



POHNPEI STATE GOVERNMENT

Department of Treasury and Administration

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Office of the Director

August 30, 2024

**The Honorable Ricky Carl
Chairman
Finance Committee
Pohnpei State Government
Kolonia, Pohnpei FM 96941**



Dear Mr. Chairman,

I thought of not responding to your harsh tone letter dated August 23, 2024, however, since your letter is an official communication concerning my role as the Director of the Department of Treasury and Administration for the Pohnpei State Government, I feel it is necessary to address your comments.

Your letter accused me of incompetence and irresponsibility and included threats of my removal from office. Additionally, I have been made aware that there are rumors suggesting that I am under investigation, which implies "Pirap".

One of the reasons cited for these accusations was my decision to return appropriations that had been legislated. I would like to clarify that the laws empower my office with the responsibility and authority to inform you if there are insufficient funds to support those appropriations.

Another point raised was my travel commitments related to my role on the Bank of FSM board, which you claimed indicates neglect of my official duties. Serving on such boards is a part of my civic duty aimed at benefiting our government and citizens. My role as an officer of the Pohnpei State Government involves a fixed salary and demands my attention 24/7; thanks to the internet, I can fulfill my work responsibilities from any location and at any time.

My participation on these boards enables me to strategically influence key financial and economic decisions, ensuring that the interests of the Pohnpei State Government are well-represented and advanced in ways that promote fiscal responsibility, economic growth, and infrastructure development. I want to assure you that these appointments will not interfere with my duties as the Director of Treasury and Administration for the Pohnpei State Government. My involvement is driven solely by my commitment to serving our state and contributing to its progress, without any personal motives. I love my country, and I am dedicated to using my time and resources to contribute to the betterment of Pohnpei in every way I can.

However, in my short tenure, I have been appalled by the gross negligence within the Department of Treasury & Administration. Below are some of the critical issues I have had to address:

1. **Payment Vouchers and Supporting Documents Were Not Filed and some not processed:**
Implications: This leads to difficulties in tracking expenditures, resulting in financial discrepancies, unapproved payments, and increased risk of fraud and mismanagement of funds.
2. **Filing Was Incomplete:**
Implications: Incomplete filing disrupts the organization and accessibility of records, causing delays in financial reporting and hindering transparency.
3. **Travel Vouchers and Supporting Documents Were Not Filed:**
Implications: This can lead to overpayments, misuse of funds, and non-compliance with travel policies, complicating audits.
4. **Checks Not Posted into the Fundware System:**
Implications: Failure to post checks accurately leads to financial discrepancies, affecting budgeting and financial decision-making.
5. **Checks Lying Around in Boxes, Not Presented to the Bank:**
Implications: This reflects a significant lapse in internal controls, leading to potential cash flow problems and loss of funds.
6. **Incorrect Adjustments Were Made to the Fundware System:**
Implications: Incorrect adjustments distort financial data, resulting in inaccurate financial reporting and potential non-compliance with regulations.
7. **Reconciliations Were Incorrectly Done and Not Updated:**
Implications: This leads to discrepancies between actual and recorded financial positions, complicating the audit process.
8. **Recruitment Processes Were Mishandled:**
Implications: Mishandling recruitment can result in the hiring of unqualified candidates, reducing departmental efficiency and exposing the department to legal challenges.
9. **No Documentation Filed in Personnel Files for the Implementation of the 45% Salary Increase:**
Implications: Lack of documentation can lead to payroll discrepancies, potential disputes with employees, and undermines trust and accountability.
10. **No Record or Database for Government Receivables:**
Implications: Without proper records, it becomes difficult to track and collect money owed, leading to significant revenue losses and financial mismanagement.

11. Failure to Close Out Open Encumbrances:

Implications: This leads to inaccuracies in financial reports, overstating committed funds, and presenting misleading information.

12. Financial Management Regulation (November 2023) Not Known by the Departments:

Implications: Lack of awareness and implementation of the Financial Management Regulation could result in ineffective policies and regulatory non-compliance.

13. Using Incorrect Reports for Fund Certification:

Implications: Using incorrect reports can lead to inaccurate financial data, audit risks, and a loss of credibility, damaging trust in financial management processes.

14. Certifying Funds Without Any Budgets:

Implications: This practice results in uncontrolled spending, increased risk of fraud, and a disruption of financial planning, undermining accountability.

15. The Audit for FY2022 Was Not Finalized:

Implications: Failure to finalize the audit undermines the credibility of financial reports, delaying the identification of financial issues and reducing transparency.

Each of these issues severely undermines the integrity, transparency, and efficiency of financial operations within our government. These practices not only jeopardize the integrity and efficiency of the government's financial operations but also erode trust in our department's ability to manage public funds responsibly. Addressing these problems is critical to restoring proper financial management and ensuring accountability.

The gross negligence identified within the Department of Treasury & Administration could indicate potential fraud, misuse of public funds, and serious lapses in financial management that may have gone unreported and uninvestigated. Issues such as failure to file critical documents, improper handling of checks, and use of incorrect financial reports suggest a breakdown in internal controls and oversight. Without proper records and reconciliations, there is a significant risk of unauthorized transactions, fraudulent activities, and misappropriation of funds going unnoticed.

The implications of these issues are severe, making it crucial to address them promptly to restore accountability and ensure that all financial activities are transparent, properly documented, and in compliance with regulations. As the Director of Treasury & Administration, I am fully committed to tackling these challenges and have made it my priority to implement the necessary changes. Failure to address these issues could lead to continued financial mismanagement and potentially serious legal consequences.

After the hearing, I felt we had reached a mutual understanding. However, I request that in any future investigations, you refrain from indicting and labeling individuals before the investigation is concluded. Pohnpei deserves better! It is essential to treat people with respect.

I am writing to provide my responses to your letter dated August 23, 2024 concerning my duties as the Director of the Department of Treasury and Administration of the Pohnpei State Government.

I am available to discuss the contents of this letter, if you will allow me.

Sincerely,



Sihna N. Lawrence
Director of Treasury and Administration
Pohnpei State Government

XC: Members of the Finance Committee
Non-Members of Finance Committee
Governor
Lt. Governor