



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Monday, August 14, 2023

Excellency Wesley W. Simina
President
Office of the President
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Excellency President Simina:

This is our status report for the FY2022 single audits as of July 31, 2023.

This report is based on information received from our contracted auditors, Ernst & Young LLP and Burger Comer Magliari, CPAs, and covers the progress of the audits for the five Primary Governments and their respective component units.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
FSM National Government and Component Units			
1	FSM National Government	Planning	Reconciled FY2022 trial balance
2	Caroline Islands Air, Inc	Planning	Reconciled FY2022 trial balance
3	College of Micronesia, FSM	Planning	<ul style="list-style-type: none">• Additional CAJE• Receivable confirmation from FSM National Government• Aging schedule of receivables and breakdown of allowances.• Subsequent receipts of sample receivables.• List of active employees as of FY2022• Proof of sample students' enrollment for terms fall 2021, summer and fall 2022.
4	FSM Development Bank	Planning - 90% Fieldwork - 35%	

Note: On-site fieldwork

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No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>since 07/10/23</i>	
5	MiCare Plan	Planning	
6	National Fisheries Corporation	Fieldwork - 20% <i>Note: On-site fieldwork is scheduled from 07/31/23-08/18/23</i>	Confirmation requests
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	Planning- FSMPC 95% & Vital 90% Fieldwork - 50%	<ul style="list-style-type: none"> • Preliminary schedules analyses-account movement inquiries (vital) • Confirmation templates • Copies of FY22 tax returns • Copies of new significant contracts or renewals during year (FSMPC & VEI) • Schedule of AR aging (Vital) • Schedule of AP and accruals (Vital) • Gross margin analysis (Vital) • Cost of sales roll forward schedule (vital) • Rehab an Thruput completed projects and payments (Vital)
8	FSM Social Security Administration	Fieldwork - 5% <i>Note: On-site fieldwork scheduled from 07/31/23-08/18/23</i>	
9	Telecommunication Cable Corporation	Planning	FY2022 trial balance
10	FSM Telecommunication Corporation	Planning - 90% Fieldwork - 35% <i>Note: On-site fieldwork has since 07/10/23</i>	
11	Telecommunication Regulation Authority	Planning	Audit requests
Chuuk State Government and Component Units			
1	Chuuk State Government	Planning Fieldwork	
2	Chuuk Public Utilities Corporation	Fieldwork - 90%	<ul style="list-style-type: none"> • Inventory count performed by the Chuuk Public Auditor Representative • Update on GASB 87 worksheet.
3	Chuuk State Health	Planning	FY2022 Trial Balance

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No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
	Care Plan		
4	Chuuk State Housing	Planning	FY2022 Trial Balance
Kosrae State Government and Component Units			
1	Kosrae State Government	Planning	Reconciled FY2022 Trial Balance
2	Kosrae Port Authority	Planning – 90% Fieldwork – 90%	
3	Kosrae State Housing Authority	Planning	Additional general audit request
4	Kosrae Utilities Authority	Planning – 90% Fieldwork – 90%	
Pohnpei State Government and Component Units			
1	Pohnpei State Government	Planning	<ul style="list-style-type: none"> • Agreements: <ul style="list-style-type: none"> ○ Bank & non-bank ○ Office, land, equipment, guarantee ○ Lates compact agreement • Meeting minutes: <ul style="list-style-type: none"> ○ Board and board committes • PSG constitution latest version • Enabling legislation: <ul style="list-style-type: none"> ○ Special revenue funds, grant assistanc funds, compact trust fund • Public lawas approved during FY2022 • Investment policy • Narrative description on policy outline: <ul style="list-style-type: none"> ○ Cash disbursement, cash receipt procedures, payroll procedures, procurement procedures • Appropriation bill, approved budget, general fund original budget, final, and budget vs. actual, • Management prepared financial statement by function • FY2021 audited trial balance • Grant assistance funds • General fund • Special revenue funds • Other items: <ul style="list-style-type: none"> ○ List of pay periods ○ list of employees per pay

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No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<p>period</p> <ul style="list-style-type: none"> ○ Bank statements, bank reconciliations (October 2021 to DecemberDecember) ○ List of contracts ○ Schedule of outstanding encumbrances as of 9/30/2022 ○ Annual leave ○ Assistance with bank, loan receivable, and other confirmations.
2	Pohnpei Port Authority	Planning	<ul style="list-style-type: none"> ● Agreements: <ul style="list-style-type: none"> ○ Bank and non-bank, office, land, and equipment ● Chart of accounts ● Meeting minutes: <ul style="list-style-type: none"> ○ Board and board committees ● Narrative descriptions: <ul style="list-style-type: none"> ○ Loan types, loan origination procedures ● 2022 amendments to PSHA rules and regulations ● Amendments to USDA MOU between PSG & PSHA ● Amendments to PSHA enabling legislation or state law ● Cash receipts journal 10/1/2021 to 9/30/2022 ● Cash disbursement journal from 10/01/2021 to 9/30/2022 ● Amortization of loans receivable ● Due to states and primary government ● Operating subsidy from primary government ● Allowance for loan loss ● Allowance for charge-off ● List of pay period ● Bank statements and reconciliations ● List of contracts ● FSM form 1122 (December 2021, March, June & Sept. 2022) ● List of USDA Guranteed loans ● Assistance with bank, loan receivable, and other

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No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
3	Pohnpei Utilities Corporation	Planning	<p>confirmations.</p> <ul style="list-style-type: none"> • Agreements: <ul style="list-style-type: none"> ○ Bank loan, office lease, equipment lease, • Chart of accounts • Narrative description of procedures for setting electrical and water rates • Signed power purchased agreement • cash receipt journal from 10/01/2021 to 9/30/2022 • cash disbursement journal from 10/1/2021 to 9/30/2022 • time certificate of deposit • customer deposits • prepayments • Long-term deposits • Restricted cash • Fixed asset listing • Fixed asset additions and disposals • Amortization of notes payable • Amortization of long term debt • Accounts payable- aging schedule • Accrued taxes and other liabilities • Advanced from pohnpei state government • Electricity sales • Water sales • Other sales • Production fuel • Kwh purchased • Administrative and general • Generation • Distribution • Water and sewer • Provision for litigation losses • Capital contributions • FSM congress appropriation • USDA RUS/ COFA infrastructure grant • Japan grants • Inventory listing

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No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<ul style="list-style-type: none"> • 2022 Schedule of Federal Expenditures and Awards. • 2022 Major program grant agreements and notice of awards. • 2022 listing of subrecipient agreements • Narrative descriptions: <ul style="list-style-type: none"> ○ Receipt and disbursement of grant funds ○ Grant management ○ Grant reporting requirements to oversight agencies ○ Value of new loans made or received during the 2022 audit period. ○ Beginning audit period balance of loans from previous years for which the federal government imposes continuing compliance requirements. ○ List of pay periods ○ List of employees per pay period ○ List of contracts ○ FSM Form 1122 December 2021, March, June & September 2022)
4	Pohnpei Housing Authority	Planning	<ul style="list-style-type: none"> • Agreements <ul style="list-style-type: none"> ○ Office lease, land lease, equipment lease • Minutes of board meetings and board committees • Narrative descriptions: <ul style="list-style-type: none"> ○ Loan types ○ Loan origination procedures • Amortization of loans receivable • Due to states and primary government • List of pay period • Bank statements (October 2021 to December 2022) • List of contracts • FSM Form 1122 (December 2021, March, June & September

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No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			2022) <ul style="list-style-type: none"> • Sample copies of contract agreement (s) • Blank copy of a loan application for each loan type • Related party loans • Listing of fully disbursed loans
Yap State Government and Component Units			
Status update not provided			

A copy of this status report will be uploaded to the FSM Public Auditor's website at www.fsmopa.fm.

Let me know if you have questions about this report.

Sincerely,

Haser Hainrick
National Public Auditor

cc: FSM Vice President
Speaker, FSM Congress
All State Governors
Heads of all FSM Audit Entities
Secretary & Directors, National and State Finance Departments
State Public Auditors