for Embassy Official #2 to attend PIFS meeting in Apia, Samoa; TA provided was approved by the traveler and not by the MOFAT Secretary as required by the Foreign Affairs Regulations. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file; payment was disallowed by MOF.
<i>17-Aug</i>	14257	Official #2	\$1,501.55	10 days per diem to attend the PIFS meeting in Apia, Samoa as a Presidential delegation member. The TA provided was approved by the traveler and not by the MOFAT Secretary as required by the Foreign Affairs Regulations. The travel claim voucher and the trip report that are required by the RMI Travel Policy to be filed at completion of an official trip were not available on file; payment was disallowed by MOF.
<i>19-Jan</i>	14616	Official #2	\$1,886.77	Reimbursement for airfare to attend a funeral held in Majuro; TA was approved by the traveler himself and not by the MOFAT Secretary as required by the Foreign Affairs Regulations. The receipt supporting payment from the traveler's card was for the Suva – Nadi portion of the trip (F\$147.15 = \$68.23) and not for the whole amount. MOF has disallowed \$989.63 of the \$1,866.77.
<i>19-Jan</i>	14622	Official #2	\$1646.01	Payment for per diems and car rental on Majuro when attending a funeral held in Majuro; TA was approved by the traveler himself. No written communication from MOFAT was noted on file approving the payment as required by the Foreign Affairs Regulations. Although payment was supported by a receipt from the traveler's card, payment was disallowed by MOF.
<i>19-May</i>	14711	One World Flight Centre	\$1,438.37	Round-trip ticket for an Embassy staff to attend the OEPPC meeting in Majuro. No written communication from MOFAT approving the trip was noted on file. Payment was approved by the Head of the Mission through a purchase order (PO), rather than a travel authorization, with the advice that the amount will be deducted from her salary until fully paid. Payment was included in the May 2019 reimbursement report to MOF, however, payment was not reimbursed (was disallowed by MOF).

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<i>19-June</i>	14722	Official #1	\$500.76	Payment for per diem. TA provided to support payment was already paid by ck#14721 for F\$5,770.50 (\$2,623.76) for extended stays in Majuro. No communication in writing from MOFAT was noted & TA was approved by the traveler himself & not by the MOFAT Secretary as required under the MOFA Manual of Procedures. Payment was incorrectly charged to representation (a/c 2605) rather than to travel (a/c 2021).
<i>20-Feb</i>	14919	Official #1	\$1,750	Payment for per diem for Official #1 for extended stays in Majuro from (Jan. 10 - 24, 2020). Noted a TA approved by the Secretary of MOFAT for the Official to attend the President's inauguration in 2020. However, no travel claim and no trip report were noted on file as required by the RMI travel policy. Per Embassy officials, the trip was verbally approved by the MOFAT Secretary over the phone. However, payment was disallowed by MOF.
Total			\$14,403.18	
Overall Total			\$26,415.23	

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Exhibit 2: Disallowed Expenses

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<i>Date</i>	<i>Check No.</i>	<i>Amount</i>	<i>Payee</i>	<i>Descriptions</i>
<i>Nov-16</i>	14080	\$436.34	Official #1	Payment for per diem & representation for Official #1 to secure the arrival of a High RMI Government Official and to attend the meeting with the Pacific Flying School Director in Nadi. However, the TA on file was not approved by the MOFAT Secretary as required by the Foreign Affairs Regulations. Also, the trip report & the associated travel document required by the RMI Travel policy to be submitted at the completion of the trip were not available on file, accordingly, we are unable to determine how the \$500 representation fund was accounted for, as no receipts/invoices were available on file. Furthermore, the payment was disallowed by MOF due to no TA.
		\$500.00		
<i>Dec-16</i>	14106	\$525.00	Official #1	Payment for per diem & representation for Official #1 to attend the official opening ceremony of the 13th Regular Session of the Western & Central Pacific Fisheries Commission. However, the TA on file was not approved by the MOFAT Secretary as required by the Foreign Affairs Regulations. Also, the trip report & the associated travel document required by the RMI Travel policy to be submitted at the completion of a trip were not available on file, accordingly, we are unable to determine how the \$300 representation fund was accounted for, as no receipts/invoices were available on file. Furthermore, the payment was disallowed by MOF due to TA being not fully signed.
		\$300.00		
<i>Dec-16</i>	14107	\$448.21	Official #2	3 days per diem for Official #2 for driving Official #1 to attend a Fiji Government invitation for the opening ceremony of the Fisheries meeting in Nadi. However, the TA on file was not approved by the MOFAT Secretary as required by the Foreign Affairs Regulations. It was noted that the Embassy employees receive per diem advances when driving Embassy Officials to Embassy functions in Nadi in the Embassy vehicles. In addition, the trip report & the associated travel document required by the RMI Travel policy to be submitted at the completion of a trip were not available on file. The payment was disallowed by MOF.

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<i>Dec-16</i>	14118	\$908.39	Official #4	6 days per diem for the Official #4 for driving Official #1 and family on their Christmas holiday in Lautoka. TA on file was approved by the Official #1 rather than the MOFAT Secretary as required by the Foreign Affairs Regulations; no written communication by MOFAT approving the travel. The supporting documentation attached were receipts for hotel rooms charged under the traveler's name, groceries, clothing, accessories, and snacks. It appears that the trip and expenses incurred were personal in nature and should have been paid by the traveler's personal money. The trip report and the travel claim voucher required by the RMI Travel policy to be submitted at the completion of a trip were not available on file. The amount was disallowed by MOF due to no TA.
<i>Aug-17</i>	14234	\$2,339.15	One World Flight Centre	Airfares for Official #1's spouse and granddaughter from Suva to Honolulu. No approved TAs or written communication from MOFAT approving the travel were noted on file. The travel claims voucher & trip report that are required by the RMI Travel policy to be filed at completion of an official trip were not available on file. Payment was disallowed by MOF for no support.
<i>Aug-17</i>	14235	\$2,656.07	Fiji Airways Limited	Airfares for Official #1's spouse and granddaughter from Honolulu to Majuro. No approved TAs or written communication from MOFAT approving the travel were noted on file. The travel claims voucher & trip report that are required by the RMI Travel policy to be filed at the completion of an official trip were not available on file. Payment was disallowed by MOF for no support.
<i>Aug-17</i>	14246	\$684.50	Fiji Airways Limited	Airfare for Official #2 to attend the PIFS meeting in Apia, Samoa. No approved TA or written communication from MOFAT authorizing the travel was noted on file as required by the Foreign Affairs Regulations; the TA noted on file covers per diems for 10 days, and the TA was approved by the Official #2. The travel claim voucher and the trip report that are required by the RMI Travel policy to be filed at the completion of an official trip were not available on file. Payment was disallowed by MOF for no support.
<i>Aug-17</i>	14257	\$1,501.55	Official #2	10 days per diem for Official #2 to attend the PIFS meeting in Apia, Samoa. TA supporting payment was approved by the traveler, however, per the Foreign Affairs Regulations, Part VIII, Section 18(1) & (2), Heads of Missions & all staff members at Missions shall obtain prior approval from the Secretary for travel outside the host Country or State, whether for official or unofficial purposes. Official travel, once approved, shall be administered by the Ministry headquarters through the standard process of travel authorization & in a manner consistent with the Policies & Regulations on official

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				Government Travel. Payment was disallowed by MOF for no support.
<i>Feb-17</i>	14126	\$1,744.83	Digicel	Although an invoice was provided, payment was not posted in the MOF 135-P report, an indication that payment was not reimbursed. We noted that \$3,602.49, of which this payment (\$1,744.83) is part of, was disallowed by MOF, however, justification for disallowing the payment was not provided by MOF in the disallowed report.
<i>Feb-17</i>	14133	\$994.27	Kidanet	Although an invoice was provided, payment was not posted in the MOF 135-P report, an indication that payment was not reimbursed. We noted that \$3,602.49, of which this payment (\$994.27) is part of, was disallowed by MOF, however, justification for disallowing the payment was not provided by MOF in the disallowed report.
<i>Feb-17</i>	14145	\$255.04	Telecom Fiji Limited	Although an invoice was provided, payment was not posted in the MOF 135-P report, an indication that payment was not reimbursed. We noted also that \$3,602.49, of which this payment (\$255.04) is part of, was disallowed by MOF, however, justification for disallowing the payment was not provided by MOF in the disallowed report.
<i>Feb-17</i>	14148	\$563.89	Digicel	Although an invoice was provided, payment was not posted in the MOF 135-P report, an indication that payment was not reimbursed. We noted also that \$3,602.49, of which this payment (\$563.89) is part of, was disallowed by MOF, however, justification for disallowing the payment was not provided by MOF in the disallowed report.
<i>Nov-16</i>	14101	\$548.09	Courts Fiji Limited	Check #14101 was paid based on the vendor's monthly statement rather than an invoice; payment was for PlayStation consoles & video games, which appeared to be personal in nature. Per the statement, personal items totaling F\$2,497 were made by Official #2; this payment appears to be a partial payment on these items. Purchasing personal items from the Imprest fund account was cited and reported in the prior audit of the Embassy. Purchase did not follow the Procurement Code regulations; payment was not posted in the 135-P report and was disallowed by MOF.
<i>Feb-17</i>	14144	\$437.18	Chandar Segran	Last installment payment for maintenance work (electrical services) at the Embassy; payment did not follow the procurement regulations - split payment;

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			although payment was supported by an invoice, payment was not posted in the 135-P report and was disallowed by MOF due to the account being charged NSF
<i>Feb-17</i>	14139	\$399.17	Chandar Segran 1st installment payment (50% of the price quotation of F\$1,680 = \$798.34) for maintenance work (electrical services) at the Embassy costing (F\$840 = \$399.17); noted that payment was supported by the vendor's price quotation of F\$1,680 (\$798.34), no other quotations were provided, hence, the procurement regulations were not followed - split payment; payment was not posted in the 135-P report and was disallowed by MOF due to NSF account charged; 2nd payment was made by ck#14144 (\$437.18)
<i>Nov-16</i>	14092	\$127.68	Air Trade Antenna Services Payment is not supported by a receipt/invoice; payment was not posted in the 135-P report and was disallowed by MOF.
<i>Nov-16</i>	14103	\$1,897.29	Credit Corporation (Fiji) Limited Loan payment for the 2 Embassy vehicles, Toyota Prado #CD23 - F\$1,977.08 (\$934.96) & Mitsubishi Pajero Wagon #CD9 - F\$2,034.95 (\$962.33); copy of chk#14103 was not provided - AO indicated that a copy has been requested for the bank to provide, however, a copy has not been available as of the completion of the fieldwork; noted that although payment was supported by vendor invoices, the payment was not posted in the 135-P report and was disallowed by MOF for not providing copy of the check. Embassy has obtained credits (loans) with Credit Corporation to purchase the 2 vehicles, however, per the RMI Borrowing Act 1985, which was repealed in 2020 by the Fiscal Responsibility & Debt Management Act 2020, only the Minister of Finance is authorized to borrow money on behalf of the government by concluding loan agreements & to issue government guarantees, both in the RMI and elsewhere & in local & foreign currencies with the approval of the Cabinet; have the authority to sign loan and supplier's credit agreements for & on behalf of the government with the approval of the Cabinet; and all instruments for a loan under this Act, shall, prior to their execution by the Minister, be approved by the Attorney General & the Secretary of Finance.
<i>Aug-17</i>	14262	\$2,910.60	Credit Corporation (Fiji) Limited Loan payment for Embassy vehicle #CD9. Although an invoice was provided, payment was disallowed by MOF for lack of justification/purpose of payment.
<i>Aug-17</i>	14237	\$218.30	CASH - Café Thirty Cash payment for food for a student meeting with a high Government Official; although payment was supported with receipts and invoices, payment was not posted in the 135-P report, and payment was disallowed by MOF due to the payment being made in cash.

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<i>Aug-17</i>	14238	\$1,150.66	CASH - different vendors: Flea market, Yim Wah Co., LTD, and KAHILY Nursery	Check issued to Cash to purchase various items such as fresh flowers and other funeral related expenses for a Government official's funeral from various vendors; payment was charged to the representation expense account (a/c 2605) rather than to other supplies/materials (a/c 2450); although the payment was supported with receipts and invoices, payment was not posted in the 135-P report and payment was disallowed by MOF; MOF questioned why the cash payment.
<i>Aug-17</i>	14240	\$508.07	CASH - different vendors: Vinod Patel, Biosecurity Authority FIJI, RB Patel, and Fresh'et Grocers.	Check issued to Cash to purchase various items such as flowers and various other items for Government official's funeral; payment was charged to representation expense (a/c 2605) rather than to other supplies/material (a/c 2450); receipts provided did not match amount on purchase list; payment was not posted in the 135-P report; MOF questioned why paid by cash and disallowed it.
<i>Aug-17</i>	14245	\$358.82	CASH - Air Terminal Services (Fiji) LTD	Cash payment for freight, but the Embassy charged it to the representation expense account (a/c 2605), which MOF questioned why it was not charged to the freight expense account (a/c 2401); although payment was supported with receipts and invoices, it was not posted in the 135-P report & payment was disallowed by MOF.
<i>Aug-17</i>	14249	\$322.94	CASH - Nauru Airlines	Cash payment for fresh flowers to be sent to Majuro for a government official's funeral; although the payment was supported with receipts and invoices, the payment was not posted in the 135-P report & payment was disallowed by MOF.
<i>Nov-16</i>	14083	\$271.92	Official #1	Reimbursement to Official #1 for hosting breakfast with a high Government Official & purchase of an HP printer. We noted that the Embassy charged the whole amount of \$271.92 to the reimbursable expense account (a/c 2910) for which no budget was allocated. Although payment was supported by receipts/invoices, the payment was not posted in the 135-P report & was disallowed by MOF.
<i>Feb-17</i>	14132	\$834.31	Official #1	To reimburse Official #1 for hotel accommodation during a family Christmas holiday in Lautoka (F\$1,546.21 - \$734.75) and for hosting a lunch with the High Commissioner for Kiribati, Nauru & FSM (F\$209.50 - \$99.50). Although payment is supported with invoices/receipts, such was not supported by an approved TA, which MOF cited as the justification for disallowing the payment. Noted that the whole amount (F\$1,755.71 or \$834.31) was charged to representation expense (a/c 2605) rather than splitting the expenses to domestic travel (a/c 2020 - \$734.75) and representation expense (a/c 2605 - \$99.50) based on the nature of the expenses. We noted also that the payment was approved by a purchase order (PO) rather than a travel authorization (TA).

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<i>Feb-17</i>	14146	\$885.16	Fiji Electricity Authority	Payment was supported; however, it was not reimbursed as it was not posted in the 135-P report and was disallowed by MOF due to insufficient funds (NSF).
<i>Mar-17</i>	14154	886.32	Embassy Officials	Item not tagged with Government ID; item was not recorded in the FAR; item was disallowed by MOF.
<i>FY 2017 Disallowed</i>		\$25,613.75		

Fiscal Year 2018

<i>Date</i>	Check No.	Amount	Payee	Descriptions
<i>Dec-18</i>	14613	\$884.61	Embassy official	Salaries were paid in cash, however, the timesheet provided did not contain time clocked in & out, and also indicates that the employee was absent, disallowed by MOF.
<i>Jul-18</i>	14484	\$300.84	Official #2	Payment for representation allowance for Official #2 to attend the Deep Sea Mineral Mining meeting in Nadi. TA was not approved by the MOFAT Secretary as required by the Foreign Affairs Regulations, rather, the TA was approved by Official #2. MOFAT noted in its Recap of expenditures that TA was not supported by an invitation or a meeting program. The trip report & the associated travel document required by the RMI Travel policy to be submitted at the completion of a trip were not available on file, accordingly, we are unable to determine how the \$300 representation fund was accounted for, as receipts/invoices were not available on file. Per the RMI Travel policy, only minister-level officials are entitled to receive representation not to exceed \$500. MOFAT staff indicated that this has been the practice so far and indicated that the Ministry will ensure to discuss this practice with staff of the Overseas Missions. Payment was disallowed by MOF with no justification provided. However, when an expense is disallowed, it is either due to insufficient funds, inadequate supporting documentation, no budget, or the expense is personal-related.
<i>Mar-18</i>	14410	\$483.10	Embassy Official	Advance payment to an Embassy official, which was to be reimbursed when the official's COLA is received. The payment was charged to an account that was not in the account codes approved for the Embassies (a/c 2910) and was not budgeted for; payment was included in the March 2018 reimbursement report to MOF. However, the payment was disallowed.
<i>Aug-18</i>	14515	\$878.73	Embassy officials	Salary for Embassy officials; payment was disallowed because no timesheet was provided; hours supported by the summary of hours sheet provided by employees

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Aug-18	14521	\$891.92	Embassy officials	Salary for Embassy officials; payment was disallowed because the timesheet provided was incomplete, as no clock-in & clock-out were recorded on the timesheet; no approved leave slip was noted on file; hours were supported by the summary of hours sheet provided by employees.
Aug-18	14526	\$884.80	Embassy officials	Salary for Embassy officials; payment was disallowed because the timesheet provided was incomplete, as no clock-in & clock-out were recorded on the timesheet; no approved leave slip was noted on file; hours were supported by the summary of hours sheet provided by employees.
Sep-18	14536	\$890.22	Embassy officials	Salary for Embassy officials; payment was disallowed because the timesheet provided was incomplete, as no clock-in & clock-out were recorded on the timesheet; no approved leave slip was noted on file; hours were supported by the summary of hours sheet provided by employees.
Sep-18	14541	\$890.22	Embassy officials	Salary for Embassy officials; payment was disallowed because of no timesheet and annual leave provided; hours supported by the summary of hours sheet provided by employees.
Jan-18	14367	\$185.13	Caines Jannif Limited	Items purchased were portraits & Christmas cards for a government office, which is to be reimbursed. Although receipts/invoices were provided, payment was disallowed by MOF due to the account charged (a/c 2910 - Reimbursable Expense) not being on the list of approved account codes for the Embassy.
Jun-18	14467	\$497.67	Official #2	An advanced payment that did not have supporting documents; the payment was disallowed by MOF due to being an unallowable expense.
Jul-18	14499	\$242.79	Henry's Kitchen	Payment for representation expenses, but there are no receipts to show the purpose of the representation; payment was disallowed by MOF due to missing documents.
FY 18 Disallowed		\$7,030.02		

Fiscal Year 2019

Date	Check No.	Amount	Payee	Descriptions
May-19	14700	\$263.15	Embassy official	Payment for hotel accommodation in Nadi while attending the ADB Board of Governors meeting & the Advancing Development Cooperation in Reducing Marine Debris in the Pacific Region. Invitations for these meetings were noted. However, the TA was not approved by the MOFAT Secretary as required by the Foreign Affairs Regulations. The travel voucher & trip report required by the RMI Travel policy to be submitted at the completion of a trip were not available on file. In addition, the payment was disallowed by MOF with no

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			justification provided. However, when an expense is disallowed, it is either due to insufficient funds, inadequate supporting documentation, no budget, or personal personal-related expense.
May-19	14707	\$248.76	Official #1 Payment for a round-trip ticket for Official #1 to Nadi to secure the RMI President's arrival on 5/11/19 & departure on 5/16/19. No TA was noted on file. Payment was approved by the Official #1 through a purchase order (PO). Additionally, the travel voucher & trip report required by the RMI Travel policy to be submitted at the completion of a trip were not available on file. The payment was disallowed by MOF with no justification provided. However, when an expense is disallowed, it is either due to insufficient funds, inadequate supporting documentation, no budget, or personal expense.
May-19	14712	\$296.42	Official #5 Payment for a round-trip ticket for Official #5. However, no approved TA was noted on file, therefore, the purpose of the travel & justification to use the Imprest fund to purchase the ticket could not be determined. Noted that the payment was disallowed by MOF with no justification. However, when an expense is disallowed, it is either due to insufficient funds, inadequate supporting documentation, no budget, or a personal-related expense.
Jul-19	14759	\$526.37	Embassy official Payment for per diem to attend the PIDF meeting in Nadi, however, the TA was not approved by the MOFAT Secretary as required by the Foreign Affairs Regulations. TA was approved by Official #1. The travel claim voucher provided was not properly completed - it appears that the claim voucher was completed when the per diem payment was issued and not after completion of the trip. No trip report, invitation letter, or meeting program was noted on file. Payment was disallowed by MOF with no justification provided. However, when an expense is disallowed, it is either due to insufficient funds, inadequate supporting documentation, no budget, or a personal-related expense.
Jul-19	14760	\$451.19	Embassy official Per diem payment for driving the Official #1 to attend the PIDF meeting in Nadi. However, the TA was not approved by the MOFAT Secretary as required by the Foreign Affairs Regulations, the TA was approved by the Official #1. The travel claim voucher provided was not properly completed - it appears that the voucher was completed when the per diem payment was issued and not after completion of the trip. No trip report was noted on file. Payment was disallowed by MOF with no justification provided. However, when an expense is disallowed, it is either due to insufficient funds, inadequate supporting documentation, no budget, or a personal-related expense.

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<i>Jan-19</i>	14616	\$1,886.77	Official #1	Airfare for Official #1 to attend the funeral services in Majuro for the late former Official of the Embassy. However, the TA supporting payment was approved by Official #1 and not by the MOFAT Secretary as required by the Foreign Affairs Regulations. No approved TA or written communication from MOFAT was noted on file acknowledging and approving the travel. Noted also that the payment was issued to the Official #1 rather than to the airline or a travel agency. Embassy staff indicated that this is a reimbursement to Official #1 for paying the ticket himself using his credit card, however, the only evidence of payment from his card was for his airfare from Suva to Nadi on Fiji Airways for F\$147.15. The travel claim voucher & the trip report required to be filed at the completion of the trip per the RMI Travel policy were not available on file. No receipt was provided for the airfare from Nadi to Majuro & Majuro to Nadi for F\$3,947.48 (\$1,830.45). Per the MOF 135-P & the MOF disallowed report, \$989.63 of the \$1,886.77 was disallowed.
<i>Jan-19</i>	14622	\$1,646.01	Official #1	Per diem and car rental for the Official #1 during the Embassy's former Official funeral in Majuro. TA was approved by the traveler himself. No approved TA or written communication from MOFAT was noted on file approving the travel as required by the Foreign Affairs Regulations. Although payment was supported by a receipt from the traveler's card for car rental charges with a local rental company, \$95.27 of the \$1,646.07 was disallowed by MOF because not all supporting documents were provided. No travel claim voucher & trip report was noted on file as required by the RMI Travel policy.
<i>May-19</i>	14711	\$1,438.37	One World Flight Centre	Round-trip ticket for Official #5 to attend an EPPSO meeting in Majuro. Payment was approved by the Head of the Mission through a purchase order (PO) with the advice that the staff will pay back from salaries until fully paid. No approved TA or written communication from MOFAT was noted on file approving the travel. Payment was included in the May 2019 reimbursement report to MOF; however, the payment was not reimbursed. Review of staff's salary payments during the periods shows no deductions were made, and the amount has been shown as disallowed in the MOF disallowed report from 2019 to 9/30/21 (or for over 2 years).
<i>Oct-18</i>	14553	\$889.87	Embassy official	Salary for Embassy official; disallowed because of incomplete timesheet; timesheet provided did not contain time clocked in and out, but employee claimed the full 80 hours.
<i>Oct-18</i>	14563	\$885.39	Embassy official	Salary for Embassy official; disallowed because of incomplete timesheet; timesheet provided did not contain time clocked in and out, but employee claimed the full 80 hours.

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<i>Nov-18</i>	14576	\$889.43	Embassy official	Salary for Embassy official; disallowed because of incomplete timesheet; timesheet provided did not contain time clocked in and out, but employee claimed the full 80 hours.
<i>Dec-18</i>	14612	\$887.49	Embassy official	Salary for Embassy official; disallowed because of incomplete timesheet; timesheet provided did not contain time clocked in and out, but employee claimed the full 80 hours.
<i>Apr-19</i>	14673	\$884.61	Embassy official	Salary for Embassy official; \$307.38 of the \$884.61 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>Apr-19</i>	14684	\$892.78	Embassy official	Salary for Embassy official; \$315.80 of the \$892.78 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>May-19</i>	14703	\$882.85	Embassy official	Salary for Embassy official; disallowed because of incomplete timesheet; timesheet provided did not contain time clocked in and out, but employee claimed the full 80 hours.
<i>May-19</i>	14714	\$888.91	Embassy official	Salary for Embassy official; disallowed because of incomplete timesheet; timesheet provided did not contain time clocked in and out, but employee claimed the full 80 hours.
<i>Jun-19</i>	14717	\$883.25	Embassy official	Salary for Embassy official; \$306.32 of the 883.25 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>Jun-19</i>	14731	\$889.69	Embassy official	Salary for Embassy official; \$312.76 of the 889.69 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>Jul-19</i>	14744	\$885.56	Embassy official	Salary for Embassy official; \$308.63 of the 885.56 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>Jul-19</i>	14750	\$883.26	Embassy official	Salary for Embassy official; \$306.33 of the \$883.26 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>Aug-19</i>	14763	\$876.58	Embassy official	Salary for Embassy official; \$299.62 of the \$876.58 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>Aug-19</i>	14778	\$881.46	Embassy official	Salary for Embassy official; \$304.53 of the \$881.46 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>Sep-19</i>	14817	\$578.86	Embassy official	Salary for Embassy official; \$309.83 of the \$578.86 was disallowed without justification provided. The timesheet was incomplete but claimed the full 80 hours.
<i>Oct-18</i>	14554	\$3,181.84	Digicel	Payment for cellphone bills by the Embassy; Although payment was supported with an invoice/receipt, the payment was disallowed by MOF, stating that expenses were from the prior year (Jan 9 - Sept. 30, 2018) that included cell charges for employees, which are not eligible, except the DCM and the Ambassador.

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<i>Apr-19</i>	14670	\$686.43	Kidanet	Payment for internet services for the Embassy (F\$898.64 = \$412.48) and Official # 2 (F\$596.84 = \$272.76). It's not clear why MOF disallowed the payment when the supporting documents have been provided.
<i>Apr-19</i>	14678	\$272.67	Cash-MOTIREM & CO. Pte LTD- Materialised.	Check issued to CASH for freighting MOFAT goods and supplies (fabrics) and for transporting cartage to Nadi & returned. Payment was disallowed without justification by MOF; Embassy charged expense account a/c 2610, which was not budgeted for. The expense appeared to be unrelated to the Embassy operation.
<i>Mar-19</i>	14637	\$322.14	Cash	Check issued for CASH for food & drinks. The Embassy hosted a function for a government official and the official's delegation. Noted that receipts were provided, however, the total of the receipts (F\$657.00 * 0.4602 = \$302.35) does not match the amount of the check (F\$700.00 * 0.4602 = \$332.14) by F\$43.00 or \$19.78 shortage or unaccounted for. Embassy charged a/c 2910 (Reimbursable Expense), which was not budgeted for. Payment was disallowed by MOF without justification.
<i>Mar-19</i>	14660	\$304.65	SPC	Payment for refund to SPC for Official # 2's cancelled trip. Copy of deposit slip not available on file, accordingly, we are unable to determine whether the deposit was made. The account charged by the Embassy was also not an approved account code for the Embassy and was not budgeted for. Payment was disallowed by MOF without justification.
<i>Mar-19</i>	14661	\$517.73	Redox	Payment for printed compendium for Pacific Women Leaders; Evidence of 3 quotations was not available - only 1 price quote was noted on file. The account charged to (a/c 2910) was not budgeted for and is not an approved account code per the Imprest Fund Guidelines. Payment was disallowed by MOF without justification.
<i>Mar-19</i>	14647	\$888.19	Café Thirty	Payment for a service charge setup for a small morning tea and lunch for a visiting government official and the official's delegation; Expense was adequately supported with receipts/invoices. However, the expense did not have a minimum of 3 price quotes from different vendors; additionally, the account used is not in the Imprest Fund guidelines and was not budgeted for; the amount was disallowed by MOF without justification.
<i>Mar-19</i>	14659	\$499.25	Cash	Payment for a donation towards the student's MISA fund; the expense was adequately supported with receipts/invoices. However, the expense was disallowed by MOF without justification. A check was issued to CASH, and the account charged was not budgeted for and was not an approved account code for the Embassy.
<i>Dec-19</i>	14603	\$462.10	Official #4	Per Official #2's instruction, payment was for a funeral of one of the Embassy official's brothers. However, no written communication was noted on file. Payment was

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			disallowed as payment was considered an employee advance by MOF.
<i>Oct-18</i>	14566	\$58.60	Sky Pacific Payment for the television bill for the Embassy; Payment was disallowed by MOF due to supporting documents based on the statement and not on the actual invoices.
<i>Apr-19</i>	14686	\$927.18	Suva Lawn Bistro Ltd Payment for hosting a science meeting that took place in Paradiso. The expense was supported with an invoice. However, the expense was over the \$500-dollar threshold and had no 3 quotes from other vendors as required by the procurement code. The expense was disallowed by MOF without justification. In addition, the expense account charged was not budgeted.
<i>May-19</i>	14708	\$303.98	Tents & Awnings Pty Ltd Payment for the rental of chairs, tables, and tents; payment was disallowed by MOF without justification.
<i>May-19</i>	14709	\$973.19	Henry's kitchen Cash payment for catering services for the RMI President's delegation to CAP III & UNSG. Payment was charged to an expense account that was not budgeted. Payment was disallowed by MOF without justification. Payment was also not supported with 3 price quotations.
<i>Oct-18</i>	14559	\$910.69	Asco Motors Payment was charged to the Vehicle a/c 3135 when the payment is for repair and maintenance (tires for vehicle #CD23). Payment was disallowed by MOF for not providing 3 price quotations.
<i>Oct-18</i>	14564	\$126.46	Asco Motors Payment for maintenance services for Embassy vehicle CD23 (30,000 km service & full check on oils, petrol, lubricants, etc.). Embassy charged vehicle a/c 3135. Payment was disallowed by MOF for a missing copy of the check.
<i>FY 2019 disallowed</i>	\$30,172.12		
<i>Total Disallowed</i>	\$62,815.89		

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Exhibit 3: Fixed Asset with exceptions

Missing & Stolen Assets

	<u>Check No.</u>	<u>Asset Description</u>	<u>Date</u>	<u>Amount</u>	<u>Remarks</u>
1	14266	STIHL Water Blaster	8/31/2017	\$1,049.76	During our on-site visit, it was noted that the item was missing and was not available for our physical inspection.
2	14741	Fisher & Paykel 7KG Venter Dryer	7/3/2019	\$620.93	Per the FAR, the item was tagged with Tag #001 but was missing and not available for our physical inspection during our on-site visit.
3	14741	Fisher & Paykel 10KG Washer	7/3/2019	\$913.34	Per the FAR, the item was tagged with Tag #002 but was missing and not available for our physical inspection during our on-site visit.
4	14941	Apple MacBook Air 13" 128 GB MQD32X/A	3/9/2020	\$1,544.96	During our on-site visit, it was noted that the item was missing and was not available for our physical inspection.
5	15148	Microsoft Go 2 w/cover keyboard Pendium Gold	10/22/2020	\$874.68	During our on-site visit, it was noted that the item was missing and was not available for our physical inspection.
6	15406	HP NB Elitebook 830 256 NVME SSD 13.3	6/30/2021	\$1,194.73	Per the FAR, the item was tagged with Tag #049, but was missing and not available for our physical inspection during our on-site visit.
7	14323	Apple MacBook Pro 13" w/Touch Bar	11/21/2017	\$1,255.31	During our on-site visit, it was noted that the item was stolen according to Embassy officials and was not available for our physical inspection during our on-site visit.
	14395		2/28/2018	\$1,386.30	
				\$8,840.01	

Fixed Assets Not Tagged

	<u>Check No.</u>	<u>Asset Description</u>	<u>Date</u>	<u>Amount</u>	<u>Remarks</u>
1	14154	Desktop with accessories	3/3/2017	\$886.32	The item was sighted, and noted that it was not tagged with government identification.
2	15148	Microsoft Surface Pro7 w/Black Cover Keyboard	10/22/2020	\$1,289.22	The item was sighted, and noted that it was not tagged.
				\$2,175.54	

Fixed Assets Not Recorded in The Fixed Assets Register

<u>Check No.</u>	<u>Asset Description</u>	<u>Date</u>	<u>Amount</u>	<u>Remarks</u>
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1	14154	Desktop with accessories	3/3/2017	\$886.32	During physical inventory, it was noted that the item was not recorded in the FAR.
2	14323	Apple MacBook Pro 13" w/Touch Bar	11/21/2017	\$1,255.31	During physical inventory, it was noted that the laptop was not recorded in FAR.
	14395		2/28/2018	\$1,386.30	
3	14941	Apple MacBook Air 13" 128 GB MQD32X/A	3/9/2020	\$1,544.96	The laptop was not recorded in the Fixed Asset Register. However, the laptop was supported by receipts and invoices; furthermore, the laptop was missing from the Embassy when Official #1 moved from the Embassy.
4	15148	Microsoft Surface Pro 7 with Black Cover Keyboard (\$1,289.22)	10/22/2020	\$1,289.22	Items purchased were adequately supported with invoices and receipts. However, it was not recorded in the FAR. The item is still at the Embassy and has not been disposed of yet, due to the Embassy waiting for proper documentation to dispose of the asset. The condition of the asset is not working or is broken.
5	15148	Microsoft Go 2 with cover keyboard pentium gold (\$874.68)	10/22/2020	\$874.68	The asset was supported by an invoice/receipt. However, the item was missing because an Embassy official took it when the official left the Ambassador's office, per the Embassy officials. In addition, we are unable to determine its condition and check if it's tagged.
6	15125	8 Drawer Dresser with Mirror	10/8/2020	\$344.99	Items purchased were not properly recorded in the fixed asset register due to not filling in the other information needed. However, it was tagged. In addition, the item still exists in the Embassy and is still used by the Embassy.
7	15125	5 Office Highback Nylon Base Chair Dark Grey (\$82.45 per unit)	10/8/2020	\$412.24	Items purchased were adequately supported with a receipt and an invoice. However, the assets purchased were not recorded in the Fixed Asset Registrar. Items are still in use by the Embassy officials and have not been disposed of. The reason why it was not recorded in the FAR was due to the Embassy overlooking the item purchased.

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8	15186	Ecosys A4 Colour Wireless MFP Printer/Scanner	11/26/2020	\$442.31	Items purchased were not recorded in the Fixed Asset Register due to the Embassy overlooking the item. Items were supported by receipts/invoices and have not been disposed of yet because they are still present at the Embassy. According to Embassy officials, they were not aware of the Fixed Asset Procedures Manual.
				\$8,436.33	
		Overall Total		\$19,451.88	

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Appendices

Appendix 1: Embassy Response to Recommendations



THE EMBASSY OF THE
REPUBLIC OF THE MARSHALL ISLANDS
41 Borron Road - P.O. Box 2038 Government Building,
Suva, Republic of Fiji

August 22, 2025

Mr. Junior Patrick
Auditor General
Office of the Auditor General
PO Box 25
Majuro, MH 96960

SUBJECT: RESPONSE TO THE RMI EMBASSY SUVA DRAFT AUDIT REPORT FOR FISCAL YEARS (FY) 2017 - 2021

Iakwe Auditor General Patrick,

Thank you for providing the draft audit report for the Embassy of the Republic of the Marshall Islands to Suva, Fiji for FY 2017-2021. We appreciate the thoroughness of your audit and valuable insights provided as well as the professional manner in which your team conducted the audit.

The Embassy has reviewed the findings and recommendations outlined in the report, and would like to provide the following responses and additional recommendations.

In general, the Embassy agrees with the findings and recommendations and with the new management, is fully committed to implementing the necessary changes and improvements to ensure compliance to these policies moving forward.

Finding No. 1: Certain Embassy expenses were not supported with the required documentation

The Embassy agrees with the findings and recommendations and has taken careful measures to ensure the necessary supporting documents for all expenses are provided and maintained on file for reference and audit purposes.

Finding No. 2: Procurement code violations

The Embassy agrees with the findings and recommendations; however, would like to note that for certain items, there are limited vendors in Fiji; therefore hindering the Embassy's ability to provide the appropriate number of price quotations during procurement. Furthermore, when hosting high level officials and diplomatic partners, we are not able to gauge what they will order at such short notice and therefore cannot obtain quotes in advance. Nevertheless, the Embassy will take careful measures to ensure that all supporting documents are adequate to comply with RMI procurement code.

Finding No. 3: Certain Embassy expenses were disallowed for reimbursement

The Embassy agrees with the findings and recommendations and has taken steps to ensure that imprest fund transactions and expenditures are administered, disbursed and accounted for (including supporting documents) in compliance with the relevant RMI policy. After FY 2023, the Embassy has instituted a new monitoring system to prevent disallowed expenses.

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Finding No. 4: Certain Embassy Expenses Exceeded Authorized Budgets

The Embassy agrees with the findings and recommendations and has utilized new digital monitoring systems (internal system and centralized BISAN system in coordination with MOF beginning in FY 2024) to improve the regular tracking and management of all expenditures, budget line items and the overall authorized budget. The Embassy has also taken steps to ensure the monthly coordination of the budget with the Ministry of Foreign Affairs and Trade (MOFAT) and Ministry of Finance (MOF). We also note that certain line items are beyond the Embassy's control and administered by MOF, such as Salaries and Wages Marsh, and Allowances.

Finding No. 5: Certain travels did not comply with the travel requirements

The Embassy agrees with the findings and recommendations and will ensure that all travel complies with RMI travel policy and requirements.

Finding No. 6: Not all required monthly reports were prepared and submitted by the Embassy

The Embassy agrees with the findings and recommendations and will ensure the timely submission of all required monthly reports and documentation, ensuring records are maintained for reference and audit purposes.

Finding No. 7: Management of fixed assets can be improved

The Embassy agrees with the findings and recommendations and has procured tags from MOF and updated the tagging of all fixed assets including furnitures and fixtures at the Embassy residences. We have also taken steps to ensure the proper maintenance, disposal and reporting of all fixed assets. Further, the Embassy recommends that training be provided on fixed asset procedures and policy.

Finding No 8: School allowances are not supported

The Embassy notes the findings and would like to refer to the MOFAT directive in 2018, that Education Allowances are now to be disbursed from headquarters as an entitlement to diplomats per their contracts.

Finding No. 9: Not all locally engaged staff (LES) have valid employment contracts

The Embassy agrees with the findings and recommendations and has ensured that all LES have valid and fully executed employment contracts and that all payments are supported by contracts and proper supporting documents.

Finding No. 10: LES Salaries are not Adequately Supported

The Embassy agrees with the findings and recommendations, and has taken steps to maintain proper recording and time-keeping of hours for all its LES.

Finding No. 11: Certain petty cash expenses did not comply with the imprest fund requirement

The Embassy agrees with the findings and recommendations and has taken careful steps to ensure that all petty cash payments are made in accordance with the authorized amount stipulated and with proper authorization.

Finding No. 12: Advances from the imprest fund

The Embassy agrees with the findings and recommendations and has discontinued the practice of advances from the imprest fund.

Finding No. 13: Imprest fund paid for personal expenses

The Embassy agrees with the findings and recommendations.

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Finding No. 14: Unauthorized credit accounts

The Embassy agrees with the findings and recommendations and has ceased the practice of unauthorized accounts from FY 2023 onwards. As for the auto loans, this has been an ongoing practice of the Embassy as there is no way to pay for the full amount of vehicles up front or lease the vehicles. For this reason, we seek further guidance and advice from the MOF and MOFAT on a policy that reflects this.

Finding No. 15: Unreported expenditures

The Embassy agrees with the findings and recommendation.

Additional Recommendations

1. Prior to this audit in 2025, the last audit for the RMI Embassy, Suva was in 2018 (FY 2014 - 2016), and before that 2015 (FY 2009 - 2013). With seven, three and nine years between audits, the Embassy recommends audits are conducted annually and in a timely manner to ensure compliance is met and maintained and issues are resolved.
2. Further to above, the Embassy recommends that the audit for FY 2022 - 2024 should be carried out and completed as soon as possible.
3. The Embassy recommends that audits be conducted virtually.
4. There is a need for better understanding of the RMI Policies and Procedures across all compliance checkpoints (the Embassy, MOFAT and MOF). The Embassy recommends regular training and refresher courses to be provided for the Embassy, MOFAT, and MOFAT on all relevant policies and procedures and to share best practices.
5. The Procurement Policy provisions for Representation expenses, hinders the Embassy's ability to engage with high level officials and diplomatic partners, as we are not able to gauge what they will order at such short notice and therefore cannot obtain quotes in advance. The Embassy recommends that a clear policy should be developed to reflect the reality on how foreign missions engage with diplomatic partners and carry out our objectives.

Kommol tata once again for the opportunity to provide these responses and please feel free to contact the Embassy if there are any questions.

Sincerely,



H.E. Junior Aini
Ambassador Extraordinary and Plenipotentiary
Embassy of the Republic of the Marshall Islands, Suva, Fiji

Cc: Ms. Isabela Silk, Secretary of Foreign Affairs and Trade

REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL
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Appendix 2: Ministry of Foreign Affairs's Response to Recommendations



Republic of the Marshall Islands
MINISTRY OF FOREIGN AFFAIRS AND TRADE
P.O. Box 1349 | Majuro, MH 96960 | Phone: (692) 625-3181

Subject: Response to Audit of the RMI Embassy in Suva, Fiji FY17-21

Dear Auditor General,

With reference to your memo of August 7, 2025, regarding the OAG's draft audit report of the RMI Embassy in Suva for fiscal year 2017-2021, the Ministry wishes to submit the following responses/comments to the findings and recommendations set forth therein.

Finding 1. Certain Embassy Expenses Were Not Supported with the Required Documentation

The Ministry concurs with the recommendations of the Office of the Auditor General. The Ministry will continue to thoroughly review all monthly submissions to ensure that expenses are properly supported with invoices, receipts, and other required documentation. Where documentation is lacking, the Ministry will work with the respective Embassy to rectify deficiencies before submissions are forwarded to the Ministry of Finance. In addition, the Ministry has developed a payment summary template to track individual transactions within Imprest Fund Reports(IFRs). To strengthen this process, the Ministry has developed an **IFR Checklist** to ensure that all required supporting reports and documentation are submitted with the Imprest Fund Report.

Furthermore, in collaboration with the Ministry of Finance, the Ministry has established an **Imprest Fund Manual**, providing standard operating procedures to improve the accuracy and adequacy of reporting.

Finding 2. Procurement Code Violations

The Ministry acknowledges the recommendations of the Office of the Auditor General and will strengthen compliance with the RMI Procurement Code. The Ministry will coordinate with MOFBPS to ensure proper procurement practices are followed. However, the Ministry believes that certain policies may need to be revised or clarified to provide flexibility, as the requirement to obtain three quotations is not always feasible in some overseas locations and do look forward to have these discussions with the Ministry of Finance, Office of the Auditor General and/or the Attorney General's Office to seek ways forward. In the meantime, the Ministry will continue to make every reasonable effort to comply with procurement requirements.

Finding 3. Certain Embassy Expenses Were Disallowed for Reimbursement

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The Ministry concurs with the recommendations of the Office of the Auditor General and will ensure that all reimbursement requests are supported with valid invoices and receipts, and that such requests are for allowable and official expenditures in compliance with RMI policy and the guidelines governing the use of the Imprest Fund. The Ministry is currently working with MOFBPS to replenish the imprest funds and to recover disallowed expenditures through deductions from the responsible officer's payroll and/or Cost of Living Allowance(COLA), as appropriate.

Finding 4. Certain Embassy Expenses Exceeded Authorized Budgets

The Ministry concurs with the recommendations. A standardized budget monitoring tool has been developed to track expenditures against approved budgets. In addition, an internal policy has since been established for the Bureau of Management and Budget to conduct monthly meetings with Embassies and Consulates to monitor budgets and review disallowed items. Furthermore, Embassies and Consulates have been granted real-time access to budget balances through the **BISAN system**, managed by MOFBPS.

Finding 5. Certain Travels Did Not Comply with the Travel Requirements

The Ministry concurs with the recommendations and will ensure that all expenditures for travel are supported with valid documentation, including a **Travel Authorization** indicating the approval of the MOFAT Secretary, and that such requests are for allowable and official expenditures in full adherence with the RMI Travel Policy and Imprest Fund Guidelines. The Ministry will also continue to review travel claims against the imprest summary prior to reimbursement to ensure compliance.

Finding 6: Not All Required Monthly Reports Were Prepared and Submitted by the Embassy

The Ministry concurs with the recommendations and has developed an **IFR Checklist** to ensure that all required reports are submitted together with the Imprest Fund Report. In addition, the Ministry has established a centralized filing and monitoring system to ensure timely submission and proper maintenance of required reports for audit and reference purposes.

Finding 7: Management of Fixed Assets Can Be Improved

The Ministry of Foreign Affairs and Trade agrees with the recommendations and will continue to ensure compliance with the Procedures Manual and the MOFA Manual regarding maintenance of fixed assets. The Ministry notes that some assets have been devalued or are no longer functioning and need to be delisted and will ensure this is done in accordance with standard operating procedures. The Ministry wishes to note the need for proper tagging of assets by the relevant government authorities and will work with the Ministry of Finance towards this effort.

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To strengthen asset management, the Ministry has begun sending staff from the Ministry to overseas missions to provide training, conduct internal audits, and assist in updating and/or developing the asset registry. The Secretary is to issue an internal directive to clearly outline the proper procedures for the acquisition, maintenance, and disposal of fixed assets. MOFAT will continue to review monthly expenditure reports to ensure that all expenses charged to the Imprest Fund are strictly for allowable and official purposes.

Finding 8: School Allowances Are Not Supported

The Ministry supports the recommendations. . Based on previous audit recommendations by the Office of the Auditor General regarding this finding, the Ministry has since worked with the Ministry of Finance, Banking, and Postal Services to disburse educational allowances through the payment request process and are no longer disbursed from the imprest funds.

Finding 9: Not All Locally Engaged Staff (LES) Have Valid Employment Contracts

The Ministry agrees with the recommendations and will ensure all Locally Engagement Staff are employed under formal contracts. A **Contract Matrix** has been developed to track contract expiration dates and ensure timely extensions or renewals. In addition, the Ministry has established a **Human Resource Officer** position and will soon hire a dedicated staff member whose responsibility will be to ensure that all contracts are valid, renewed, and/or extended on a timely basis to avoid any lapses in contract validity versus payments or employment. This measure will prevent lapses in contract validity, help maintain proper employment records, and ensure alignment with salary payments, directly supporting the oversight measures described in Finding 10.

Finding 10: LES Salaries are not Adequately Supported

The Ministry concurs with the recommendations and will continue to require timesheets or attendance records for all LES salary payments. These records are included in the IFR checklist that has been developed and will be monitored and reviewed to ensure compliance. Furthermore, the newly established Human Resource Officer position will provide dedicated oversight to monitor contract validity, payroll records, and timesheets submissions, thereby alleviating prior oversights and ensuring that all salary payments are properly documented, supported, and authorized.

Finding 11: Certain Petty Cash Expenses Did not Comply With the Imprest Fund Requirements

The Ministry concurs with the recommendations and will continue to work with the respective embassies and consulates to ensure compliance with the IFR guidelines and manuals. An IFR Checklist has been developed to ensure proper documentation is submitted with each Imprest Fund Report. In addition, internal audits and monthly meetings with missions have been instituted to strengthen reporting, oversight, and management of petty cash accounts.

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Finding 12: Advances from the Imprest Fund

The Ministry fully supports the recommendations and is working closely with the Ministry of Finance to resolve and recover disallowances arising from advances.

Finding 13: Imprest Fund Paid for Personal Expenses

The Ministry agrees with the recommendations and will reinforce existing controls to ensure that Imprest Fund resources are used strictly for official purposes. Any personal expenses charged in error or deliberately will be subject to recovery measures in coordination with the Ministry of Finance. The Ministry to ensure immediate and appropriate disciplinary actions, including recalling of staff from overseas missions should this practice continue.

Finding 14: Unauthorized Credit Accounts

The Ministry concurs with the recommendations and will prohibit the opening or use of unauthorized credit accounts by Embassies and Consulates. The Ministry will work with the Ministry of Finance to review, close any existing accounts and to recover through payroll deductions any and all charges and expenditures made through such unauthorized credit accounts.

The Ministry will also dispatch a communication to all overseas missions to reiterate that opening or using credit accounts without the consent of the Secretary of Finance is strictly prohibited. Failure to comply will result in immediate and appropriate disciplinary actions, including recalling of staff from overseas missions.

Finding 15: Unreported Expenditures

The Ministry concurs with the recommendations and has developed a IFR checklist which will help to monitor expenditures and ensure proper reporting. The Imprest Fund Manual has been established to clearly outline reporting and internal review requirements, ensuring that all expenditures are properly documented, monitored, and submitted in accordance with RMI policies.

In relation to MOFAT's comments on the findings and recommendations, the Ministry respectfully submits the following observations and requests:

1. Timely Audits of Overseas Missions

The Ministry respectfully requests that the Office of the Auditor General conduct timely audits of all RMI overseas missions. Ideally, audits should be completed before a new Ambassador or Consul General (Head of Mission) is posted and prior to their departure. For Heads of Mission who remain in their post for more than one term, the Ministry requests that regular audits be conducted. Timely audits are critical, as it is challenging

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to respond effectively to findings derived from more than three years ago or from periods when different officials were serving as Secretary, Head of Mission, or staff within the Bureau of Management and Budget. The Ministry also requests that a proposed audit schedule for all remaining overseas missions be submitted to MOFAT to allow proper planning and preparation.

2. Procurement Policy and Imprest Fund Guidelines

The Ministry looks forward to engaging with the Ministry of Finance, the Office of the Auditor General, and/or the Attorney General's Office to discuss the RMI Procurement Policy, particularly regarding the requirement to obtain three quotations. The Ministry believes that exploring a revision or updating of the Imprest Fund Guidelines or other relevant policies could provide a practical option to allow flexibility in situations where obtaining three quotes is not feasible, especially for overseas missions, while still ensuring compliance with procurement standards.

3. Capacity-Building and Compliance Measures

The Ministry wishes to highlight initiatives already undertaken to improve financial management and address issues raised in this and past audit reports. In 2019, the Ministry implemented an **Induction Workshop** for all diplomats prior to being posted. Conducted in collaboration with the Ministry of Finance and the Office of the Auditor General, this workshop covers all policies, guidelines, and legislation governing the use of Imprest Funds, as well as training on the preparation and submission of Imprest Fund Reports. These measures ensure that staff are properly trained, aware of their responsibilities, and equipped to comply with RMI regulations and reporting requirements. The Ministry looks forward to continuing and building upon this program in close coordination with the Ministry of Finance and OAG.

In closing, the Ministry expresses its gratitude to the Office of the Auditor General for the draft audit report and the opportunity to provide comments. The Ministry reaffirms its commitment to implementing or revising procedures and guidelines where necessary to safeguard GRMI assets, ensure that expenditures are properly authorized and in accordance with relevant policies and regulations, and guarantee that Imprest Funds are properly maintained and utilized for official purposes.

Please do not hesitate to contact the Ministry should you require further information and/or clarifications.

Sincerely,



Isabela Silk
Secretary
Ministry of Foreign Affairs & Trade

REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL
Audit of RMI Embassy in Suva, Fiji
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Appendix 3: Ministry of Finance Response to Recommendations



Ministry of Finance Banking & Postal Services
Government of the Republic of the Marshall Islands

August 25, 2025

To: Mr. Junior Patrick
Auditor-General, Office of the Auditor-General

From: Ayako Yamaguchi-Eliou
Secretary, Ministry of Finance

Subject: Responses to Audit of RMI Embassy in Suva, Fiji

Iakwe eok Auditor-General,

Please see the Ministry of Finance's responses to the audit of RMI Embassy in Suva, Fiji for the fiscal years 2017 to 2021.

Should you have any questions, please contact us at the Ministry of Finance.

Sincerely,

Ayako Yamaguchi-Eliou
Secretary of Finance



P.O BOX D
Majuro, MH 96960



(692)625-8311/1966



ayakoye@rmigov.mh

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The Ministry of Finance's responses to the recommendations of Audit of RMI Embassy in Suva, Fiji FY17-21

Finding No. 1: Certain Embassy Expenses Were Not Supported with the Required Documentation

The Ministry of Finance acknowledges and accepts the finding. Corrective action has been implemented and all current documentations are properly filed. The national government's new financial management information system through the Ministry of Finance is a cloud based storage storing all supporting documents electronically. Furthermore, all expenses without proper documentation are disallowed.

Finding No. 2: Procurement Code Violations

The Ministry of Finance acknowledges and accepts the finding. Corrective action has been implemented and all expenses without proper documentation are disallowed. On-going discussions on transformative way forward are in place and will soon be implemented in the new fiscal year, FY2026.

Finding No. 3: Certain Embassy Expenses Were Disallowed for Reimbursement

The Ministry of Finance acknowledges and accepts the finding and is effectively working on a transformative way forward to replenish the Embassy Imprest Funds with disallowed claims.

Finding No. 5: Certain Travels Did Not Comply with the Travel Requirements

The Ministry of Finance acknowledges and accepts the finding. Corrective action has been implemented as the Ministry of Finance is currently reviewing all travel claims submitted for reimbursement for appropriateness of expenses.

Finding No. 6: Not All Required Monthly Reports Were Prepared and Submitted by the Embassy

The Ministry of Finance acknowledges and accepts the finding. Corrective action has been implemented and all current documentations are properly filed. The national government's new financial management information system through the Ministry of Finance is a cloud based storage storing all supporting documents electronically.

Finding No. 11: Certain Petty Cash Expenses Did Not Comply with the Imprest Fund Requirement

The Ministry of Finance acknowledges and accepts the finding. On-going discussions and refresher training are currently in place to ensure all Embassies follow the established threshold for petty cash purchases with the proper documentation requirements.

Finding No. 13: Imprest Fund Paid for Personal Expenses

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The Ministry of Finance acknowledges and accepts the finding. All reimbursement claims are carefully reviewed for accuracy and in compliance before processing payments. Furthermore, on-going discussions on transformative corrective actions in regards to recovery of disallowed personal expenses are in place and will soon be implemented in the new fiscal year, FY2026.

Finding No. 14: Unauthorized Credit Accounts

The Ministry of Finance acknowledges and accepts the finding. All reimbursement claims are carefully reviewed for accuracy and in compliance before processing payments. Furthermore, on-going discussions on transformative corrective actions way forward are in place and will soon be implemented in the new fiscal year, FY2026.

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Appendix 4: Auditor-General's Response to comments from Auditees

Auditors' Response to the Embassy's Comments on the Findings and Recommendations:

Auditors' Response: We acknowledge the Embassy's comments and commend its commitment to implementing changes that address the compliance deficiencies noted throughout this audit.

Auditors' Response to Additional Comments by the Embassy (No. 1, 2 & 3) on page 53.

"1. Prior to this audit in 2025, the last audit for the RMI Embassy, Suva was in 2018 (FY 2014-2016), and before that, 2015 (FY 2009-2013). With seven, three, and nine years between audits, the Embassy recommends that audits are conducted annually and in a timely manner to ensure compliance is met and maintained and issues are resolved".

Auditors' Response: We acknowledge the Embassy's recommendation for more timely and frequent audits to ensure continued compliance and prompt resolution of issues. While we commend the Embassy for this constructive suggestion, conducting audits on an annual basis is not practical and would not represent the most effective use of our limited audit resources, particularly as these reviews are compliance assessments rather than full financial audits. We believe that our current plan to conduct audits of RMI Embassies and Missions at least once every three years is the best option given current available resources.

The Embassy has appropriately referenced two prior OAG reports that identified similar noncompliance issues. However, since the previously recommended corrective actions have not been effectively implemented, we do not believe that conducting audits more frequently would necessarily lead to different outcomes. Moreover, the RMI's compliance expectations and requirements for its Missions Abroad are clearly articulated in the *Foreign Affairs Regulation Manual*, *Imprest Fund Procedures Guidelines*, and other relevant government policies. Accordingly, we emphasize that the Embassy should not rely on the OAG to perform these functions that are clearly assigned under RMI policies and procedures.

"2. Further to above, the Embassy recommends that the audit for FY2022-2024 should be carried out and completed as soon as possible".

Auditors' Response: We commend the proactive suggestion by the Embassy to audit other subsequent financial years beyond the scope of this audit. We will revisit our audit plan with the intent to conduct another audit of the Embassy covering the financial years 2022–2024, and 2025. The travel restrictions imposed during the COVID-19 period disrupted our earlier audit schedule; however, we are making every effort to bring the audits of the Embassies up to date as much as possible.

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“3. Embassy recommends that audits be conducted virtually”.

Auditors’ Response: We will consider virtual audits where feasible. However, one of the key audit procedures for Embassy reviews is to assess RMI assets under the custody of the Missions Abroad in accordance with the regulations. This requires on-site inspection by auditors to verify the existence, condition, and proper tagging of assets. Virtual audits cannot reliably assess compliance with these requirements, including verification of ownership markings, serial numbers, or physical condition.

Auditors’ Response to MOFAT’s Comments on the Findings and Recommendations:

Auditors’ Response: We acknowledge the Home Office (MOFAT)’s comments and commend its commitment to implementing or revising guidelines and procedures as necessary to address the compliance deficiencies noted throughout this audit and safeguard RMI assets.

Response to MOFAT Comments on the Observations and requests (No. 1, 2 & 3) on pages 57 & 58.

“1. Timely audits of Overseas Missions. The Ministry respectfully requests that the OAG conduct timely audits of all RMI overseas missions. Ideally, audits should be completed before a new Ambassador or Consul General (Head of Mission) is posted and prior to their departure. For Heads of Mission who remain in their post for more than one term, the Ministry requests that regular audits be conducted. Time audits are critical, as it is challenging to respond to findings derived from more than three years ago or from periods when different officials were serving as Secretary, Head of Mission, or staff within the Bureau of Management and Budget. The Ministry also requests that a proposed audit schedule for all remaining overseas missions be submitted to MOFAT to allow proper planning and preparation”.

Auditors’ Response: We acknowledge the MOFAT’s recommendation for more timely and frequent audits of RMI Missions abroad. While we commend the Ministry for this constructive suggestion, we believe that our current plan to conduct audits of RMI Embassies and Missions at least once every three years remains the most practical approach given our available resources. As requested, we will share with the Ministry our plan to conduct the audit of the Embassies over the next three years. In addition, we will revisit our plan to consider conducting audits prior to the appointment of a new Ambassador or Consul General (Head of Mission). We would also appreciate it if the Ministry could kindly inform us in advance of any changes to the Head of Mission.

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We would also like to remind the Ministry that the RMI's compliance expectations and requirements for its Missions abroad are clearly articulated in the *Foreign Affairs Regulation Manual*, *Imprest Fund Procedures Guidelines*, and other relevant government policies. Accordingly, we emphasize the importance of strong oversight and monitoring by the Ministry to ensure the Embassy activities comply with these requirements, rather than relying on the auditors, whose role is to assess compliance against those same requirements.

“2. Procurement Policies and Imprest Fund Guidelines. The Ministry looks forward to engaging with the Ministry of Finance, the OAG, and/or the Attorney-General’s Office to discuss the RMI Procurement Policy, particularly regarding the requirement to obtain three quotations. The Ministry believes that exploring a revision or updating of the Imprest Fund Guidelines or other relevant policies could provide a practical option to allow flexibility in situations where obtaining three quotes is not feasible, especially for overseas missions, while still ensuring compliance with procurement standards”.

Auditors’ Response: We commend the Ministry for the initiative to revisit the existing procurement regulations to take into account operational practicability for Overseas missions. We recognize that it is the responsibility of the Government to review its regulations to ensure they are practical and reasonable, and we stand to provide assistance as appropriate.

“3. Capacity-Building and Compliance Measures. The Ministry wishes to highlight initiatives already undertaken to improve financial management and address issues raised in this and past audit reports. In 2019, the Ministry implemented an Induction Workshop for all diplomats prior to being posted. Conducted in collaboration with the Ministry of Finance and Office of the Auditor-General, this workshop covers all policies, guidelines, and legislations governing the use of Imprest Funds, as well as training on the preparation and submission of Imprest Fund Reports. These measures ensure that staff are properly trained, aware of their responsibilities and equipped to comply with RMI regulations and reporting requirements. The Ministry looks forward to continuing and building upon this program in close coordination with the Ministry of Finance and OAG”.

Auditors’ Response: We commend the Ministry for the initiative to conduct induction workshops for its diplomats prior to posting to their assigned locations that covers RMI's various requirements and expectations for its Missions abroad. The OAG will make itself available to participate in future training for our diplomats, as appropriate.

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Appendix 5: OAG Follow-Up System

NO	RECOMMENDATIONS	STATUS	ACTION TO BE TAKEN
1	The Embassy should ensure all future disbursements are supported by invoices or receipts and ensure the supporting documents are maintained on file for reference and audit purposes.	Resolved	Embassy: We will track implementation
2	MOFAT and MOF should thoroughly review the Embassy expenses to ensure that they are adequately supported by proper documentation before processing payments.	Pending	MOF: Provide a copy of the corrective action plan. MOFAT: Provide a copy of the IFR checklist.
3	The Embassy should ensure that supporting documentation is adequate to comply with the RMI Procurement Code. Supporting documentation should indicate the history of procurement, including the rationale for and method of procurement and basis for the selected price.	Resolved	Embassy: We will track implementation.
4	The Secretaries of the MOFAT and MOF to require the Embassy to comply with the Procurement code. In addition, an effort should be made to replenish the Embassy Imprest Fund with the disallowed claims.	Pending Resolved	MOF: Provide a copy of the corrective action plan. MOFAT: We will track implementation.
5	The Embassy should comply with the RMI policy and submit valid invoices and receipts that support the disbursements submitted for reimbursement.	Resolved	Embassy: We will track implementation.

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6	The Secretary of MOFAT should require the Embassy to comply with all the reporting requirements when submitting the monthly reimbursement request.	Resolved	MOFAT: We will track implementation.
7	The Secretary of MOFAT and the Embassy should work with the Secretary of MOF on the disallowed claims in the efforts to replenish the Imprest Fund for those expended amounts and to avail those funds for the Embassy's use.	Pending	MOFAT: Provide a copy of the disallowed report documenting deductions from responsible officials to clear disallowed expenses. Embassy: Provide a copy of the monitoring system.
8	Only incur expenses within budget authorization. Unanticipated expenses should be processed only in accordance with procedures prescribed by law.	Resolved	Embassy: We will track implementation.
9	Maintain a budget monitoring tool to track expenses against allocated budget line items. Each time a purchase is made, the budget control tool must reflect a decrease in the authorization.	Resolved	Embassy: We will track implementation.
10	The Embassy should ensure all travels are authorized and approved in advance by the Secretary of MOFAT as required by relevant RMI policies and regulations.	Resolved	Embassy: We will track implementation.
11	Secretaries of MOF and MOFAT require the Embassy to strictly follow the Travel Policy for the benefit of using government funds.	Pending Resolved	MOF: Provide a copy of the corrective action plan. MOFAT: We will track implementation.
12	Secretaries of MOF and MOFAT should carefully review all travel claims submitted for reimbursement for appropriateness of expenses prior to the processing of the reimbursement checks.	Pending Resolved	MOF: Provide a copy of the corrective action plan. MOFAT: We will track implementation.

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13	The Embassy prepares and submits all the required monthly reports and documentation as required by the Procedures Manual. In addition, the Embassy should ensure duplicate and electronic copies of these documents are kept and maintained for reference and audit purposes.	Resolved	Embassy: We will track implementation.
14	The Secretaries of MOFAT and MOF ensure that the Embassy follows the established reporting and documentation requirements imposed on the Embassy.	Pending	MOFAT: Provide a copy of the IFR checklist. MOF: Provided a copy of the corrective action plan.
15	The Embassy should strictly comply with the Procedures Manual and the MOFA Manual regarding maintenance of fixed assets. The Embassy should update and maintain an accurate FAR, ensure all assets are tagged with identification labels, investigate and document any missing or stolen assets, and conduct a physical inventory.	Resolved	Embassy: We will track implementation.
16	MOFAT should require the officials responsible for the missing assets to reimburse the Imprest Fund account for the cost of those items or seek assistance from the Attorney General for cost recovery.	Pending	MOFAT: Provide a copy of letter to the Attorney-General regarding cost recovery.
17	The MOFAT Secretary should thoroughly review the monthly expenditure reports to ensure expenses paid from the Imprest Fund and reported for reimbursement are solely for official purposes. Any expenses found to be personal in nature should not be approved for reimbursement.	Pending	MOFAT: Provide a copy of the Secretary's internal directive.

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18	The Embassy should ensure that payments for educational allowances are properly supported with school invoices/receipts and relevant documentation.	Pending	Embassy: Provide a copy of the MOFAT directive in 2018.
19	The Secretary of MOFAT should ensure that reported expenditures are properly supported and verified as allowances before approving and submitting to the Ministry of Finance for payment.	Resolved	MOFAT: We will track implementation.
20	The Secretary of MOFAT should ensure that educational allowance entitlements for Embassy officials' dependents are consistent with the RMI Policy, or the Policy would need to be amended to reflect contracts negotiated with the Officials.	Pending	MOFAT: Provide a copy of the MOFAT directive in 2018.
21	The Embassy should ensure contracts are fully executed when employing the services of locally engaged staff.	Resolved	Embassy: We will track implementation.
22	The Secretary of MOFAT requires the Embassy to execute formal contracts before employing the LES services.	Pending	MOFAT: Provide a copy of the Contract Matrix. Provide written assurance that a Human Resource Officer has been hired.
23	The Embassy complies with the RMI policy regarding proper recording of hours worked or attendance.	Resolved	Embassy: We will track implementation.
24	The Secretary of MOFAT requires the Embassy to use the time-keeping system to properly record hours worked for all its employees.	Pending	MOFAT: Provide written communication to the Embassy to utilize a time-keeping system to properly record hours worked.
25	The Embassy should ensure that the petty cash payments are made in accordance with the authorized	Resolved	Embassy: We will track implementation.

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	amount stipulated in the Procedures Manual.		
26	The Secretaries of MOFAT and MOF should ensure that the Embassy follows the established threshold for petty cash purchases and the established reporting and documentation requirements imposed on the Embassy.	Pending Resolved	MOFAT: Provide a copy of the IFR checklist. MOF: We will track implementation.
27	The Embassy should follow the provisions of the Procedures Manual, which prohibit the use of the Imprest Fund for borrowing or cash advances. Additionally, the Embassy should recover the advanced or borrowed amounts by making appropriate deductions from the salaries of the responsible officials.	Resolved	Embassy: We will track implementation.
28	The Secretary of MOFAT should take action to ensure that borrowing from the Imprest Fund is ceased immediately.	Pending	MOFAT: Provide written assurance that the recommendation will be implemented.
29	The Embassy should strictly follow RMI policies and prohibit the use of the Imprest Fund for unrelated expenditures.	Pending	Embassy: Provide written assurance that the recommendation will be implemented.
30	The Embassy and MOFAT should investigate the matter to ensure amounts owed by the travelers are paid back to the government.	Pending	Embassy: Provide a copy of the investigation result. MOFAT: Provide a copy of the investigation result.
31	MOFAT and MOF should carefully review all reimbursement claims to ensure expenses are appropriate before	Resolved	MOFAT: We will track implementation. MOF: We will track implementation.

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	processing payments.		
32	MOF should work with the Embassy and MOFAT to ensure the disallowed personal expenses are recovered from the responsible officials.	Pending	MOF: Provide a copy of report documenting deductions from responsible officials to clear disallowed personal expenses.
33	The Embassy should strictly comply with the established RMI policies.	Resolved	Embassy: We will track implementation.
34	MOFAT should require the former Embassy official to pay back the Imprest Fund the full amount used for personal items, or seek the assistance of the Attorney-General.	Pending	MOFAT: Provide written assurance that recommendation has been implemented.
35	MOFAT and MOF should carefully review all reimbursement claims for appropriateness before processing payments to prevent reimbursement of unsupported and unrelated Embassy expenses.	Resolved	MOFAT: We will track implementation. MOF: We will track implementation.
36	The Embassy should strictly comply with the established RMI policy and include all expended amount out of the Imprest Fund in its reimbursement report.	Resolved	Embassy: We will track implementation.

Appendix 6: Contact and Acknowledgement

OAG Contact

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Acknowledgement

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