



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Monday, September 18, 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 August 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	<ul style="list-style-type: none"> Reconciliation of misstatements in cash in bank accounts with overseas missions. Compact sector receivables/payables to sub-recipients (state governments) have yet to be reconciled. US federal grants payable/receivable pass-thru to the state governments have yet to be reconciled. The investment accounts in the Fundware accounting system have yet to be reconciled with subsidiary ledgers. Lease agreements payable and receivable were not included.
2	Caroline Islands Air, Inc	Planning	Reconciled FY2022 trial balance
3	College of Micronesia, FSM	Planning	<ul style="list-style-type: none"> Pending CAJE(s) to reconcile interfund receivables/payables and other current liabilities.

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		<p><i>Note: EY is targeting to achieve completion by 9/30/2023.</i></p>	<ul style="list-style-type: none"> • Inventory count in Kosrae for four samples (two sheet to floor and two floor to sheet). • Ongoing assessment and computation of adoption of GASB No. 87, Leases.
4	FSM Development Bank	Fieldwork - 80% <p><i>Note: EY is targeting to achieve completion by 9/30/2023.</i></p>	<ul style="list-style-type: none"> • BOG cash confirmation replies and bank statements. • EIB loan confirmation reply and responses for loan inquiries.
5	MiCare Plan	Planning- 80%	<ul style="list-style-type: none"> • Supporting documents for revenue, medical claims, subsequent disbursement, and investment confirmation.
6	National Fisheries Corporation	Planning - 80% Fieldwork - 10% <p><i>Note: On-site fieldwork is scheduled from 07/31/23-08/19/23. The list of pending items was provided to management on 8/30/2023.</i></p>	<ul style="list-style-type: none"> • Pending schedules in payroll, fixed assets, joint venture, bank statements, journal vouchers and others.
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	Fieldwork - 60% <p><i>Note: On-site fieldwork took place from 7/10-21/2023.</i></p>	<ul style="list-style-type: none"> • Account movement inquiries • Confirmation templates • Copies of FY22 Tax Returns • Copies of new significant contracts or renewals during the year • OPEX samples • AR subsequent collections support • Rehab & Thruput completed projects. • Inventory gauging count sheets • Inventory unit cost samples • Accrued liabilities samples. • COGS landed costs samples. • COGS cost tier adjustments samples • Revenue samples • COGS purchases cut-off samples • Revenue cutoff samples

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<ul style="list-style-type: none"> • Movement inquiries • Payroll walkthrough sample • Payroll samples
8	FSM Social Security Administration	Planning – 80% Fieldwork – 10% <i>Note: On-site fieldwork scheduled from 07/31/23-08/19/23. Communication on pending items was on 8/30/2023.</i>	<ul style="list-style-type: none"> • Confirmation requests • Journal vouchers • Accrued tax receivable. • Tax contribution revenue • Benefit payment listing testing
9	Telecommunication Cable Corporation	<i>Note: On-site fieldwork is scheduled on 9/11-22/2023.</i>	
10	FSM Telecommunication Corporation	Fieldwork – 50% <i>Note: On-site control testing since 8/21/2023.</i>	<ul style="list-style-type: none"> • Control testing on IT (call samples) • Lease schedules
11	Telecommunication Regulation Authority	<i>Note: Initial audit request sent on 8/1/2023. Scheduled On-site fieldwork on 9/11-22/2023.</i>	Audit requests
Chuuk State Government and Component Units			
1	Chuuk State Government	Planning Fieldwork	<ul style="list-style-type: none"> • Compact sector receivables and deferred revenue accounts • Lease agreement payable and receivable • U.S. Federal grants receivable and deferred revenue costs • Evaluate on all receivable balances for collectibility and validity.
2	Chuuk Public Utilities Corporation	Fieldwork – 95% <i>Note: Preliminary draft report is pending review and MDA from CPUC.</i> <i>Target to achieve completion by 9/30/2023.</i>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
3	Chuuk State Health Care Plan	Planning	Audit requests
4	Chuuk State Housing	Planning	FY2022 Trial Balance
Kosrae State Government and Component Units			
1	Kosrae State Government	Planning	<ul style="list-style-type: none"> • Compact sector receivables and deferred revenue accounts • Lease agreement payable and receivable • U.S. Federal grants receivable and deferred revenue costs • CFM grants receivable and deferred revenue accounts
2	Kosrae Port Authority	Fieldwork – 90% <i>Note: Target to achieve completion by 9/30/2023.</i>	<ul style="list-style-type: none"> • Property, plant, and equipment-additions supporting documents. • Payroll- employee pay slips • Cash flow worksheet and other minimal equipment
3	Kosrae State Housing Authority	Planning 30%	<ul style="list-style-type: none"> • Balanced general ledger • Fixed asset register • Accounts movement inquiry • Subsequent disbursement register
4	Kosrae Utilities Authority	Fieldwork – 95% <i>Note: Initial Financial Statement (FS) drafted and is now in review stage. MD&A is pending from KUA. Target to achieve completion by 9/30/2023.</i>	<ul style="list-style-type: none"> • Supporting document relating to the grant/subsidy received from FSM National Government.
Pohnpei State Government and Component Units			
1	Pohnpei State Government	Planning	<ul style="list-style-type: none"> • Major programs- determination of substantive and compliance procedures • Gaining and understanding of the entities grant processing and disbursement procedures • Ongoing assessment of internal control over compliance in accordance with 2 CFR section 300.303.
2	Pohnpei Port	Planning	<ul style="list-style-type: none"> • Implementation of GASB 87 on

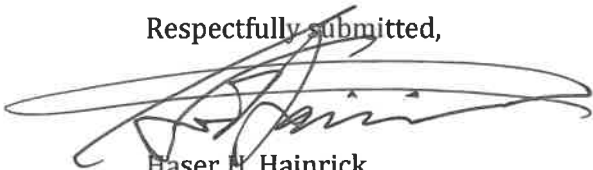
No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
	Authority		<ul style="list-style-type: none"> lease agreement • Awaiting responses for the fraud risk assessment from certain staff to complet fraud questionnaire. • Awaing responses to A/R confirmations • Awaiting response to A/P confirmations
3	Pohnpei Utilities Corporation	Planning	<ul style="list-style-type: none"> • Pending receipt of 2022 schedule of federal expenditures and awards • Requested grant documentation and detailing of expenditures and monies received.
4	Pohnpei Housing Authority	Planning	<ul style="list-style-type: none"> • Cash receipt testing • Loan testing for new loans • Prior year loan testing • Non-response to loan confirmations • captial assets testing and impairment • unrecorded liabilities
Yap State Government and Component Units			
1	Yap State Government	Planning	
2	Yap State Public Service Corporation	Planning	<ul style="list-style-type: none"> • Equipment lease agreement • BOG bank statements • List of travel • Fraud risk inquiries form
3	Yap Visitors Bureau	Planning	<ul style="list-style-type: none"> • agreements: <ul style="list-style-type: none"> ○ Bank loan ○ Non-bank loan ○ Office lease ○ Land lease ○ Equipment lease ○ Chart of accounts ○ Minutes of meetings (Board) ○ Articles of incorporation ○ Bi-laws ○ Operating agreement ○ Organization chart ○ Internal control system flow-chart ○ Industry specific accounting matters

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<ul style="list-style-type: none"> • Schedules: <ul style="list-style-type: none"> ○ Cash receipt ○ Cash disbursement ○ Fixed asset listing ○ FA additions and disposals ○ Contractual services ○ Payroll & Payroll taxes ○ Promotions and advertising ○ Communications and utilities ○ Yap State Subsidies ○ FSM National subsidies ○ CFSM Grant ○ YSL appropriation ○ Website improvement ○ Other contractual services ○ Equipment repairs 78 maint. ○ Supplies & materials ○ List of pay period ○ List of employees per pay period ○ Bank statements and reconciliations (Oct. 2021 to December 2022) ○ List of contracts ○ FSM Form 1122 (Dec. 2021, March, June & Sept. 2022)
4	Diving Seagull, Inc.	Planning	

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.

Respectfully submitted,



Haser H. 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