



# FEDERATED STATES OF MICRONESIA

## Office of The National Public Auditor

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Monday, July 22, 2024

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 & 2023 single audits as of June 30, 2024. This report is based on information received from our contracted auditors, Ernst & Young LLP and Burger Comer Magliari (BCM) and covers the progress of the audits for the FSM National Government, States of Chuuk, Kosrae, Pohnpei, and Yap and their respective component units.

The remaining audits for FY2022 are FSMNG, PSG, CSG, YSG, and PUC.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
<b>FSM National Government and Component Units</b>			
1	FSM National Government	<ul style="list-style-type: none"> <li>• <b>FY2022:</b> <ul style="list-style-type: none"> <li>○ Fieldwork about 90% complete.</li> <li>○ EY is revisiting the requirements of GASB No. 84 regarding Fiduciary Activities.</li> </ul> </li> <li>• <b>FY2023:</b></li> <li>• <b>Audit engagement letter has been submitted for approval; audit commencement date to be determined upon completion of the FY2022 audit.</b></li> </ul>	<b>FY2022:</b> <ul style="list-style-type: none"> <li>• Compact sector receivables/payables to sub-recipients (states governments).</li> <li>• US federal grants payable/receivables pass-thru to the state governments have yet to be reconciled with both states and grantors.</li> <li>• GASB 87 testing of leases pending as agreements listing was incomplete.</li> <li>• Unearned revenue account ( due to grantor agency) yet to be reconciled.</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<p><b>UG audit:</b></p> <ul style="list-style-type: none"> <li>• Dates of inventory count performed for fixed assets</li> <li>• Progress and performance reports for major programs.</li> <li>• SF-425s for the 1<sup>st</sup> quarter of FY2022 for ALN 15.875 major program</li> <li>• List of special tests and provisions applicable for ALN 15.875 major program</li> <li>• Wage rate requirements applicable or related waivers under ALN 20.106 major program.</li> <li>• Level of effort and earmarking requirements applicability under ALN 93.959 major program</li> <li>• FFATA reporting waivers, if any in FY2022 under ALN 93.959 major program</li> <li>• Certain ongoing compliance testing have selections with supporting documents.</li> </ul>
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> <li>• audit signed engagement letter has been received; audit commencement date to be determined.</li> </ul>	
3	College of Micronesia, FSM	<ul style="list-style-type: none"> <li>• Audit signed engagement letter has been received on 5/28/2024; audit commenced, and target completion date is currently set for 8/16/2024. Financial statement audit team is focusing now on performing substantive procedures. Uniform</li> </ul>	<ul style="list-style-type: none"> <li>• Pending schedules COMFSM are working on.</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		guidance (UG) audit team is reviewing now the schedules received from COM-FSM for sample selection.	
<b>4</b>	<b>FSM Development Bank</b>		<b>Audit completed and issued on May 13, 2024.</b>
5	MiCare Plan	<ul style="list-style-type: none"> <li>Audit signed engagement letter has been received; audit commencement date to be determined.</li> </ul>	
6	National Fisheries Corporation	<ul style="list-style-type: none"> <li>Audit signed engagement letter has been received; audit commencement date to be determined.</li> </ul>	
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> <li>Audit signed engagement letter has been received; audit commenced in June. Preliminary trial balance has been received and initial requests have been submitted. The entity is in progress of providing requested information.</li> </ul>	
8	FSM Social Security Administration	<ul style="list-style-type: none"> <li>Audit signed engagement letter has been received; preliminary trial balance has been received 5/3/2024. Audit entrance meeting occurred on 5/17/2024. Preliminary audit request was submitted on 5/22/2024 and entity is in progress of providing requested information. Audit fieldwork will commence week of 7/8/2024.</li> </ul>	
9	Telecommunication Cable Corporation	<ul style="list-style-type: none"> <li>Audit signed engagement letter has been received; audit commencement date to be determined. Last follow up 7/8/2024.</li> </ul>	<ul style="list-style-type: none"> <li>Receipt of trial balance and initial audit requested information.</li> </ul>
10	FSM Telecommunication	<ul style="list-style-type: none"> <li>Audit signed engagement letter has been received;</li> </ul>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
	Corporation	preliminary trial balance has been received 4/9/2024 and audit commenced. EY is substantially completed with audit procedures and is in the final wrap up stage for target issuance by 7/19/2024.	
11	Telecommunication Regulation Authority	<ul style="list-style-type: none"> <li>• Audit signed engagement letter has been received; preliminary trial balance has been received 5/6/2024 and audit commenced week of 5/13/2024.</li> </ul>	
<b>Chuuk State Government and Component Units</b>			
1	Chuuk State Government	<ul style="list-style-type: none"> <li>• <b>FY2022 audit:</b> <ul style="list-style-type: none"> <li>○ Planning and fieldwork is about 99% completed. Draft audit report was provided to Director Paul on January 12, 2024. An updated draft was submitted on July 5, 2024.</li> <li>○ UG Audit: <ul style="list-style-type: none"> <li>▪ EY is closing out procedures for the Uniform Guidance audit and is communicating with CSG on findings and additional procedures required.</li> <li>▪ The final draft report on July 5, 2024, with another updated draft provided on July 10, 2024.</li> </ul> </li> </ul> </li> <li>• <b>FY2023 audit:</b> <ul style="list-style-type: none"> <li>• audit signed engagement letter has been received; audit commencement date</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Corrective Action Plan</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		to be determined upon completion of the FY22 audit.	
2	Chuuk Public Utilities Corporation	<ul style="list-style-type: none"> <li>• Audit planning and risk assessment procedures have completed; entity provided all the preliminary information requests, and substantive procedures are ongoing.</li> <li>• Currently at approximately 45% overall status with a target completion of 7/31/2024.</li> </ul>	
3	Chuuk State Health Care Plan	<ul style="list-style-type: none"> <li>• Audit signed engagement letter has been received; preliminary trial balance has been received 6/7/2024. Audit start to be determined.</li> </ul>	
4	Chuuk State Housing	<ul style="list-style-type: none"> <li>• Audit start to be determined.</li> </ul>	
<b>Kosrae State Government and Component Units</b>			
1	Kosrae State Government	<ul style="list-style-type: none"> <li>• Audit signed engagement letter has been received; audit commencement date to be determined.</li> </ul>	
2	Kosrae Port Authority	<ul style="list-style-type: none"> <li>• Audit signed engagement letter has been received; preliminary trial balance has been received 6/18/2024. Audit commenced 7/1/2024.</li> </ul>	
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> <li>• Audit signed engagement letter has been received; preliminary trial balance has been received 6/17/2024. Audit to commence week of 7/8/2024.</li> </ul>	
4	Kosrae Utilities Authority	<ul style="list-style-type: none"> <li>• Audit has been substantially completed and is currently going through final wrap up</li> </ul>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		stage. Target to provide final draft for review and clearance by 7/12/2024 for finalization the week after.	
<b>Pohnpei State Government and Component Units</b>			
1.	Pohnpei State Government	<i>Update yet to be provided</i>	
2	Pohnpei State Housing Authority	<i>Update yet to be provided</i>	
3	Pohnpei State Port Authority	<i>Update yet to be provided</i>	
4	Pohnpei Utilities Corporation	<i>Update yet to be provided</i>	
<b>Yap State Government and Component Units</b>			
1	Yap State Government	<b>FY:2023:</b> <i>Update yet to be provided</i>	<b>FY2022:</b> <ul style="list-style-type: none"> <li>• Investment footnote</li> <li>• MD&amp;A</li> <li>• Expenditure sample-60 items</li> </ul>
2	Yap Diving Seagull, Inc.	<i>Update yet to be provided</i>	
3	Yap State Public Service Corporation	<i>Update yet to be provided</i>	
4	Yap Visitors Bureau	<i>Update yet to be provided</i>	

A copy of this status report will be uploaded to the FSM Public Auditor's website at [www.fsmopa.fm](http://www.fsmopa.fm).

Let me know if you have questions about this report.

Sincerely,



Haser Hainrick  
National Public Auditor

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cc: FSM Vice President  
Speaker, FSM Congress  
All State Governors  
Heads of all FSM & States Audit Entities  
State Public Auditors