



POHNPEI PORT AUTHORITY

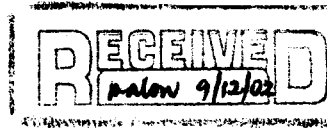
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*Use
9-12-02*

September 05, 2002

Ms. Ursula Abalos
Acting Pohnpei State Auditor
Pohnpei State Government
Kolonia, Pohnpei 96941

Re: PPA Audit "Program Specific Report"

Dear Ms. Abalos,

Transmitted here is the Pohnpei Port Authority's response to the program specific audit report covering period of Sept, 30, 2001- 1995 for your appropriate action.

Thank you very much.

Sincerely,


Zorro Donre
Acting General Manager

Pohnpei Port Authority
Program Specific Audit

Schedule Findings and Recommendations

Item No. 1- CFSM \$300,00.00 appropriation received and invested by the Authority.

Auditee Response: While PPA basically agree with the findings and recommendations of the State Auditor, it is imperative at this point to also include in the recommended solutions an option to leave the appropriation in its entirety with Pohnpei Port Authority and give PPA a chance to complete what it started years ago. It should also be clarify that the main reason for the delay is none other than “land dispute” or “confirmed site location” by the Municipal Government. PPA is at the present time capable and fully manned to complete this project as soon as the Kapingamarangi Municipal Government provide PPA the undisputed confirmed location of the strip.

Item No. 2 – Commercial loan of \$100,000.00 for the purchase of Airport Sweeper.

Auditee Response: The Management of the Authority shall exercise prudent action in the disbursement of its borrowed funds. Effective immediately, PPA finance shall maintain separate sub-ledgers for each borrowed fund project to monitor, expend and account for each specific project accordingly.

Item No. 3 – Interest income from Restricted Cash deposited to general account.

Auditee Response: Management of PPA also agree in principal that the interest earned from the investment of the \$300,000.00 should be returned to CFSM and certain present of the total interest should be appropriated to PPA in order to accommodate incidental and or administrative cost already incurred by the Authority in the initial planning and cite inspections of the project. So far three sites had been suggested and changed and no confirmed designated site have been set yet.