

RONGELAP ATOLL LOCAL GOVERNMENT

INDEPENDENT AUDITORS' REPORTS ON  
INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2000



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED  
UPON THE AUDIT PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

Mayor James Matayoshi  
Rongelap Atoll Local Government  
Republic of the Marshall Islands:

We have audited the general purpose financial statements of the Rongelap Atoll Local Government (RALGOV) as of and for the year ended September 30, 2000, and have issued our report thereon dated July 17, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

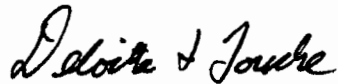
As part of obtaining reasonable assurance about whether RALGOV's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs (pages 7 through 17) as items 2000-9 and 2000-10.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered RALGOV's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect RALGOV's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2000-1 through 2000-8.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of the Council, management, federal awarding agencies, and the cognizant audit and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in cursive script that reads "Deloitte & Touche". The signature is written in black ink and is positioned above the date.

July 17, 2001



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM  
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Mayor James Matayoshi  
Rongelap Atoll Local Government  
Republic of the Marshall Islands:

Compliance

We have audited the compliance of the Rongelap Atoll Local Government (RALGOV) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its one major federal program for the year ended September 30, 2000. RALGOV's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs (pages 7 through 17). Compliance with the requirements of laws, regulations, contracts, and grants applicable to its one major federal program is the responsibility of RALGOV's management. Our responsibility is to express an opinion on RALGOV's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RALGOV's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on RALGOV's compliance with those requirements.

In our opinion, RALGOV complied, in all material respects, with the requirements referred to above that are applicable to its one major federal program for the year ended September 30, 2000.

Internal Control Over Compliance

The management of RALGOV is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered RALGOV's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of RALGOV as of and for the year ended September 30, 2000, and have issued our report thereon dated July 17, 2001. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (page 5) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. This schedule is the responsibility of the management of RALGOV. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Council, management, federal awarding agencies, and the cognizant and other federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche*

July 17, 2001

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2000

	<u>Total Authorization</u>	<u>Fund Balance Beginning of Year</u>	<u>2000 Funds Received</u>	<u>Earnings on Funds</u>	<u>2000 Funds Expended</u>	<u>Fund Balance End of Year</u>
<u>U.S. Department of the Interior</u> <u>CFDA #15.875</u>						
Funds passed through the Republic of the Marshall Islands:						
The Agreement between the Government of the United States and the Government of the Marshall Islands for the implemen- tation of Section 177 of the Compact of Free Association	<u>\$ 34,375,000</u>	<u>\$ 26,425,551</u>	<u>\$ 2,500,000</u>	<u>\$ 7,358,180</u>	<u>\$ 3,020,868</u>	<u>\$ 33,262,863</u>

See accompanying notes to schedule of expenditures of federal awards.

## RONGELAP ATOLL LOCAL GOVERNMENT

### Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2000

#### (1) Organization

The Rongelap Atoll Local Government (RALGOV) is a governmental entity governed by its own Constitution. All significant operations of RALGOV are included in the scope of the OMB Circular A-133 audit (the "Single Audit"). The U.S. Department of the Interior has been designated as RALGOV's cognizant agency for the Single Audit. RALGOV is the subrecipient of funds received through Section 177 of the Compact of Free Association from the Republic of the Marshall Islands (RepMar). These funds must be distributed in accordance with the agreement concerning procedures for the implementation of United States economic assistance, programs and services provided in the Compact of Free Association between the Government of the United States and the Government of the Marshall Islands, dated July 31, 1986. It has been determined these funds are not subject to general U.S. federal requirements such as OMB's Circular A-87 and Circular A-102, but rather must be expended in compliance with local laws and regulations and Compact intent.

#### (2) Summary of Significant Accounting Policies

##### Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of RALGOV and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2000

**Section I - Summary of Auditor's Results**

1. The Independent Auditors' Report on the general purpose financial statements expressed an unqualified opinion.
2. Reportable conditions in internal control over financial reporting were identified, all of which are considered to be material weaknesses.
3. Instances of noncompliance considered material to the general purpose financial statements were disclosed by the audit.
4. No reportable conditions in internal control over compliance with requirements applicable to the one major federal award program were identified.
5. The Independent Auditors' Report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. RALGOV's major program is as follows:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Economic, Social and Political Development of the Territories and the Freely Associated States: Section 177 of the Compact of Free Association	15.875

8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. RALGOV did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

**Section II - Financial Statement Findings**

<u>Reference Number</u>	<u>Findings</u>	<u>Refer Page #</u>
2000-1	Revenues/Receipts	8
2000-2 - 3	Purchases/Disbursements	9 - 10
2000-4	Payroll	11
2000-5	Cash and Cash Equivalents	12
2000-6	Investments	13
2000-7 - 8	External Financial Reporting	14 - 15
2000-9 - 10	Local Noncompliance	16 - 17

**Section III - Federal Award Findings and Questioned Costs**

No federal award findings are reported for the year ended September 30, 2000.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

**Section II - Financial Statement Findings**

Revenues/Receipts

Finding No. 2000-1

Criteria: Cash receipts should be utilized to document all monies received.

Condition: During our testing of the revenue and receipts cycle, we noted that cash receipts are not being utilized to evidence monies received and deposited to RALGOV's bank accounts.

Cause: The cause of the above condition is the lack of established policies and procedures requiring the issuance of cash receipts for monies received.

Effect: The effect of the above condition is the possible misclassification in recording of cash receipts in the general ledger.

Recommendation: We recommend that management establish policies and procedures requiring the issuance of cash receipts for monies received and deposited to RALGOV's bank accounts.

Prior Year Status: The lack of utilizing cash receipts for monies received was reported as a finding in the Single Audits of RALGOV for fiscal years 1998 and 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

Purchases/Disbursements

Finding No. 2000-2

Criteria: Disbursements from the Local Distribution Authority (LDA) should be made to the designated payee and should be issued based on sequentially numbered check vouchers.

Condition: Of twenty-five disbursements to the people of Rongelap tested, the following exceptions were noted:

1. Seven disbursements (check #s 7150, 7551, 8789, 8921, 9121, 9187 and 9679) were remitted directly to financial institutions for payment of personal loans for which no allotment authorization was made available. An approved assignment agreement was not available for review for those disbursements authorizing the assignment.
2. Thirteen disbursements (check #s 141, 300, 302, 5966, 6589, 6659, 6726, 7140, 8005, 8361, 8519, 9544 and 10127) showed either no evidence of the recipient signing for receipt of the check, or the check was received by an individual other than the designated payee.

In addition, we noted that check vouchers from the LDA bank account were not sequentially issued. Furthermore, we noted that check numbers used in November 1999 (check #s 7001 to 7071) and July 2000 (check #s 8879 to 8919) were reused in October 2000 and December 2000, respectively.

Cause: The cause of the above condition is the lack of adequate controls over the disbursement of per capita distribution payments and the sequential issuance of check vouchers.

Effect: The effect of the above condition is the inability to determine whether the designated payee actually received their per capita distribution payments and inadequate control over the sequential issuance of check vouchers.

Recommendation: We recommend that management obtain written authorization and that such be kept on file before per capita distribution checks are released to anyone other than the designated payee. In addition, we recommend that the designated payee acknowledge all disbursements received in writing. Furthermore, management should ensure that check vouchers be sequentially issued.

Prior Year Status: The lack of adequate controls over the disbursement of per capita distribution payments was reported as a finding in the Single Audits of RALGOV for fiscal years 1997 through 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

Purchases/Disbursements

Finding No. 2000-3

Criteria: Expenditures should be supported by appropriate documentation.

Condition: Of twenty-two non-payroll expenditures from the General Fund tested, we noted two items (check #s 10385 and 10496 for \$8,869 and \$18,341, respectively) that were not evidenced by appropriate supporting documentation. Furthermore, of fifty-six expenditures from the Resettlement Phase One Fund tested, we noted eight items (check #s 1325, 1327, 1431, 1518, 1520, 1558, 1574 and 1575 for \$60,000, \$53,528, \$325, \$300, \$39,965, \$825, \$1,752 and \$21,819, respectively) that were not evidenced by appropriate supporting documentation.

Cause: The cause of the above condition is unknown.

Effect: The effect of the above condition is the possibility of unauthorized and invalid expenditures.

Recommendation: We recommend that management establish policies and procedures requiring expenditures be supported by appropriate supporting documentation.

Prior Year Status: The lack of expenditures being supported by appropriate documentation was reported as a finding in the Single Audits of RALGOV for fiscal years 1998 and 1999.

RONGELAP ATOLL LOCAL GOVERNMENT  
Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

Payroll

Finding No. 2000-4

Criteria: Hours paid should be supported by timesheets or timecards.

Condition: Of twelve payroll disbursements from the General Fund tested, timesheets or timecards for twelve employees were not made available to support hours worked.

Cause: The cause of the above condition is the lack of established policies and procedures over the maintenance of payroll related documents.

Effect: The effect of the above condition is the possibility that payroll expenditures were misstated.

Recommendation: We recommend that management establish policies and procedures requiring the use of timesheets or timecards to support hours worked.

Prior Year Status: The lack of hours paid being supported by timesheets or timecards was reported as a finding in the Single Audits of RALGOV for fiscal years 1998 and 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

Cash and Cash Equivalents

Finding No. 2000-5

Criteria: Bank account reconciliations should be performed on a monthly basis that reconcile the bank statement to the general ledger.

Condition: Bank account reconciliations were not performed on a monthly basis. A bank reconciliation was not performed for the entire fiscal year for the Local Distribution Authority bank account (A/c # 0039-01107, totaling \$293,922). Furthermore, the bank reconciliation for the General Fund Operating Account (A/c # 0039-008777) included unrepresented checks, totaling \$15,525, which have been outstanding for over one year.

In addition, the following bank accounts were not reconciled and recorded in RALGOV's general ledger:

<u>Account Number</u>	<u>Account Name</u>	<u>Balance</u>
A/c # 6639-007363	RIB Savings Account	\$ 998
A/c # 0039-003333	RALG Community Operation Account	\$ 22,280
A/c # 0039-004747	Mejatto Community Assistance Program	\$ 93
A/c # 88195029-9	RALGOV Resettlement Program	\$ 6,959
A/c # 1050-25854	RALG Operation	\$ 7,845

Cause: The cause of the above condition is the lack of established policies and procedures requiring the reconciliation of bank accounts on a monthly basis and the recording of accounts in the general ledger.

Effect: The effect of the above condition is the possible of misstatement of bank account balances.

Recommendation: We recommend that management establish policies and procedures requiring the reconciliation of bank accounts on a monthly basis. Furthermore, we recommend that management ensure that all bank accounts in the name of RALGOV be recorded in the general ledger.

Prior Year Status: The lack of bank account reconciliations was reported as a finding in the Single Audits of RALGOV for fiscal years 1997 through 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

Investments

Finding No. 2000-6

Criteria: Reconciliations of investment accounts should be performed on a monthly basis.

Condition: RALGOV did not reconcile the Rongelap Resettlement Trust Fund and the Claims Trust Fund investment accounts, totaling \$53,443,362 and \$33,262,863, respectively, for the entire fiscal year. Audit adjustments were proposed to record investment balances as of September 30, 2000 and to record transactions for the year ended September 30, 2000.

Cause: The cause of the above condition is the lack of established policies and procedures requiring the reconciliation and recording of investment balances.

Effect: The effect of the above condition is the possible misstatement of investment balances and related transactions.

Recommendation: We recommend that management ensure that investment balances are reconciled and recorded on a monthly basis.

Prior Year Status: The lack of reconciliation of investment accounts was reported as a finding in the Single Audits of RALGOV for fiscal years 1998 and 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

External Financial Reporting

Finding No. 2000-7

Criteria: The Appropriation Ordinance, as passed by the RALGOV Council, should be reflected within the budget module of the Micro Information Products (MIP) fund accounting system.

Condition: The Appropriation Ordinance for fiscal year 2000 was not incorporated within RALGOV's accounting system.

Cause: The cause of the above condition is unknown.

Effect: The effect of the above condition is that RALGOV cannot ensure effective budgetary control and accountability over its available funds.

Recommendation: We recommend that management incorporate the Appropriation Ordinance, as passed by the RALGOV Council, into the accounting system to ensure effective budgetary control and accountability over available funds.

Prior Year Status: The lack of incorporation of the Appropriation Ordinance into the accounting system was reported as a finding in the Single Audits of RALGOV for fiscal years 1997 through 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

External Financial Reporting

Finding No. 2000-8

Criteria: A financial management system for governments should provide the use of funds and account groups in reporting financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions considered to be financially accountable.

Condition: The financial accounting system utilized by RALGOV was unable to report the financial position and results of its operations by funds and account groups. Specifically, RALGOV maintains one governmental fund type (the General Fund), two expendable trust funds (the Local Distribution Authority Fund and the Rongelap Resettlement Trust Fund), one nonexpendable trust fund (the Claims Trust Fund), and one account group (the General Fixed Assets Account Group). Reporting by funds and account groups was achieved through proposed audit adjustments.

Cause: The cause of the above condition is the lack of establishment of an accounting system that reports the financial position and results of operations of RALGOV in the appropriate fund structure.

Effect: The effect of the above condition is the lack of financial statements produced in an appropriate fund structure.

Recommendation: We recommend that management implement an accounting system that enables the use of funds and account groups.

Prior Year Status: The lack of establishment of an appropriate financial accounting system was reported as a finding in the Single Audits of RALGOV for fiscal years 1997 through 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

Local Noncompliance

Finding No. 2000-9

Criteria: Section 5 of the Republic of the Marshall Islands (RepMar) Income Tax Act of 1989, as amended, states that the employer shall, once every four weeks or thirteen times per year, pay taxes withheld under Section 4 of the Act.

Condition: At September 30, 2000, RALGOV owed RepMar \$27,895 in income tax withholdings from employee wages. This amount is represented by income tax withheld from employee wages for the period March 21, 2000 through September 21, 2000.

Cause: The cause of the above condition is unknown.

Effect: The effect of the above condition is noncompliance with the Income Tax Act of 1989, as amended.

Recommendation: We recommend that the management comply with the Income Tax Act of 1989, as amended.

Prior Year Status: The lack of compliance with the RepMar Income Tax Act of 1989, as amended, was reported as a finding in the Single Audit of RALGOV for fiscal year 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2000

Local Noncompliance

Finding No. 2000-10

Criteria: Sections 131 and 215 of the RepMar Social Security Act of 1990 and the Social Security Health Fund Act of 1991, respectively, state that no later than the tenth day after the end of each quarter, every employer shall submit to the Social Security Administrator a report of the wages and salaries paid, and the contributions due, under Sections 129 and 130, and 213 and 214, respectively, and pay into the Fund the contributions due.

Condition: At September 30, 2000, RALGOV owed the Marshall Islands Social Security Administration \$107,317 in employer and employee contributions. This is represented by unpaid contributions for the quarters ended June 1999 through September 2000.

Cause: The cause of the above condition is unknown.

Effect: The effect of the above condition is noncompliance with the Social Security Act of 1990 and the Social Security Health Fund Act of 1991.

Recommendation: We recommend that management comply with the Social Security Act of 1990 and the Social Security Health Fund Act of 1991.

Prior Year Status: The lack of compliance with the RepMar Social Security Act of 1990 and the Social Security Health Fund Act of 1991 was reported as a finding in the Single Audit of RALGOV for fiscal year 1999.

RONGELAP ATOLL LOCAL GOVERNMENT

Unresolved Prior Year Findings and Questioned Costs  
Year Ended September 30, 2000

Questioned Costs

The prior year Single Audit report on compliance with laws and regulations noted the following questioned costs that were unresolved at September 30, 2000:

Questioned costs of RALGOV, as previously reported	\$ 2,436,136
Less questioned costs resolved in fiscal year 2000:	
Questioned costs of fiscal year 1999 (1)	<u>(36,136)</u>
	2,400,000
Questioned costs for fiscal year 2000 Single Audit	<u>-</u>
Unresolved questioned costs of RALGOV at September 30, 2000	\$ <u>2,400,000</u>

- (1) Subsequent to the issuance of the Single Audit report for fiscal year 1999, it was determined that all grant assistance pertaining to the resettlement of Rongelap Atoll was no longer subject to general U.S. federal requirements, including OMB's Circular A-87 and Circular A-102. Thus, these questioned costs previously reported are considered resolved and have accordingly been reinstated.

Unresolved Findings

The status of unresolved prior year findings is discussed within the Schedule of Findings and Questioned Costs section of this report (pages 7 through 17).

# RONGELAP ATOLL LOCAL GOVERNMENT

## *Office of the Mayor*

P.O. Box 1766 • Majuro, Marshall Islands MH 96960  
Tel.: (011-692) 625-5401/7271 • Fax: (011-692) 625-5400/4667

Corrective Action Plans to Findings and Questioned Costs included in the Independent Auditors' Reports on Internal Control and on Compliance for the Year Ended September 30, 2000

### **Financial Statement Findings Section**

#### Revenues/Receipts

##### Finding No. 2000-1

The Administration has been implementing the use of cash receipts for all monies received effective October 2000 for the fiscal year ended 2001. The auditors' recommendation is accepted and is religiously implemented. (Note: The audit for the three consecutive years 1998, 1999 and 2000 were conducted at the same time. Therefore, the Administration had no chance to implement corrective action for fiscal year 1998 and for the succeeding years 1999 and 2000).

#### Purchases/Disbursements

##### Finding No. 2000-2

The Administration only prepares checks for those names that are in the 177 Distribution Program list.

Those checks that have no recipient's signature as proof of receipt were checks sent to places other than Majuro where Rongelapese were staying. Those checks were sent through Registered Mail and the recipient's signature cards were returned to RALGOV office for filing.

For those Rongelapese who are in Majuro, the Administration has prepared a Master List for recipient's signature and the Chief Accountant controls this list.

#### Purchases/Disbursements

##### Finding No. 2000-3

The auditor's recommendation is accepted and implemented. The Administration has been implementing policies and procedures for each transaction for fiscal year 2001. Appropriate supporting documents needed or required must be attached to the said transaction.

#### Payroll

##### Finding No. 2000-4

The auditor's recommendation is accepted and has been endorsed to the Council. The Employees' Handbook was finalized for Council approval.

Cash and Cash Equivalents

Finding No. 2000-5

For the bank accounts that were not reconciled and recorded in the general ledger, the Administration has recorded and recognized it in their books as of fiscal year 2001.

Investments

Finding No. 2000-6

The auditor's recommendation is accepted and has been implemented for the fiscal year 2001.

External Financial Reporting

Finding No. 2000-7

The auditor's recommendation is accepted and has been implemented for the fiscal year 2001.

External Financial Reporting

Finding No. 2000-8

The auditor's recommendation is accepted and has been implemented for the fiscal year 2001.

Local Noncompliance

Finding No. 2000-9

The auditor's recommendation is accepted and has been implemented for the fiscal year 2001. RALGOV reconciled all payables to RepMar for withholding taxes and has obtained clearance from the Ministry of Revenue and Taxation that they are now in compliance with the enabling legislation.

Local Noncompliance

Finding No. 2000-10

The auditor's recommendation is accepted and has been implemented for the fiscal year 2001. RALGOV reconciled all payables to MISSA for employee and employer contributions and has obtained clearance from MISSA that they are now in compliance with the enabling legislation.

# RONGELAP ATOLL LOCAL GOVERNMENT

## *Office of the Mayor*

P.O. Box 1766 • Majuro, Marshall Islands MH 96960  
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### Summary of Schedule of Prior Audit Findings

Status of audit findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2000:

#### **Financial Statement Findings Section**

Finding No. 99-1 - Not corrected. See corrective action plan to Finding No. 2000-1.

Finding No. 99-2 - Not corrected. See corrective action plan to Finding No. 2000-2.

Finding No. 99-3 - Not corrected. See corrective action plan to Finding No. 2000-3.

Finding No. 99-4 - Not corrected. See corrective action plan to Finding No. 2000-4.

Finding No. 99-5 - Not corrected. See corrective action plan to Finding No. 2000-5.

Finding No. 99-6 - Not corrected. See corrective action plan to Finding No. 2000-6.

Finding No. 99-7 - Not corrected. See corrective action plan to Finding No. 2000-7.

Finding No. 99-8 - Not corrected. See corrective action plan to Finding No. 2000-8.

Finding No. 99-9 - Not corrected. See corrective action plan to Finding No. 2000-9.

Finding No. 99-10 - Not corrected. See corrective action plan to Finding No. 2000-10.

#### **Federal Award Findings and Questioned Costs Section**

Finding No. 99-11 - Corrective action has been taken.

Finding No. 99-12 - Corrective action has been taken.