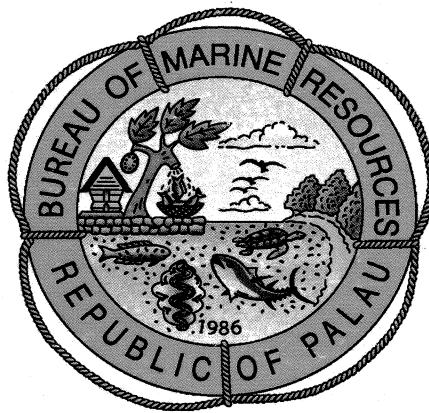




OFFICE OF THE PUBLIC AUDITOR
REPUBLIC OF PALAU
AUDIT REPORT

DECLARATION FEES



Administered by the
BUREAU OF MARINE RESOURCE
MINISTRY OF RESOURCE AND DEVELOPMENT
REPUBLIC OF PALAU

PERIOD COVERED:

February 2003 to December 31, 2006

Performed by the Office of the Public Auditor

MRD-BMR06-04*opa18



REPUBLIC of PALAU

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Office of the Public Auditor

August 31, 2007
Serial#: opa07-126au

Mr. Theofanes Isamu
Director, Bureau of Marine Resources
Ministry of Resources and Development
Koror, Republic of Palau

Subject: Final Report on the Audit of Declaration Fees Administered by the Bureau of Marine Resources for the period from February 2003 to December 31, 2006

Dear Director Isamu:

This report presents the results of our audit of Declaration Fees administered by the Bureau of Marine Resources for the period February 2003 to December 31, 2006.

The Office of the Public Auditor (OPA) received your response to the draft audit report. Your response is published together with the final audit report.

The OPA will conduct a follow-up on its audit of Declaration Fees to ensure that the audit findings are properly resolved and the recommendations are implemented. This follow-up will be performed in the ensuing sixty (60) days after the issuance of the final report, which should provide management with adequate time to resolve and implement the audit findings and recommendations.

If you have any questions regarding matters of audit findings and recommendations, the OPA will be available to discuss such matters at your request.

Sincerely,

A handwritten signature in black ink, appearing to read "Satruning Tewid", is written over a large, stylized oval graphic.

Satruning Tewid
Acting Public Auditor
Republic of Palau

Declaration Fees
Bureau of Marine Resources
Ministry of Resources & Development

Period from February 2003 to December 31, 2006

Table of Contents

<u><i>Audit Report on Declaration Fees, Bureau of Marine Resources</i></u>	<u><i>Page No.</i></u>
I. Executive Summary	1-3
II. Background	4
III. Objective, Scope and Methodology	4-5
IV. Prior Audit Coverage	5
V. Detailed Findings:	
1. Unaccounted Cash Receipts	6-7
2. Cash Receipts not Deposited in a timely manner	7
3. Cash Receipts do not equal to actual cash collections	7-8
4. Imposition of Declaration fees without enabling Regulations	8-9
VI. Table I – Missing Receipts	10-11
VII. Table II – Schedule of Untimely Deposits	12-15
VIII. Status of Recommendation	16
IX. Auditee's Response	17-18



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August 31, 2007

Mr. Theofanes Isamu
Director, Bureau of Marine Resources
Ministry of Resources and Development
Republic of Palau

Dear Mr. Isamu:

Acting on information published in the local media and pursuant to its authority under 40 PNCA Section 224, the Office of the Public Auditor conducted an audit of the Bureau of Marine Resources (hereinafter BMR or Bureau) focusing on two areas: (1) collection of declaration fees for exportation of fish and other marine life and (2) collection of proceeds from sale of giant clams outside of Palau. The audit covered the period from February 2003 to December 31, 2006. The objective of the audit was to determine whether (1) the Bureau of Marine Resources is collecting and depositing declaration fees and proceeds from sale of giant clams to National Treasury as required by law and (2) declaration fees and proceeds from sale of giant clams were evidenced by proper supporting documents (invoices, billings, receipts, etc.).

EXECUTIVE SUMMARY

The results of our audit identified significant internal control deficiencies and lack of management oversight over the administration and enforcement of the Marine Protection Act with respect to assessment and collection of declaration fees. Specifically, we found the following internal control weaknesses and non-compliance deficiencies:

First, we identified 336 cash receipts that are unaccounted for from February 2003 to September 2006. As a result of the 336 unaccounted receipts, we estimated the loss to the Republic ranging between \$336 and \$3,360 during the 3½ years period.

Second, we selected 146 cash receipts issued for the months of October 2006 to December 2006, the first 3 months of fiscal year 2007, and noted that daily collections of cash receipts were not deposited to National Treasury in a timely manner. For example, cash receipts issued on November 14, 2006 were not deposited to National Treasury until December 26, 2006, a lapse of 42 days.

Third, we conducted an unannounced cash count on January 7, 2007 to verify the integrity of cash collections on hand. We found cash shortage of \$25.

Fourth, the Bureau of Marine Resources may not have complied with the requirements of 27 PNCA, Chapter 12, the Marine Protection Act, Section 1208(c) by charging and collecting fees for fish export processing, inspection and related services without enabling regulations.

Fifth, the Bureau did not establish a cash receipts system and related policies and procedures essential for the implementation and administration of the Marine Protection Act.

Recommendations

First, we recommend the Director of Bureau of Marine Resources take immediate action to locate and account for the missing receipts and take appropriate action against those employees responsible for the collections that cannot be accounted for.

Second, we recommend that daily collections be deposited to National Treasury on a daily basis or as soon as practicable.

Third, we recommend that cash collections be verified to corresponding cash receipts by an employee other than the custodian before deposit to the National Treasury.

Fourth, we recommend the Director of Bureau of Marine Resources to seek legal advice from the Office of the Attorney General with respect to the Bureau's ongoing operation of charging and collecting fees for fish export processing and inspection services without enabling regulations pursuant to the Marine Protection Act.

Fifth, we recommend the Director of Bureau of Marine Resources establish a cash receipts system along with related policies and procedures essential for the proper implementation and administration of the Marine Protection Act.

On August 9, 2007, the Office of the Public Auditor received the Bureau of Marine Resource's response to the Draft Audit Report. The response essentially agrees with Recommendations 1, 2, 3, and 5 in the report. The Bureau's response to Recommendation 4 was supported by an e-mail supposedly from an Assistant Attorney General which we were unable to authenticate or rely upon as to its official nature. Based on the response we received from the Bureau of Marine Resources, we consider recommendations 1, 2, 3, 4, and 5 as "open" pending corrective action by the Director to establish the necessary policies and procedures or measures to remedy each finding, the person responsible for their implementation, and the timeframe for implementation.


The Office of the Public Auditor (OPA) has established an audit recommendation tracking system. All audit recommendations contained herein will be included in the tracking system as either *open*, *resolved*, or *closed*. An *open* recommendation is one where no action or plan of action has been made by the client (department or agency). A *resolved* recommendation is one which OPA is satisfied that the client cannot take immediate action, but has established a reasonable plan and time frame of action. A *closed* recommendation is one which the client has taken sufficient action to meet the intent of the recommendation or OPA has withdrawn it.

Office of the Public Auditor

Please provide us the status of recommendation within 30 days along with documentation showing the specific actions taken. If corrective actions will take longer than 30 days, please provide us additional information every 60 days until we notify you that the recommendation has been closed.

Finally, we would like to extend our appreciation to the management and staff of the Bureau of Marine Resources for their cooperation and professional courtesy extended to us during the audit.

Sincerely,



Satruning Tewid
Acting Public Auditor

BACKGROUND

The Bureau of Marine Resources was established as a line agency under the Ministry of Resources and Development pursuant to Executive Order 203 adopted on November 28, 2001. The Bureau's operations are funded via annual appropriations from the Olbiil Era Kelulau (OEK) and technical assistance from foreign countries and other assistance.

The mission statement of the Bureau is to explore and survey all marine resources, develop and transfer fisheries technologies, manage and conserve these resources, develop and promote the cost-effective marine/aquatic species of potential economic importance, statistical monitoring and give advisory services and technical support to fisherman. The mission is guided by the Marine Protection Act (MPA) of 1994, as amended, treaties, and United Nation Law of the Sea and Implementing Agreements. The role of the Bureau is to provide support and a favorable environment for the sustainable use of marine resources of Palau by subsistence, commercial, mariculture and recreational fisheries sectors for the benefit of the people of Palau.

Under the MPA of 1994, as amended, the Minister of Resources and Development is authorized to promulgate such rules and regulations pursuant to the Administrative Procedure Act and charge reasonable fees for expenses to the national government connected with permits authorized by this law including processing applications and reasonable inspections.

The Bureau established rates for declaration fees as follows: \$1 for locals, \$2 for foreigners, and \$10 for commercial companies involved in the export of marine products. In addition, exporters of cultured marine species will be charged \$2. For example, a person who wants to export fish must declare the types and quantify the number of fish to be exported and pay the applicable fees.

This audit was prompted by a local newspaper editorial alleging misappropriation of proceeds from the sale of clams and other marine products at the Palau Mariculture Demonstration Center. Upon a preliminary review, we were informed by officials at the Bureau of Marine Resources that the allegation of misappropriation of proceeds from clam sales was referred to the Office of the Attorney General and the Special Prosecutor.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of the audit was to determine whether (1) the Bureau of Marine Resources is collecting and depositing declaration fees and proceeds from sale of giant clams to National Treasury as required by law and (2) declaration fees and proceeds from sale of giant clams were evidenced by proper supporting documents (invoices, billings, receipts, etc.).

Scope and Scope Limitation

The scope of the audit was established to focus specifically on collection of declaration fees and proceeds from sale of giant clams and their remittance to National Treasury covering the period from February 2003 to December 31, 2006 and other periods we considered necessary. As discussed above, however, the Office of the Attorney General and the Special Prosecutor were referred allegations concerning misappropriation of proceeds from sale of giant clams, to which the OPA has confirmed to an ongoing investigation by the Special Prosecutor. Due to the fact that the Special Prosecutor and the Office of the Attorney has in their possession the records and documents of transactions associated with the sale of giant clams, which would otherwise be available to the OPA to conduct its audit, and which any attempt to obtain possession of said records and documents from these law enforcement agencies may jeopardize ongoing investigation, the OPA will not include in this audit the transactions relating to the sale and proceeds from the sale of giant clams until the investigation has been completed and the records turned over to the Office of the Public Auditor.

The audit was conducted in accordance with *generally accepted government auditing standards, issued by the Comptroller General of the United States*, and the Public Auditing Act of the Republic of Palau.

The Public Auditing Act of 1985 empowers the Office of the Public Auditor to specially act to prevent fraud, waste and abuse in the collection and expenditure of public funds. The Public Auditor may make recommendations on the prevention and/or detection of fraud, waste and abuse of public funds. Article XII, Section 2(b) of the Republic of Palau Constitution provides in part: "The Public Auditor shall inspect and audit accounts in every branch, department, agency, or statutory authority of the national government and in all other public legal entities or nonprofit organizations receiving public funds from the national government..."

To accomplish our audit objective, we reviewed log books of cash receipts books issued by National Treasury to the Bureau of Marine Resources. We also reviewed cash receipts (issued by National Treasury to evidence deposit of collections by the Bureau of Marine Resources) and cash register tapes maintained at the office of the Bureau of Marine Resources. In addition, we interviewed the BMR's Director and staff and personnel at the Bureau of National Treasury.

PRIOR AUDIT COVERAGE

The Ministry of Resources and Development is part of the Single Audit of the Republic of Palau National Government which is conducted on an annual basis by a private Certified Public Accounting (CPA) firm. The latest Single Audit of the ROP has been completed for the fiscal year ended September 30, 2006.

DETAILED FINDINGS

1. Unaccounted Cash Receipts

Criteria: A cash receipts internal control system should be designed and structured such that controls over cash receipts are established, cash collections can be easily traced to corresponding receipts and cash receipts report, and trail of evidence ensues the processing of cash receipts.

Condition: In our review of declaration fees we identified 336 cash receipts that the Bureau of Marine Resources was unable to account for during the period from February 2003 to September 2006. A log book at National Treasury showed the sequence of cash receipts books issued to the BMR and also notes the sequence of cash receipts that were deposited to National Treasury from collections by the Bureau. We provided the list of missing receipts to the BMR staff to reconcile to the receipt books in an attempt to resolve the discrepancy; however, the BMR was unable to do so because all the receipts (in triplicates) had been removed from the receipt book. Refer to the schedule of missing receipts on Table I, page 10.

Cause: It appears the BMR has not established the controls essential to ensure the integrity of cash receipts.

Effect: Given the different rates of declaration fees charged a customer (\$1 for local, \$2 for foreigner, and \$10 for commercial exporters, etc.), we were unable to establish the amount of fees collected and unaccounted for due to lack of receipts. However, based on the above rates, and the 336 missing receipts, we estimated the loss to the Republic to be in the range between a minimum of \$336 and a maximum of \$3,360 during the 3½-year period.

Recommendation: We recommend the Bureau of Marine Resources reconcile its cash receipts records on a daily and monthly basis. Reconciliation on a daily basis should be performed to agree actual cash collections to cash receipts before deposit to National treasury. Reconciliation on a monthly basis should be performed to reconcile the Bureau's cash receipts to the Bureau of National Treasury's Cash Receipts reports of collections deposited to National Treasury. In addition, we recommend that the Bureau take immediate action to reconcile and account for the 336 missing receipts. Moreover, we recommend the Office of Attorney General or Office of the Special Prosecutor to further investigate the missing receipts and take appropriate action for any misconduct involving public funds and violation of ROP laws and regulations.

BMR's Response: *Based on your report, the BMR had to go through so many documents (receipts) to verify whether these documents are actually missing. Many listed missing receipts indicated in your report were found but those were not found as indicated in our report would be further investigated.*

OPA's Comments: Based on our review of your report (of receipts found and not found), we were unable to verify the accuracy of the report as there is an apparent discrepancy in the information contained in the report. For instance, the report shows receipt sequence 82201-82218 (18 receipts) were issued by National Treasury to BMR on February 28, 2005, however, the report also shows that the BMR had issued these receipts to its customers on December 6, 2004. This does not make sense because it implies the Bureau issued the receipts prior to receiving the receipt books from National Treasury. Fifteen (15) other receipts, claimed to have been found, per the report, showed similar inconsistencies.

2. Cash Receipts not Deposited in a timely manner

Criteria: To safeguard collections and to prevent potential for malfeasance involving cash collections, cash receipts should be deposited to the National Treasury in a timely manner.

Condition: We selected 146 cash receipts issued for the period from October 2006 to December 2006, the first 3 months of fiscal year 2007, for testing. We noted that daily cash collections were not deposited to National Treasury in a timely manner. For example, cash collections on November 14, 2006 were not deposited to National Treasury until December 26, 2006, a lapse of 42 days. Refer to Table II on page 12 for more details.

Cause: Lack of clear policies and procedures contributed to the untimely deposit of collections to National Treasury.

Effect: Prolonged retention of cash creates opportunities for abuse and misuse of collections and delays the use of the funds by National Treasury.

Recommendation: We recommend the Bureau of Marine Resources to deposit its collections to National Treasury on a daily basis or as soon as practicable.

BMR's Response: *The Bureau of Marine Resources essentially agreed and will comply with the recommendation.*

3. Cash Receipts do not equal to actual cash collections

Criteria: Collections should be reconciled on a daily basis to ensure that actual cash agrees with the total of cash receipts. Any discrepancies should be investigated and brought to the attention of management for proper disposition.

Condition: We conducted an unannounced cash count on January 7, 2007 to assess the adequacy of the Bureau's control and safekeeping of cash collections. In the presence of the custodian, we counted the cash and compared the amount of cash on hand to the total of cash receipts. We found cash short of \$25, which the custodian verified but was unable to explain the cause of the shortage.

Cause: Lack of clear policies and procedures for the control and safekeeping of collections contributed to the shortage in cash collections.

Effect: The absence of clear policies and procedures governing the control and safekeeping of collections can lead to more problems and larger amounts of missing cash.

Recommendation: We recommend the Director of Bureau of Marine Resources establish policies and procedures governing the control and safekeeping of cash collections. At a minimum, the policies and procedures should prescribe the process for the daily reconciliation of cash receipts and collections. The reconciliation should be performed by one employee and verified by a supervisor before deposit to National Treasury.

BMR's Response: *The Bureau of Marine Resources will comply with the above recommendation.*

4. Imposition of Declaration fees without enabling Regulations

Criteria: The Marine Protection Act of 1994, as amended, under Section 1208 (c) states in part: "The Minister is authorized to promulgate such regulations pursuant to the Administrative Procedures Act as may be appropriate to enforce this chapter, and charge reasonable fees for expenses to the national government connected with permits authorized by this chapter including processing applications and reasonable inspections, and with the transfer, handling or storage of marine life protected by this chapter and evidentiary items seized and forfeited under this chapter..."

Condition: During the audit we found that the Minister of Resources and Development may not have promulgated the requisite regulations pursuant to the Marine Protection Act prior to the imposition and collection of declaration fees in connection with the export of marine life.

Cause: We were unable to establish why the Minister of Resources and Development has not promulgated the requisite regulations for the imposition of declaration fees in connection with the export of marine life.

Effect: As a result, the Bureau of Marine Resources may be imposing and collecting declaration fees without the required regulations pursuant to the Marine Protection Act of 1994.

Recommendation: We recommend the Minister of Resources and Development promulgates regulations for the imposition of declaration fees in connection with the export of marine life pursuant to the Marine Protection Act of 1994. In the meantime, we recommend the Director of the BMR seek legal advice from the Attorney General as to the legality of assessing and collecting declaration fees without the requisite regulations.

BMR's Response: *The BMR has attached a legal opinion from one of the Assistant Attorney General which in effect concludes that 27 PNC 1208(c) allows for fees to be charged without going through the Administrative Procedures Act process.*

OPA's Comments: Because the above-referred opinion (in e-mail format) was not on official letterhead or signed by the Office of the Attorney General, the Office of the Public Auditor could not authenticate the document or its contents and, therefore, cannot place any reliance on said document.

Table I: Missing Receipts

Date Issued	Beginning Receipts	Ending Receipts	Number of Receipts Missing
09/28/06	127962	-	1
09/28/06	128197	128200	4
09/28/06	127974	-	1
09/28/06	128205	128206	2
09/28/06	128226	-	1
09/28/06	128229	128238	10
09/28/06	128255	-	1
09/28/06	128259	-	1
09/28/06	128294	128299	6
06/13/06	124203	-	1
06/13/06	124210	-	1
06/13/06	124238	-	1
06/13/06	124250	-	1
06/13/06	124252	124254	3
06/13/06	124262	124263	2
06/13/06	124268	124269	2
06/13/06	124273	124274	2
06/13/06	124288	-	1
06/13/06	124290	-	1
06/13/06	124293	-	1
06/13/06	124319	-	1
06/13/06	124362	-	1
06/13/06	124375	-	1
06/13/06	124801	124802	2
06/13/06	124948	124955	8
06/13/06	124982	124994	13
11/23/05	111864	-	1
11/23/05	111883	-	1
11/23/05	111891	-	1
11/23/05	111912	111913	2
11/23/05	111943	-	1
11/23/05	111957	-	1
11/23/05	111979	-	1
12/29/05	116407	116412	6
12/29/05	116430	116451	22
12/29/05	116520	116600	81
08/25/05	106876	-	1
08/25/05	106897	-	1
08/25/05	106918	-	1
08/25/05	106992	-	1
08/25/05	106997	-	1
06/10/05	101805	101820	16
06/10/05	101838	101846	9
06/10/05	101879	101889	11

Date Issued	Beginning Receipts	Ending Receipts	Number of Receipts Missing
06/10/05	101893	101898	6
06/10/05	101939	-	1
06/10/05	101941	101944	4
06/10/05	101996	-	1
06/03/05	101243	101254	12
02/28/05	94764	94767	4
02/28/05	94880	94881	2
02/28/05	95006	-	1
02/28/05	95196	-	1
02/28/05	95240	95246	7
12/03/04	90801	90814	14
12/03/04	90946	90970	25
12/03/04	90973	90983	11
12/03/04	91085	91086	2
12/03/04	91185	91200	16
10/14/03	58579	-	1
10/14/03	58590	-	1
		Total Unaccounted Receipts	336

The above schedule shows a series of cash receipt numbers registered on the National Treasury's log book that may not have been deposited to the National Treasury from the Bureau of the Marine Resources.

Table II: Schedule of Untimely Deposits

No:	Customer Receipt No.	Customer Receipt Date	Name	Amount	Finance Receipt No	Time	Finance Date of Deposit	Number of Days Lapse
1	124302	11/14/2006	Dan Reeder	2.00	923043	15:24	12/26/2006	42
2	124304	11/15/2006	Jason Kranberg	2.00	923043	15:24	12/26/2006	41
3	124305	11/15/2006	Yoshihiko Nakakita	2.00	923043	15:24	12/26/2006	41
4	124306	11/16/2006	Elizabeth A. Robinson	2.00	923043	15:24	12/26/2006	40
5	124307	11/17/2006	Aqua Culture	10.00	923043	15:24	12/26/2006	39
6	124309	11/17/2006	Edmund O. Santos	2.00	923043	15:24	12/26/2006	39
7	124310	11/17/2006	Elizabeth O.S. Hom	2.00	923043	15:24	12/26/2006	39
8	124311	11/17/2006	Blumel Ada	2.00	923043	15:24	12/26/2006	39
9	124312	11/17/2006	Sandro	2.00	923043	15:24	12/26/2006	39
10	124313	11/21/2006	CRRF	2.00	923043	15:24	12/26/2006	35
11	124314	11/21/2006	PITI	10.00	923043	15:24	12/26/2006	35
12	124316	11/21/2006	PITI	10.00	923043	15:24	12/26/2006	35
13	124315	11/22/2006	Sairong Albis	4.00	923043	15:24	12/26/2006	34
14	124320	12/1/2006	Harvey Sisior	2.00	923043	15:24	12/26/2006	25
15	124321	12/1/2006	Titus Inacio	2.00	923043	15:24	12/26/2006	25
16	124329	12/4/2006	PITI	10.00	923043	15:24	12/26/2006	22
17	124322	12/5/2006	PITI	10.00	923043	15:24	12/26/2006	21
18	124755	10/3/2006	Haydee	2.00	913204	15:04	10/23/2006	20
19	124756	10/3/2006	Hong	2.00	913204	15:04	10/23/2006	20
20	124757	10/3/2006	Omenkar	1.00	913204	15:04	10/23/2006	20
21	124758	10/3/2006	Sakuma	1.00	913204	15:04	10/23/2006	20
22	124759	10/3/2006	Kumaichi	1.00	913204	15:04	10/23/2006	20
23	124760	10/3/2006	Happy Fish Market	4.00	913204	15:04	10/23/2006	20
24	124761	10/3/2006	Hacog	2.00	913204	15:04	10/23/2006	20
25	124762	10/3/2006	Singeo	1.00	913204	15:04	10/23/2006	20
26	124763	10/3/2006	Masa	1.00	913204	15:04	10/23/2006	20
27	124764	10/3/2006	Hosuko	1.00	913204	15:04	10/23/2006	20
28	124765	10/3/2006	Peter	2.00	913204	15:04	10/23/2006	20
29	124766	10/3/2006	Yobech	1.00	913204	15:04	10/23/2006	20
30	124767	10/3/2006	Lawrence	2.00	913204	15:04	10/23/2006	20
31	124768	10/3/2006	Reginia	1.00	913204	15:04	10/23/2006	20
32	124769	10/3/2006	Wong	1.00	913204	15:04	10/23/2006	20
33	124770	10/3/2006	Yobech	1.00	913204	15:04	10/23/2006	20
34	124771	10/3/2006	Avila	2.00	913204	15:04	10/23/2006	20
35	124772	10/3/2006	Omelau	1.00	913204	15:04	10/23/2006	20
36	124773	10/3/2006	Happy Fish Market	1.00	913204	15:04	10/23/2006	20
37	124774	10/3/2006	Don	1.00	913204	15:04	10/23/2006	20
38	124775	10/3/2006	Tenori	2.00	913204	15:04	10/23/2006	20
39	124776	10/3/2006	Raymond	1.00	913204	15:04	10/23/2006	20
40	124777	10/3/2006	Lisa	1.00	913204	15:04	10/23/2006	20
41	124778	10/3/2006	Joe	1.00	913204	15:04	10/23/2006	20
42	124779	10/3/2006	Hilario	1.00	913204	15:04	10/23/2006	20
43	124780	10/3/2006	Donald	1.00	913204	15:04	10/23/2006	20

No:	Customer Receipt No.	Customer Receipt Date	Name	Amount	Finance Receipt No	Time	Finance Date of Deposit	Number of Days Lapse
44	124781	10/3/2006	Joleen	1.00	913204	15:04	10/23/2006	20
45	124782	10/3/2006	Ngiraked	1.00	913204	15:04	10/23/2006	20
46	124783	10/3/2006	Perez	2.00	913204	15:04	10/23/2006	20
47	124784	10/3/2006	Sukiyama	1.00	913204	15:04	10/23/2006	20
48	124785	10/3/2006	Kumangai	1.00	913204	15:04	10/23/2006	20
49	124786	10/3/2006	Omisong	1.00	913204	15:04	10/23/2006	20
50	124787	10/3/2006	Peter	1.00	913204	15:04	10/23/2006	20
51	124323	12/6/2006	Titus Inacio	2.00	923043	15:24	12/26/2006	20
52	124324	12/6/2006	Ean Smith	2.00	923043	15:24	12/26/2006	20
53	124325	12/7/2006	PITI	10.00	923043	15:24	12/26/2006	19
54	124799	10/5/2006	Happy Fish Market	2.00	913205	15:04	10/23/2006	18
55	124800	10/5/2006	Bamba	2.00	913205	15:04	10/23/2006	18
56	127610	10/5/2006	Happy Fish Market	1.00	913205	15:04	10/23/2006	18
57	127609	10/5/2006	Marlene	1.00	913205	15:04	10/23/2006	18
58	127605	10/5/2006	Alfonso	1.00	913205	15:04	10/23/2006	18
59	127606	10/5/2006	Yamada	1.00	913205	15:04	10/23/2006	18
60	127607	10/5/2006	Joel	1.00	913205	15:04	10/23/2006	18
61	127608	10/5/2006	Lynn	1.00	913205	15:04	10/23/2006	18
62	127601	10/5/2006	Vincent	2.00	913205	15:04	10/23/2006	18
63	127602	10/5/2006	Isaac	1.00	913205	15:04	10/23/2006	18
64	127603	10/5/2006	Diana	2.00	913205	15:04	10/23/2006	18
65	127604	10/5/2006	Perez	2.00	913205	15:04	10/23/2006	18
66	124326	12/8/2006	PITI	10.00	923043	15:24	12/26/2006	18
67	124327	12/8/2006	PITI	10.00	923043	15:24	12/26/2006	18
68	124328	12/8/2006	CRRF	2.00	923043	15:24	12/26/2006	18
69	127611	10/6/2006	Happy Fish Market	2.00	913206	15:04	10/23/2006	17
70	127612	10/6/2006	Trolii	1.00	913206	15:04	10/23/2006	17
71	127613	10/7/2006	Magoto	1.00	913207	15:04	10/23/2006	16
72	127614	10/7/2006	Gloria	1.00	913207	15:04	10/23/2006	16
73	127615	10/7/2006	Merur	1.00	913207	15:04	10/23/2006	16
74	127616	10/7/2006	Okada	1.00	913207	15:04	10/23/2006	16
75	127617	10/7/2006	Rechebong	1.00	913207	15:04	10/23/2006	16
76	127618	10/7/2006	Virginia	1.00	913207	15:04	10/23/2006	16
77	127619	10/7/2006	Marna	1.00	913207	15:04	10/23/2006	16
78	127620	10/7/2006	Janice	1.00	913207	15:04	10/23/2006	16
79	124747	10/3/2006	PITI	10.00	912465	11:28	10/18/2006	15
80	124748	10/3/2006	Olkeriil	1.00	912465	11:28	10/18/2006	15
81	124749	10/3/2006	Brancis	1.00	912465	11:28	10/18/2006	15
82	124750	10/3/2006	Michelle	2.00	912465	11:28	10/18/2006	15
83	124751	10/3/2006	Robert	2.00	912465	11:28	10/18/2006	15
84	124752	10/3/2006	Torres	2.00	912465	11:28	10/18/2006	15
85	124753	10/3/2006	Malas	1.00	912465	11:28	10/18/2006	15
86	124754	10/3/2006	Saburo	1.00	912465	11:28	10/18/2006	15
87	124272	10/3/2006	Emy Imesei	2.00	912458	10:23	10/18/2006	15
88	124330	12/11/2006	Althia M. Ringang	2.00	923043	15:24	12/26/2006	15

No:	Customer Receipt No.	Customer Receipt Date	Name	Amount	Finance Receipt No	Time	Finance Date of Deposit	Number of Days Lapse
89	124798	10/4/2006	Andres	2.00	912464	10:27	10/18/2006	14
90	124797	10/4/2006	Joel	1.00	912464	10:27	10/18/2006	14
91	124793	10/4/2006	Edwards	1.00	912464	10:27	10/18/2006	14
92	124794	10/4/2006	Frank	1.00	912464	10:27	10/18/2006	14
93	124795	10/4/2006	Joseph	1.00	912464	10:27	10/18/2006	14
94	124796	10/4/2006	Linda	1.00	912464	10:27	10/18/2006	14
95	124789	10/4/2006	Happy Fish Market	1.00	912464	10:27	10/18/2006	14
96	124790	10/4/2006	Hideo	1.00	912464	10:27	10/18/2006	14
97	124791	10/4/2006	Sabino	1.00	912464	10:27	10/18/2006	14
98	124792	10/4/2006	Florencia	1.00	912464	10:27	10/18/2006	14
99	124279	10/13/2006	PITI	10.00	913518	9:44	10/26/2006	13
100	124278	10/11/2006	Basilus	1.00	913208	15:04	10/23/2006	12
101	124276	10/10/2006	Akio Sakai	2.00	912461	10:26	10/18/2006	8
102	124277	10/10/2006	Pat Seman	2.00	912461	10:26	10/18/2006	8
103	124284	10/16/2006	Belau Aqua	2.00	913209	15:04	10/23/2006	7
104	127649	10/19/2006	Sengebaw	1.00	913519	9:44	10/26/2006	7
105	127650	10/19/2006	Lucia	1.00	913519	9:44	10/26/2006	7
106	127651	10/19/2006	Gibson	1.00	913519	9:44	10/26/2006	7
107	127652	10/19/2006	Hilbert	1.00	913519	9:44	10/26/2006	7
108	127653	10/19/2006	Adelbai	1.00	913519	9:44	10/26/2006	7
109	127654	10/19/2006	Philip	1.00	913519	9:44	10/26/2006	7
110	127655	10/19/2006	Shelly	1.00	913519	9:44	10/26/2006	7
111	127656	10/19/2006	Teriong	1.00	913519	9:44	10/26/2006	7
112	124285	10/17/2006	Bilung G. Salii	1.00	913210	15:04	10/23/2006	6
113	127659	10/20/2006	Happy Fish Market	4.00	913520	9:44	10/26/2006	6
114	127660	10/20/2006	Johanes	1.00	913520	9:44	10/26/2006	6
115	127661	10/20/2006	Saburo	1.00	913520	9:44	10/26/2006	6
116	127662	10/20/2006	Antol	1.00	913520	9:44	10/26/2006	6
117	127663	10/20/2006	Jeffrey	1.00	913520	9:44	10/26/2006	6
118	127664	10/20/2006	Isaac	1.00	913520	9:44	10/26/2006	6
119	127665	10/20/2006	Dexia	1.00	913520	9:44	10/26/2006	6
120	127666	10/20/2006	Gureen Sergey	2.00	913520	9:44	10/26/2006	6
121	127667	10/20/2006	Happy Fish Market	2.00	913520	9:44	10/26/2006	6
122	124280	10/13/2006	Jesus Quinata Garcia	2.00	912462	10:26	10/18/2006	5
123	127645	10/18/2006	Richard	1.00	913211	15:04	10/23/2006	5
124	127646	10/18/2006	Dag	1.00	913211	15:04	10/23/2006	5
125	127647	10/18/2006	Ngirailemesang	1.00	913211	15:04	10/23/2006	5
126	127648	10/18/2006	Happy Fish Market	1.00	913211	15:04	10/23/2006	5
127	127668	10/21/2006	Happy Fish Market	3.00	913521	9:44	10/26/2006	5
128	127669	10/21/2006	Salii	1.00	913521	9:44	10/26/2006	5
129	127670	10/21/2006	Edwards	2.00	913521	9:44	10/26/2006	5
130	127671	10/21/2006	Mayer	1.00	913521	9:44	10/26/2006	5
131	127672	10/21/2006	Azuma	1.00	913521	9:44	10/26/2006	5
132	127673	10/21/2006	Damasus	1.00	913521	9:44	10/26/2006	5
133	127674	10/21/2006	Agustin	1.00	913521	9:44	10/26/2006	5

No:	Customer Receipt No.	Customer Receipt Date	Name	Amount	Finance Receipt No	Time	Finance Date of Deposit	Number of Days Lapse
134	127675	10/21/2006	Francis	1.00	913521	9:44	10/26/2006	5
135	127676	10/21/2006	Isidoro	1.00	913521	9:44	10/26/2006	5
136	127677	10/21/2006	Asanuma	1.00	913521	9:44	10/26/2006	5
137	127681	10/22/2006	Victor	1.00	913522	9:44	10/26/2006	4
138	127682	10/22/2006	Akiwo	1.00	913522	9:44	10/26/2006	4
139	124281	10/15/2006	Mr.Zhao Xiao	2.00	912463	10:27	10/18/2006	3
140	127678	10/22/2006	Yano	1.00	913212	15:04	10/23/2006	1
141	127679	10/22/2006	Matsutaro	1.00	913212	15:04	10/23/2006	1
142	127680	10/22/2006	Ipolyto	1.00	913212	15:04	10/23/2006	1
143	127683	10/25/2006	Fritz	1.00	913523	9:44	10/26/2006	1
144	127684	10/25/2006	Jonathan	2.00	913523	9:44	10/26/2006	1
145	124746	10/30/2006	PITI	10.00	VOID	VOID	VOID	0
146	124788		VOID	-	VOID	VOID	VOID	0
			Total	\$ 298.00				

We noted collections from the Bureau of Marine Resources were not deposited to the National Treasury in a timely manner.

To determine the number of days lapsed, we measured the time interval (number of days) between the date of issuance of receipt (to customer) and date of deposit of the receipt to National Treasury.

Bureau of Marine Resources
Audit of Declaration Fees
2003-2006

Status of Recommendations

Recommendations	Agency to Act	Status	Agency Response/ Action Required
<p>1. We recommend the Bureau of Marine Resources reconcile its cash receipts records on a daily and monthly basis. Reconciliation on a daily basis should be performed to agree actual cash collections to cash receipts before deposit to National treasury. Reconciliation on a monthly basis should be performed to reconcile the Bureau's cash receipts to the Bureau of National Treasury's Cash Receipts reports of collections deposited to National Treasury. In addition, we recommend that the Bureau take immediate action to reconcile and account for the 336 missing receipts. Moreover, we recommend the Office of Attorney General or Office of the Special Prosecutor to further investigate the missing receipts and take appropriate action for any misconduct involving public funds and violation of ROP laws and regulations.</p>	BMR	Open	<p>Policies and procedures requiring the daily and monthly reconciliation of cash receipts, the staff assigned responsibility for performing the task, and the timetable for implementation. Assignment of staff to the task of reconciling and accounting for the 336 missing cash receipts, name(s) of staff, and timetable to begin the effort.</p>
<p>2. We recommend the Bureau of Marine Resources to deposit its collections to National Treasury on a daily basis or as soon as practicable.</p>	BMR	Open	<p>Policies and procedures requiring the daily deposit of cash collections or as soon as practicable.</p>
<p>3. We recommend the Director of Bureau of Marine Resources establish policies and procedures governing the control and safekeeping of cash collections. At a minimum, the policies and procedures should prescribe the process for the daily reconciliation of cash receipts and collections. The reconciliation should be performed by one employee and verified by a supervisor before deposit to National Treasury.</p>	BMR	Open	<p>Policies and procedures designating a custodian for collections and requiring the daily reconciliation of cash receipts, name of the custodian, and timetable to commence these functions.</p>
<p>4. We recommend the Minister of Resources and Development promulgates regulations for the imposition of declaration fees in connection with the export of marine life pursuant to the Marine Protection Act of 1994. In the meantime, we recommend the Director of the BMR seek legal advice from the Attorney General as to the legality of assessing and collecting declaration fees without the requisite regulations.</p>	BMR	Open	<p>Promulgate regulations for the imposition of declaration fees in connection with the export of marine life, provide copy of said regulations to the Office of the Public Auditor. In the meantime, obtain formal legal opinion from the AG of the legality of imposing declaration fees without requisite regulations.</p>
<p>5. We recommend the Director of Bureau of Marine Resources establish a cash receipts system along with related policies and procedures essential for the proper implementation and administration of the Marine Protection Act.</p>	BMR	Open	<p>Establish a cash receipts system along with related policies and procedures, identify key staff responsible for its upkeep, and timetable for implementation.</p>



BUREAU OF MARINE RESOURCES

Ministry of Resources & Development
P.O. Box 359, Koror
Republic of Palau PW 96940
E-mail: tekoilchei@palaunet.com

Tel: (680) 488-3125/2897
Fax: (680) 488-3555

August 9, 2007
BMR Lref 07-069

Satrunino Tewid
Acting Public Auditor, ROP
P.O. Box 850
Koror, Palau

Office of the Public Auditor Received	
Date	8/9/07 3:15 PM
Received By	mmw.
No. OPA	07-092

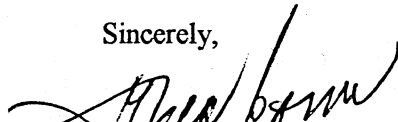
Subject: Serial # opa07-100au - Draft Audit Report

Dear Mr. Tewid,

I have enclosed our findings of the above subject for your review and analysis in-order to finalize your audit report. However, based on your report we had to go through so many documents (receipts) to verify whether these documents are actually missing. Many listed missing receipts indicated in your report were found but those were not found as indicated in our report would be further investigated. Your recommendations on 1,2,3, and 5 will be complied with hence, I have attached the legal opinion of one of the assistant attorney general Mr. Christopher J. Hale for your Recommendation 4. Hence, I will continue to seek assistance from the attorney general's office to conduct further investigation for all the missing receipts.

You may contact our administrative officer Ms. Helena Rebelkuul should you require further explanation to our findings.

Sincerely,


Theo Isamu

Theo Isamu

From: "Crawdaddy Hale" <crawdaddyhale@hotmail.com>
To: <tekoilchei@palaunet.com>
Sent: Thursday, July 05, 2007 2:00 PM
Subject: Marine Protection Act fees

July 5, 2007

Theo:

27 PNC 1208(c) allows for fees to be charged without going through the Administrative Procedure Act process.

The key test is the reasonableness of the fees.

Best regards,

Christopher L. Hale
Assistant Attorney General