

Reports on Compliance and Internal Control

Republic of Palau

Year ended September 30, 2021



Republic of Palau

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

His Excellency Surangel S. Whipps Jr.
President
Republic of Palau

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Republic of Palau (the Republic) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Republic’s basic financial statements (collectively referred to as the “financial statements”), and have issued our report thereon dated November 18, 2024. Our report includes a reference to other auditors who audited the financial statements of the National Development Bank of Palau, the Palau Community College, the Palau National Communications Corporation, the Palau International Coral Reef Center, the Palau Public Utilities Corporation, the Palau Housing Authority, the Protected Areas Network Fund, and the Belau Submarine Cable Corporation, as described in our report on the Republic’s financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Republic’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Republic’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Republic’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002 to be a significant deficiency.

Compliance and Other Matters

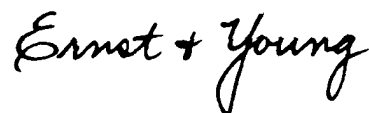
As part of obtaining reasonable assurance about whether the Republic's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Republic's Responses to Findings

The Republic's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Republic's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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November 18, 2024



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Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

His Excellency Surangel S. Whipps Jr.
President
Republic of Palau:

Report on Compliance for Each Major Federal Program

We have audited the Republic of Palau's (the Republic's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Republic's major federal programs for the year ended September 30, 2021. The Republic's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

As discussed in Note 3 to the Schedule of Expenditures of Federal Awards, the Republic's basic financial statements include the operations of certain entities whose federal awards are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended September 30, 2021. Our audit, described below, did not include the operations of the entities identified in Note 3 as these entities conducted separate audits in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Republic's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance 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 the Republic'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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Republic’s compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in findings 2021-005 and 2021-007 in the accompanying Schedule of Findings and Questioned Costs, the Republic did not comply with requirements regarding the following:

Finding No.	ALN	Program or Cluster Name	Compliance Requirement
2021-005	17.225	Unemployment Insurance	Reporting
2021-007	93.224	Health Center Program	Special Tests and Provisions - Sliding Fee Scales

Compliance with such requirements is necessary, in our opinion, for the Republic to comply with the requirements applicable to those programs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Republic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the following major programs for the year ended September 30, 2021:

ALN	Program or Cluster Name
17.225	Unemployment Insurance
93.224	Health Center Program

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Republic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-003, 2021-004, 2021-006 and 2021-008. Our opinion on each major federal program is not modified with respect to these matters.

The Republic’s response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Republic’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Republic is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Republic's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of the Republic is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Republic's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Republic's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-003, 2021-005 and 2021-007 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-004, 2021-006 and 2021-008 to be significant deficiencies.

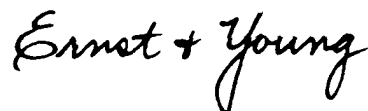
The Republic's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Republic's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Republic is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Republic's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Republic as of and for the year ended September 30, 2021, and have issued our report thereon dated November 18, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Republic's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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November 18, 2024

Republic of Palau

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	COVID-19	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:					
Direct Programs:					
Community Facilities Loans and Grants Cluster:					
Community Facilities Loans and Grants		10.766			\$ 38,444
Sub total Community Facilities Loans and Grants Cluster					38,444
Total U.S. Department of Agriculture					38,444
U.S. Department of Commerce:					
Direct Program:					
Special Oceanic and Atmospheric Projects		11.460			641,624
Total U.S. Department of Commerce					641,624
U. S. Department of Labor:					
Direct Programs:					
Pandemic Unemployment Assistance Administration	COVID-19	17.225			1,621,485
Apprenticeship USA Grants		17.285			-
WIOA Cluster:					
WIA/WIOA Adult Program		17.258			51,160
WIA/WIOA Youth Activities		17.259			141,249
WIA/WIOA Dislocated Worker Formula Grants		17.278			177,080
Sub-Total WIOA Cluster					369,489
Total U.S. Department of Labor					16,584,290
National Endowment for the Humanities (NEH)					
Direct Programs:					
IMLS LSTA Cares Act State Grants	COVID-19	45.310			1,959
IMLS LSTA State Grants		45.310			68,225
Total National Endowment for the Humanities (NEH)					70,184
U.S. Department of Education:					
Direct Programs:					
Adult Education and Family Literacy Act State Grant		84.002A			13,942
Special Education Cluster (IDEA):					
Special Education Grants to States		84.027			1,071,140
Sub total Special Education Cluster (IDEA)					1,071,140
Career and Technical Education-Basic Grants to States		84.048			171,191
Education Grant Program for the Freely Associated States		84.256B			739,210
Subtotal Direct Programs					1,995,483
Pass Through From Northern Marianas College			CS410		
Adult Education - State Administered		84.002A			39,911
Subtotal Pass-Through Programs					39,911
Total U.S. Department of Education					2,035,394
U.S. Department of Health and Human Services:					
Direct Programs:					
Public Health Emergency Preparedness		93.069			304,241
Affordable Care Act (ACA) Personal Responsibility Education Program		93.092			137,757
Maternal and Child Health Federal Consolidated Programs		93.110AR			38,988
Project Grants and Cooperative Agreements for Tuberculosis Control Programs		93.116			370,344
Emergency Medical Services for Children		93.127			64,963
Family Planning Services		93.217			174,995
Health Center Program Cluster:					
Health Center Program		93.224			1,413,956
Health Center Program	COVID-19	93.224			1,113,109
Sub total Health Center Program Cluster					2,527,065
Substance Abuse and Mental Health Services Projects of Regional and National Significance		93.243			368,303
Universal Newborn Hearing Screening		93.251			142,414
Scaling the National Diabetes Prevention Program to Priority Populations		93.261			8,385
Immunization Cooperative Agreements		93.268			862,040
Epidemiology and Laboratory Capacity for Infectious Disease (ELC)		93.323			348,152
ELC Covid Response Activities	COVID-19	93.323			1,175,971
Public Health Emergency Response-PH Crisis Response	COVID-19	93.354			193,771
Prevention and Control of Chronic Disease		93.377			70,798
Provider Relief Fund	COVID-19	93.498			951,612
State Targeted Response to the Opioid Crisis Grants		93.788			5,233
National Bioterrorism Hospital Preparedness Program		93.889			288,139
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations		93.898		16,011	881,358

Republic of Palau

Schedule of Expenditures of Federal Awards, continued

Federal Grantor/Pass-Through Grantor/Program Title	COVID-19	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services, continued:					
HIV Care Formula Grants		99.917			3,178
Assistance Programs for Chronic Disease Prevention and Control		99.945			83,315
Block Grants for Community Mental Health Services		99.958			213,595
Block Grants for Community Mental Health Services	COVID-19	99.958			3,898
Block Grants for Prevention and Treatment of Substance Abuse		99.959			524,074
Block Grants for Prevention and Treatment of Substance Abuse	COVID-19	99.959			4,243
Preventive Health and Health Services Block Grant		99.991			25,240
Maternal and Child Health Services Block Grant to the States		99.994			116,202
Subtotal Direct Programs					<u>9,888,274</u>
Pass Through From University of Hawaii:					
Center for Disease Control and Prevention Investigations and Technical Assistance (Palau Cancer Registry)		99.283	99-6000354		18,118
Pass through From Association of State and Territorial Health Officials					
Strengthening Public Health Systems and Services through National Partnership to Improve and Protect the Nation's Health		99.421	35-1044487		67,437
Subtotal Pass-Through Programs					<u>85,555</u>
Total U.S. Department of Health and Human Services:					<u>9,973,829</u>
U.S. Department of the Interior:					
Direct Program:					
Economic, Social, and Political Development of the Territories		15.875			1,175,986
Cares Act OIA Grant	COVID-19	15.875			16,554
Total U.S. Department of the Interior					<u>1,192,540</u>
Total U.S. Federal Grants Fund (Fund 3030)					<u>30,536,305</u>
U.S. Department of Transportation:					
Direct Program:					
Airport Improvement Program		20.106			3,406,819
Total U.S. Department of Transportation					<u>3,406,819</u>
Total Federal Grants Fund (Fund 4010)					<u>3,406,819</u>
U.S. Department of Defense:					
Direct Program:					
Maritime Domain Awareness Radars		12 Unknown			883,200
Total U.S. Department of Defense					<u>883,200</u>
Total Federal Grants Fund (Fund 3000)					<u>883,200</u>
Total Federal Grants Funds Expenditures:					<u>\$ 34,826,324</u>

Republic of Palau

Schedule of Expenditures of Federal Awards, continued

Economic, Social and Political Development of the Territories Compact of Free Association ALN #15.875	Authorizations	Passed Through to Subrecipients	Expenditures and Transfers
<u>211(f) Trust Fund</u>			
Executive Branch	\$ 15,000,000	\$ -	\$ 15,000,000
Total 211(f) Trust Fund	\$ 15,000,000	\$ -	\$ 15,000,000
<u>COFA S432(2A) IMF Trust Fund</u>			
Compact Section 432 (2A)	\$ 2,600,000	\$ -	\$ 1,265,207
Total COFA S432(2A) IMF Trust Fund	\$ 2,600,000	\$ -	\$ 1,265,207
<u>Infrastructure Projects S432 (5)</u>			
Ministry of Finance S432 (5)	3,285,610	-	212,610
Koror Airai Road Project	6,820,000	-	880,507
Angaur Dock Improvement Project	2,387,000	-	881,911
Total Infrastructure Projects	\$ 12,492,610	\$ -	\$ 1,975,028
Total Compact of Free Association ALN #15.875			\$ 18,240,235
Less Compact Section 211(f) Trust Fund Investment Earnings			\$ (15,000,000)
Total Compact of Free Association ALN #15.875 expenditures subject to detailed compliance testing			\$ 3,240,235
Total Expenditures of Federal Awards		\$ -	\$ 38,066,559
The above awards are received in a direct capacity.			
<u>Reconciliation to financial statements:</u>			
Total expenditures of Grants Fund		\$ 53,905,907	
Total transfers out of Grants Fund		1,629,485	
			\$ 55,535,392
Less non-federal expenditures recorded in:			
COFA S432(2A) Infrastructure Maintenance Fund			(379,563)
ROC Grants Fund			(1,592,383)
Other Non U.S. Grants Fund			(3,568,731)
ROC Capital Projects Fund			(10,968,764)
Other Non U.S. Capital Projects Fund			(141,309)
Less non-federal transfers out recorded in:			
Other Non U.S. Grants Fund			(409,826)
ROC Capital Projects Fund			(408,257)
Total Expenditures of Federal Awards			\$ 38,066,559

Republic of Palau

Notes to the Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

1. Scope of Audit

The Republic of Palau (the "Republic") is a governmental entity governed by its own Constitution. All significant operations of the Republic are included within the scope of the Single Audit. The U.S. Department of the Interior has been designated as the Republic's cognizant agency for the Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Republic under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Republic, it is not intended to and does not present the financial position or changes in financial position of the Republic.

3. Summary of Significant Accounting Policies

Basis of Accounting

All expenditures and capital outlays that represent the federal share are reported as expenditures. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, consistent with the manner in which the Republic maintains its accounting records. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Reporting Entity

For purposes of complying with the Single Audit Act of 1984, as amended in 1996, the Republic's reporting entity is defined in Note 1A to its September 30, 2021 basic financial statements; except that the Republic of Palau Social Security Administration, the Republic of Palau Civil Service Pension Plan, and all of the discretely presented component units are excluded. Accordingly, the accompanying Schedule presents the federal award programs administered by the Republic, as defined above, for the year ended September 30, 2021.

Republic of Palau

Notes to Schedule of Expenditures of Federal Awards, continued

3. Summary of Significant Accounting Policies, Continued

Reporting Entity, continued

The following component units incurred federal expenditures during the year ended September 30, 2021:

Federal award totals for the excluded component units as of September 30, 2021, are as follows:

<u>Component Unit</u>	<u>Federal Award Total</u>
Palau Community College	\$4,443,436
Palau Public Utilities Corporation	\$ 36,225

Matching Costs

Matching costs, i.e., the non-federal share of certain program costs, are not included in the accompanying Schedule.

Indirect Cost Allocation

The Republic did not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance. The Republic has entered into an approved indirect cost negotiation agreement covering fiscal year 2021. The approved rate was 8.13%. Federal programs were charged for indirect costs at the approved rate, unless awards specified a lower allowable rate.

ALN 15.875

ALN 15.875 represents the Office of Insular Affairs (OIA), U.S. Department of the Interior. Funding from this source is subject to varying rules and regulations since OIA administers the Compact of Free Association (Compact), which is a treaty, and is not a federal program. The Compact is comprised of various funded programs, each with separate compliance requirements. To maximize audit coverage of OIA funding, the U.S. Department of the Interior, Office of the Inspector General (OIG) has recommended that programs administered under ALN 15.875 be grouped by like compliance requirements and such groupings be separately evaluated for purposes of major program determinations.

Republic of Palau

Schedule of Findings and Questioned Costs

Year ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

X **Yes** **No**

Significant deficiency(ies) identified?

X **Yes** **None reported**

Noncompliance material to financial statements noted?

 Yes X **No**

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

X **Yes** **No**

Significant deficiency(ies) identified?

X **Yes** **None reported**

Type of auditor's report issued on compliance for major federal programs:

ALN 17.225

Qualified

ALN 93.224

Qualified

ALN 93.268

Unmodified

ALN 20.106

Unmodified

ALN 93.323

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X **Yes** **No**

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Section I - Summary of Auditor's Results, continued

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of federal program or cluster</u>
17.225	Unemployment Insurance
20.106	Airport Improvement Program
93.224	Health Center Program
93.268	Immunization Cooperative Agreement
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,141,997

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

Reference Number	Findings
2021-001	Financial Statements
2021-002	Schedule of Expenditures of Federal Awards

Section III - Federal Award Findings and Questioned Costs

Reference Number	ALN	Findings	Questioned Costs
2021-003	17.225	Activities Allowed or Unallowed	\$ 11,820
2021-004	17.225	Eligibility	1,726
2021-005	17.225	Reporting	—
2021-006	17.225	Special Tests and Provisions - Unemployment Insurance Program Integrity - Overpayments	—
2021-007	93.224	Special Tests and Provisions - Sliding Fee Discounts	1,209
2021-008	93.268	Other Information	—

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-001
Area: Financial Statements

Criteria: General ledger accounts should be reconciled timely on a monthly or quarterly basis.

- Receivables from Federal agencies should be reconciled to subsidiary ledger and reviewed by management for validity and completeness.
- Cash accounts should be reconciled to bank statements with all reconciling items promptly resolved and/or recorded in the appropriate accounting period.

Governmental Accounting Standards Board (GASB) Statement No. 84 establishes accounting and financial reporting standards for the identification of fiduciary activities and how these activities should be reported.

Condition: During the audit, the following matters were noted:

1. At September 30, 2021, receivables from Federal agencies were overstated by \$1.9M. Audit adjustments were proposed to correct this misstatement as follows:

<u>Fund No. – Description</u>	(Overstated) Understated <u>09/30/2021</u>
3030 - U.S. Federal Grants	(\$2,327,532)
4010 - U.S. Federal Grants CIP	<u>348,217</u>
Total	(\$ <u>1,979,315</u>)

2. At September 30, 2021, the following cash accounts were not timely and correctly reconciled:
 - a. The Workforce Innovation and Opportunity Act (WIOA) cash account was not timely reconciled. The reconciliation was completed during audit fieldwork in 2024 resulting in a proposed audit adjustment to correct the overstatement of cash by \$1,364,800.
 - b. The payroll cash account (#0000-0117) was not correctly reconciled. The reconciliation included misstatements between cash and accrued liabilities resulting in a proposed audit adjustment to correct the understatement of cash by \$2,850,418.
3. At September 30, 2021, cash aggregating \$1,577,290 held in custodial capacity was not reported in accordance with GASB Statement No. 84 resulting in a proposed audit adjustment to report such in a Custodial Fund.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-001, continued
Area: Financial Statements

Cause: The cause of above conditions is lack of timely reconciliation procedures and awareness of the requirements of GASB Statements no. 84.

Effect: The aforementioned accounts were misstated prior to proposed audit adjustments.

Recommendation: The Republic should develop and implement internal control policies and procedures to require timely reconciliation of general ledger accounts. Cash held in a custodial capacity should be reported in the financial statements in accordance with GASB Statement No. 84.

Views of Responsible Officials: The Republic's Corrective Action Plan does not indicate disagreement and provides planned corrective action.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-002
Area: Schedule of Expenditures of Federal Awards

Criteria: The Code of Federal Regulations Section 200.510 stipulates that governments subject to the Single Audit Act must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by their financial statements. Additionally, the Government Finance Officers Association (GFOA) recommends that governments implement procedures to ensure an accurate and complete SEFA.

Condition: The SEFA was being reconciled and revised throughout audit fieldwork. The Pandemic Unemployment Assistance Administration Program expenditures (ALN no. 17.225) were understated by \$1,364,800, which pertains to expenditures discussed in Finding No. 2021-001, while U.S. Department of the Interior (ALN no. 15.875) grant program expenditures were overstated by \$1,674,562.

Cause: The Republic did not properly reconcile the SEFA to identify, and report correctly expenditures funded by federal grants.

Effect: The SEFA was misstated prior to proposed audit adjustments.

Recommendation: The Republic should develop and implement internal control policy and procedures requiring timely and correct reconciliation of the SEFA to ensure completeness.

Views of Responsible Officials: The Republic's Corrective Action Plan does not indicate disagreement and provides planned corrective action.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-003
Federal Agency: U.S. Department of Labor
AL Program: 17.225 Unemployment Insurance
Federal Award No.: UI-34839-20-55-A-70
Area: Activities Allowed or Unallowed
Questioned Costs: \$11,820

Criteria:

1. In accordance with 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award Section 200.303, grant recipient must establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.
2. In accordance with applicable program requirements, funds may be used only for the payment of Pandemic Unemployment Assistance (PUA) benefits and for PUA-related state administrative costs.

Condition: During the audit, the following matters were noted:

1. Internal control over the administration of activities allowed or unallowed requirements are not implemented. The Republic’s internal controls are unlikely to operate effectively, as we cannot verify the controls implemented in the program. This is due to the unavailability of the individuals responsible for performing these controls during the audit fieldwork.
2. For 9 (or 4%) of 60 transactions tested, aggregating \$43,674 of \$16.2 million in total program expenditures, deductions of \$11,820 were deducted from PUA and FPUC benefits as follows:

No.	Claim ID	Date	PUA	FPUC	Total Benefits	Withholding	SS	HCF	ROP Cross Act	Total Deductions	Net Amount	Disbursed Amount
1	43381	10/02/2020	\$3,176	\$4,800	7,976	\$883	\$559	\$199	\$200	\$1,841	\$6,135	\$6,135
2	43562	10/16/2020	3,573	5,400	8,973	823	628	224	800	2,475	6,498	6,498
3	43825	11/13/2020	3,573	–	3,573	346	250	89	–	685	2,888	2,888
4	43701	11/13/2020	5,161	–	5,161	499	362	129	–	990	4,171	4,171
5	43882	11/17/2020	4,367	–	4,367	423	305	109	–	837	3,530	3,530
6	43967	11/20/2020	5,161	–	5,161	499	362	129	–	990	4,171	4,171
7	44077	12/02/2020	5,161	–	5,161	499	362	129	–	990	4,171	4,171
8	44127	12/11/2020	5,161	4,800	9,961	1,075	698	249	–	2,022	7,939	7,939
9	44268	12/23/2020	5,161	–	5,161	499	362	129	–	990	4,171	4,171
Total:			\$40,494	\$15,000	\$55,494	\$5,546	\$3,888	\$1,386	\$1,000	\$11,820	\$43,674	\$43,674

Cause: The Republic did not maintain effective internal controls over management of the program or monitor compliance with applicable activities allowed or unallowed requirements.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-003, continued
Federal Agency: U.S. Department of Labor
AL Program: 17.225 Unemployment Insurance
Federal Award No.: UI-34839-20-55-A-70
Area: Activities Allowed or Unallowed
Questioned Costs: \$11,820

Effect: Condition 1: The Republic is not in compliance with applicable internal control requirements. This represents a material weakness, and the compliance report is modified accordingly.

Condition 2: The Republic is in noncompliance with applicable activities allowed or unallowed requirements. The reportable questioned cost is \$11,820.

Recommendation: The Republic should establish and maintain internal controls over the administration of the program and effectively monitor program costs for compliance with allowable costs requirements. The Republic should establish and maintain internal controls and document roles and processes to address potential future personnel turnover.

Views of Responsible Officials: The Republic's Corrective Action Plan does not indicate disagreement and provides planned corrective action. The identified questioned costs were subsequently refunded in FY2022 and FY2023.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-004
Federal Agency: U.S. Department of Labor
AL Program: 17.225 Unemployment Insurance
Federal Award No.: UI-34839-20-55-A-70
Area: Eligibility
Questioned Costs: \$1,726

Criteria: In accordance with applicable eligibility requirements, a claimant must be unemployed, partially unemployed, or unable or unavailable to work due to one of the COVID-19 related reasons identified Attachment I to Unemployment Insurance Program Letter (UIPL) No. 16-20, Change 5. Additionally, the claimant must self-certify availability to work.

Condition: For 3 (or 5%) of 60 case files tested, case file documentation is not sufficient to support claimant’s eligibility to receive benefits.

Description	No. of case file	Benefit Amount
(1) Checked "No" on Able and Available to work and no response to “Did you perform any work or telework?” Section	1	\$ 697
(2) Incomplete COVID-19 reasons Section	1	385
(3) Insufficient documentation	1	644
Total:	3	\$1,726

- (1) For 1 (or 2%) of 60 case files tested, the claimant certified “not” able and available to work and no response to “Did you perform any work or telework?”.
- (2) For 1 (or 2%) of 60 case files tested, no COVID-19 related reasons identified as a basis of unemployment status.
- (3) For 1 (or 2%) of 60 case files tested, case file documentation is incomplete.

Cause: The Republic did not effectively monitor compliance with applicable eligibility requirements.

Effect: The Republic is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$1,726.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-004, continued
Federal Agency: U.S. Department of Labor
AL Program: 17.225 Unemployment Insurance
Federal Award No.: UI-34839-20-55-A-70
Area: Eligibility
Questioned Costs: \$1,726

Recommendation: The Republic should strengthen monitoring and administrative controls over recordkeeping and processing to substantiate compliance with applicable eligibility requirements. Qualified personnel should be assigned to support proper review of eligibility determination, period of eligibility, level of assistance, and other PUA eligibility requirements.

Views of Responsible Officials: The Republic's Corrective Action Plan does not indicate disagreement and provides planned corrective action.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-005
Federal Agency: U.S. Department of Labor
AL Program: 17.225 Unemployment Insurance
Federal Award No.: UI-34839-20-55-A-70
Area: Reporting
Questioned Costs: \$0

Criteria: In accordance with applicable reporting requirements, the expenditures reported in the quarterly reports should be supported by underlying accounting records.

Condition: For all quarterly ETA 9130 reports tested, no underlying accounting records are available to support the expenditures reported in the reports.

No.	Report	Period	Document Number	Program Category	Cumulative Expenditures
1	Quarterly Report - Q1	10/01/2020-12/31/2020	UI34839Z40	FPUC Benefits - FY20	\$7,151,000
2	Quarterly Report - Q2	01/01/2021-3/31/2021	UI34839CA0	FPUC Administration - FY21	25,814
3	Quarterly Report - Q2	01/01/2021-3/31/2021	UI34839Z20	PUA Benefits - FY20	7,626,000
4	Quarterly Report - Q2	01/01/2021-3/31/2021	UI34839Z30	PUA Administration - FY20	181,415
5	Quarterly Report - Q2	01/01/2021-3/31/2021	UI34839C70	PUA Benefits - FY21	5,057,474
6	Quarterly Report - Q2	01/01/2021-3/31/2021	UI34839C90	FPUC Benefits - FY21	1,845,000
7	Quarterly Report - Q3	04/01/2021-6/30/2021	UI34839CA0	FPUC Administration - FY21	58,114
8	Quarterly Report - Q4	07/01/2021-9/30/2021	UI34839C70	PUA Benefits - FY21	5,758,576
Total:					\$27,703,393

Cause: The Republic did not effectively monitor compliance with applicable reporting requirements.

Effect: The Republic is in noncompliance with applicable reporting requirements. No question cost is presented; however, we are unable to verify the accuracy and completeness of the reports due to lack of the underlying accounting records supporting the expenditures reported in the ETA 9130 reports. This constitutes a scope limitation, and the compliance opinion is modified accordingly.

Recommendation: The Republic should strengthen monitoring controls over applicable reporting requirements. Responsible personnel should maintain underlying accounting records to substantiate reported amounts.

Views of Responsible Officials: The Republic's Corrective Action Plan does not indicate disagreement and provides planned corrective action.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-006
Federal Agency: U.S. Department of Labor
AL Program: 17.225 Unemployment Insurance
Federal Award No.: UI-34839-20-55-A-70
Area: Special Tests and Provisions – UI Program Integrity - Overpayments
Questioned Costs: \$0

Criteria: In accordance with applicable special tests and provisions requirements relative to overpayments, the state should have written procedures for identifying overpayments and classifying them in a manner that allows the state to take appropriate follow-up action.

Condition: The Republic has no written procedures for identifying overpayments and classifying them in a manner that allows the state to take appropriate follow-up action.

Cause: The Republic did not effectively monitor compliance with applicable special tests and provisions relative to written procedure requirements concerning overpayments.

Effect: The Republic is in noncompliance with applicable special tests and provisions relative to written procedure requirements concerning overpayments.

Recommendation: The Republic should strengthen monitoring controls over applicable special tests and provisions relative to overpayments written procedure requirements. The Republic should develop and implement written policies and procedures for identifying, classifying, and addressing overpayments, including appropriate follow-up action plan.

Views of Responsible Officials: The Republic's Corrective Action Plan does not indicate disagreement and provides planned corrective action.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-007
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.224 Health Center Program
Federal Award No.: 3 H80CS02467-34-02, 6 H80CS02467-34-03, 3 H80CS02467-34-04, 2 H80CS02467-34-00, 1 H8DCS36516-01-00, 1 H8ECS37981-01-00, 6 H80CS02467-35-02, 6 H80CS02467-35-03, 1 H8CCS34824-01-00, 1 H8FCS41190-01-00, 6 H80CS02467-36-08, 5 H80CS02467-36-00
Area: Special Tests and Provisions – Sliding Fee Discounts
Questioned Costs: \$1,209

Criteria: In accordance with applicable special tests and provisions requirements for sliding fee discounts, health centers must prepare and apply a sliding fee discount schedule (SFDS) so that the amounts owed for health center services by eligible patients are adjusted (discounted) based on the patient’s ability to pay.

Condition: For 57 (or 95%) of 60 invoices tested, aggregating \$1,569 of \$973,460 in total billed amount, patients were not properly billed based on the SFDS. Family income and size are not determining factors when patient services are provided. The discounts were applied and determined based on whether the patient is a resident or a nonresident, tourist or non-tourist, with insurance or none, senior citizen, and behavioral health patient.

No.	Hospital No.	Invoice Number	Bill Charge	Audit Calculation	Overbilled / (Underbilled)
1	30639	674345	\$18	\$5	\$13
2	17749	650946	18	5	13
3	51658	679220	9	–	9
4	87762	653008	21	5	16
5	20033	649309	68	15	53
6	100337	634472	44	10	34
7	39547	643820	17	–	17
8	2603	642508	2	–	2
9	25719	650848	19	10	9
10	23159	665988	2	–	2
11	192	645642	5	–	5
12	104165	668724	20	–	20
13	4785	641898	45	56	(11)

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-007, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.224 Health Center Program
Federal Award No.: 3 H80CS02467-34-02, 6 H80CS02467-34-03, 3 H80CS02467-34-04, 2 H80CS02467-34-00, 1 H8DCS36516-01-00, 1 H8ECS37981-01-00, 6 H80CS02467-35-02, 6 H80CS02467-35-03, 1 H8CCS34824-01-00, 1 H8FCS41190-01-00, 6 H80CS02467-36-08, 5 H80CS02467-36-00
Area: Special Tests and Provisions – Sliding Fee Discounts
Questioned Costs: \$1,209

No.	Hospital No.	Invoice Number	Bill Charge	Audit Calculation	Overbilled / (Underbilled)
14	14760	658001	\$42	\$5	\$37
15	117589	673704	34	–	34
16	11149	662247	23	10	13
17	57317	666221	5	–	5
18	3139	670270	2	–	2
19	102258	648154	49	15	34
20	95374	662894	55	5	50
21	13731	633477	123	6	117
22	68287	678980	31	5	26
23	45549	649513	5	–	5
24	114000	683812	16	5	11
25	68281	686013	128	–	128
26	42808	695258	44	10	34
27	84611	689021	47	6	41
28	3492	641733	6	5	1
29	42764	675271	13	-	13
30	23943	664656	8	5	3
31	31580	692356	44	31	13
32	42028	655072	9	–	9
33	48835	685960	7	5	2
34	4467	685896	49	18	31
35	14833	678083	8	–	8
36	24584	664517	9	–	9
37	119191	630403	31	–	31
38	31215	645644	51	6	45
39	50445	677256	14	5	9
40	100140	632085	67	10	57
41	5571	673304	3	–	3

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-007, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.224 Health Center Program
Federal Award No.: 3 H80CS02467-34-02, 6 H80CS02467-34-03, 3 H80CS02467-34-04, 2 H80CS02467-34-00, 1 H8DCS36516-01-00, 1 H8ECS37981-01-00, 6 H80CS02467-35-02, 6 H80CS02467-35-03, 1 H8CCS34824-01-00, 1 H8FCS41190-01-00, 6 H80CS02467-36-08, 5 H80CS02467-36-00
Area: Special Tests and Provisions – Sliding Fee Discounts
Questioned Costs: \$1,209

No.	Hospital No.	Invoice Number	Bill Charge	Audit Calculation	Overbilled / (Underbilled)
42	114601	647495	\$24	\$15	\$9
43	24388	660339	10	5	5
44	3561	690511	4	–	4
45	112788	668194	5	–	5
46	91850	690014	58	–	58
47	65395	630750	8	5	3
48	15720	670735	21	–	21
49	10658	694876	22	16	6
50	7384	638162	15	10	5
51	58429	678081	34	12	22
52	83643	666947	20	–	20
53	11259	685649	66	–	66
54	27698	655658	14	–	14
55	11867	675837	11	10	1
56	17370	676270	14	5	9
57	4906	666942	32	24	8
Total:			\$1,569	\$360	\$1,209

Cause: Republic of Palau Public Law (RPPL) 7-13 Section 19, which amends RPPL 5-7, requires Palauan citizens and their spouses to be charged hospital fees at a subsidized rate compared to non-Palauans. Accordingly, the Ministry of Health implemented its sliding fee schedule policy in 2006 in accordance with RPPL 7-13.

The community health centers program adopted its fee schedule policy based on income and family size. However, this policy cannot be implemented without the support of the Olbiil era Kelulau (National Congress).

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-007, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.224 Health Center Program
Federal Award No.: 3 H80CS02467-34-02, 6 H80CS02467-34-03, 3 H80CS02467-34-04,
2 H80CS02467-34-00, 1 H8DCS36516-01-00, 1 H8ECS37981-01-00,
6 H80CS02467-35-02, 6 H80CS02467-35-03, 1 H8CCS34824-01-00
1 H8FCS41190-01-00, 6 H80CS02467-36-08, 5 H80CS02467-36-00
Area: Special Tests and Provisions – Sliding Fee Discounts
Questioned Costs: \$1,209

Effect: The Republic is in noncompliance with applicable special tests and provisions requirements for sliding fee discounts. The reportable questioned cost is \$1,209.

Identification as a Repeat Finding: Finding 2020-005 issued by the predecessor auditor.

Recommendation: We recommend that the Republic implement policies related to sliding fee discounts based on family income and size, in accordance with the aforementioned criteria.

Views of Responsible Officials: The Republic’s Corrective Action Plan does not indicate disagreement and provides planned corrective action.

Republic of Palau

Schedule of Findings and Questioned Costs, continued

Finding No.: 2021-008
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.268 Immunization Cooperative Agreements
Federal Award No.: 6 NH23IP922576-01-02, 5 NH23IP922576-02-00,
6 NH23IP922576-02-01, 6 NH23IP922576-02-03
6 NH23IP922576-02-05, 5 NH23IP922576-03-00
Area: Other Information
Questioned Costs: \$0

Criteria: In accordance with applicable information requirements, the Centers for Disease Control and Prevention (CDC) advises each grantee of the value of all federally funded vaccines distributed, in lieu of cash, directly to the grantee and/or on behalf of the grantee to vaccinating providers located in the grantee's geographical area. The annual dollar value of federally funded vaccines should be treated by the grantee as expenditures under a federal award for the purposes of determining audit coverage and reporting on the Schedule of Expenditures of Federal Awards.

Condition: The Republic failed to report the annual dollar value of the vaccines received from the CDC, amounting to \$251,270, in its Schedule of Expenditures of Federal Awards for Fiscal Year 2021.

Cause: The Republic did not effectively monitor compliance with the applicable other information requirements.

Effect: The Republic is in noncompliance with the applicable other information requirements. A potential misstatement of federal expenditures within the Schedule of Expenditures of Federal Awards, basic financial statements, or related disclosures could exist undetected and uncorrected. No questioned cost is presented, as such potential misstatements were mitigated through the proposed audit adjustment.

Recommendation: The Republic should strengthen its monitoring controls over applicable other information requirements. Responsible personnel should obtain an understanding of the agency program requirements in the OMB Compliance Supplement.

Views of Responsible Officials: The Republic's Corrective Action Plan does not indicate disagreement and provides planned corrective action.



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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
Year Ended September 30, 2021

FINDING NO.	CORRECTIVE ACTION PLAN	PROPOSED COMPLETION DATE	NAME AND CONTACT OF RESPONSIBLE PERSON
2021-001	We concur with the findings. Management recently hired a consultant to help reconcile all accounts and train staff	Implemented	Gail Rengiil Director Bureau of National Treasury Ministry of Finance Contact:680-767-2561 Email: gailr@palaugov.org
2021-002	We concur with the findings. Management recently hired a consultant to help reconcile all accounts and train staff	Implemented	Gail Rengiil Director Bureau of National Treasury Ministry of Finance Contact:680-767-2561 Email: gailr@palaugov.org
2021-003	Program concurs and working with MOF management to correct the finding	On-going	Glendalynn Ngirmeriil Executive Director Palau WIOA Office Contact: 680-488-2513 Email: gngirmeriil.wioa@gmail.com
2021-004	Program concurs and working with MOF management to correct the finding	On-going	Glendalynn Ngirmeriil Executive Director Palau WIOA Office Contact: 680-488-2513 Email: gngirmeriil.wioa@gmail.com
2021-005	Program concurs and working with MOF management to correct the finding	On-going	Glendalynn Ngirmeriil Executive Director Palau WIOA Office Contact: 680-488-2513 Email: gngirmeriil.wioa@gmail.com
2021-006	Program concurs and working with MOF management to correct the finding	On-going	Glendalynn Ngirmeriil Executive Director Palau WIOA Office Contact: 680-488-2513 Email: gngirmeriil.wioa@gmail.com

2021-007	MHHS management concurs with finding and are working to change the conflicting law regarding the sliding fee.	On-going	Sherilynn Madraisau Director Bureau of Public Health & Human Services Contact: 680-488-2552 Email: Sherilynn.madraisau@palauhealth.org
2021-008	MHHS management concurs with reservations and working to resolve this finding.	On-going	Sherilynn Madraisau Director Bureau of Public Health & Human Services Contact: 680-488-2552 Email: Sherilynn.madraisau@palauhealth.org



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2021

FINDING NO.	Program Area	Brief Description	Status of Finding	Comments
2020-001	15.875 - D20AF00047 Procurement and Suspension and Debarment	Lack of adherence to established policies and procedures regarding compliance with procurement requirements	Resolved	OIA MD letter dated May 13, 2024
2020-002	17.225 – Pandemic Unemployment Assistance Administration	Noncompliance with applicable activities allowed/unallowed requirements.	Management working to resolve this finding.	Deductions and overpayments/underpayments were corrected and paid in FY2021
2020-003 2018-004 2017-011	Financial Statements	Lack of resources committed to periodically maintaining reconciliations of accounts	Management recently hired a consultant to help reconcile all accounts and train staff	MOF management working to train staff to maintain reconciliations of Balance Sheet accounts.
2020-004	17.225 – Pandemic Unemployment Assistance Administration	Noncompliance with allowable costs requirements	Management working to resolve this finding.	MOF and WIOA are working with DOL to try and correct this finding.
2020-005	Hospital Sliding Fee	Noncompliance with applicable special tests and provisions requirements for sliding fee discounts	Management working to resolve this finding.	MOF working with MHHS to resolve this issue
2020-006 2019-007 2018-006 2017-013 2016-013	Net Pension Liability	Net pension liability would cause the fund’s fiduciary net position to become a deficit in 2019.	Management working to resolve this issue	Management working with policy makers to resolve this issue.
2019-001	12. Unknown - Special tests and provisions	Potential noncompliance with applicable tests and provisions requirements.	The Ministry of Finance have requested the needed documents to no avail.	MOF management and leadership are working to resolve this issue.

2019-003	Receivables	Timely reconciliation of Receivables	Management working to resolve this finding.	Management recently hired a consultant to help train staff on timely reconciliation of accounts
2019-004	Allowable costs/Cost Principles	Non-compliance with applicable allowable costs/cost principles	Management working to resolve this finding.	MOF has established a receivable account where all advance payments are entered, reconciled, and monitored
2019-005	Unearned Revenues	Establish a centralized filing system for all Advanced Funds	Management working to resolve this finding.	MOF management are working with all the implementing offices to make sure that all grant documents be submitted to the Division of Grants under the Ministry of Finance for appropriate record keeping and filing
2019-006 2018-005 2017-012 2016-012	Local noncompliance - Procurement regulations	Potential noncompliance with applicable procurement regulations	Management working to resolve this issue.	MOF will ensure to document procurement processes to meet requirements.
2016-009	93.243- Procurement and Suspension and Debarment	Lack of adherence to established policies and procedures regarding compliance with procurement requirements	Questioned Costs cleared. Management working to resolve the nonmonetary component	SAMHSA MD letter received dated April 23, 2023
2015-001	93.243 - Period of performance and availability of funds	Incurred expenditures after grant expiration date and liquidated after liquidation period	Questioned Costs cleared. Management working to resolve the nonmonetary component	SAMHSA MD letter received dated April 14, 2023
2015-003	93.243 - Procurement and Suspension and Debarment	Lack of adherence to established policies and procedures regarding compliance with procurement requirements	Questioned Costs cleared. Management working to resolve the nonmonetary component	SAMHSA MD letter received dated April 14, 2023