

APIPA

Association of Pacific Island Public Auditors

October 20, 2002

Ms. Gertrude Gootinan, Public Auditor
Office of the Public Auditor
State of Yap
Federated States of Micronesia
P. O. Box 927
Colonia, Yap 96943

Dear Ms. Gootinan:

We have completed an external quality control review of the Office of the Public Auditor, State of Yap for audits issued during the period October 1, 2000 through September 30, 2002. In conducting our review, we followed the standards and guidelines contained in the *APIPA Quality Control Review Guide* published in September 1995 by the Association of Pacific Island Public Auditors (APIPA).

As prescribed by the APIPA Guide, we reviewed the internal quality control system of your audit organization and tested a sample of audits conducted by your office for compliance with government auditing standards issued by the Comptroller General of the United States. Due to variance in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

We have concluded from our review that your system of internal quality control was suitably designed and provided reasonable assurance that applicable government auditing standards were followed in your audit work. We have also concluded from the sample of audits tested that your quality controls were working effectively and that audits were conducted in conformance with applicable standards during the period under review.

In our opinion, the Office of the Public Auditor, State of Yap was in compliance with government auditing standards during the period October 1, 2000 through September 30, 2002.

We have also prepared a separate letter to management, which offers suggestions for further strengthening your internal quality control system. The management letter should be considered an integral part of this report.

It is recommended that this report, and the accompanying management letter, should be made available to the public.

Respectfully Submitted,



Mr. Faumuina F. Sefo
Territorial Auditor
American Samoa Government
Team Leader



Mr. Charles W. Hester
USDA/PITI
Technical Advisor

Working Papers. Although government auditing standards do not specifically require referencing of working papers, many audit organizations have adopted standard policies and procedures to require that the Auditor-In-Charge for each audit assignment be responsible for ensuring that the draft audit report is referenced to the working papers supporting significant conclusions and judgments. This requirement is also a standard practice for auditors to enhance the ability for other auditors, during supervisory review or quality control review, to follow the evidential material contained in the files.

Out of 5 working paper files reviewed, we noted that several of the files did not include the referencing of draft reports to the working papers. We suggest that the Public Auditor continue to emphasize to the audit staff the need for detailed referencing of audit reports to supporting working papers.

The above suggestions were discussed with Ms. Gootinan during the exit conference conducted on October 2, 2002. (Summary of Public Auditor's response - to be added)

In closing we would like to thank your Office for the warm reception and cooperation extended to us by all of your staff during our review.

Respectfully Submitted,



Mr. Faumuina F. Sefo
Territorial Auditor
American Samoa Government
Team Leader



Mr. Charles W. Hester
USDA/PITI
Technical Advisor

APIPA

Association of Pacific Island Public Auditors

October 2, 2002

Ms. Gertrude Gootinan, Public Auditor
Office of the Public Auditor
State of Yap
Federated States of Micronesia
P. O. Box 927
Colonia, Yap 96943

Dear Ms. Gootinan:

We have completed an external quality control review of the Office of the Public Auditor, State of Yap for audits issued during the period October 1, 2000 through September 30, 2002. We have issued a report stating our opinion concerning your organization's overall level of compliance with government auditing standards. We are issuing this companion letter to management to offer suggestions for improvement. This letter should be read in conjunction with our opinion report.

The following suggestions are made for the purpose of strengthening your internal quality control systems:

Quality Control Reviews. Sections 3.31 through 3.36 of the government auditing standards require that **"Organizations conducting audits in accordance with these standards should have an external quality control review at least once every three years..."** This is the first external quality control review of the Office since it was established in 1988. By inviting the Association of Pacific Island Public Auditors to perform this external quality control review, the Office has remedied this situation. However, the Office of the Public Auditor should consider implementing an internal control mechanism to ensure that the Office remains in compliance with this government auditing standard in the future.

The U.S. General Accounting Office publication (GAO/OP-4.1.6), entitled An Audit Quality Control System: Essential Elements, suggests that external quality control reviews be performed on a consistent basis. The publication also suggests that the review be completed during the year following the completion of each three-year period. Our QCR covered the period October 1, 2000 through September 30, 2002 and our Final Report was issued in October 2002. This would mean that the next QCR should cover the period October 1, 2002 through September 30, 2005 and should be completed by September 30, 2006.