



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

P.O. Box PS-05, Palikir, Pohnpei FSM 96941

Tel: (691) 320-2862/2863 Fax: (691) 320-5482

CID Hotline: (691) 320-6768; Website: www.fsmopa.fm

Facebook: FSM Office of the National Public Auditor; E-mail: info@fsmopa.fm

Monday, June 17, 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 single audits as of May 31, 2024. 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 FSM National Government, States of Chuuk, Kosrae, Pohnpei, Yap and their respective component units.

The audits for FY2022, with the original due date on June 30, 2023, are still ongoing and a request for extension had been communicated to the Office of Insular Affairs (OIA) to request for an extension from March 31, 2024 to June 30, 2024 and a formal approval has not been provided yet.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
FSM National Government and Component Units			
1	FSM National Government	Fieldwork 80%	<ul style="list-style-type: none"> Bank confirmation from Mizhuo Bank. Compact sector receivables/payables to sub-recipients (states governments) have yet to be reconciled US federal grants payable/receivable pass-thru to the state governments have yet to be reconciled. GASB 87 testing of leases pending as agreements listing was incomplete and returned to Finance.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<ul style="list-style-type: none"> • Unearned revenue account (due to grantor agency) yet to be reconciled. • Testing of travel advances in progress. • Testing of general receivables • Testing of representation receivables • Testing of payroll • Testing of non-payroll • Attorney letter EY yet to receive the signed copy from Treasury and Accounting • Testing of fixed assets additions and deletions • Testing of new JV's • Testing of advance to suppliers, pending data from Treasury and Accounting • Testing of revenue • Testing of capital assets (awaiting revised schedule) • UG Audit- <ul style="list-style-type: none"> ○ Dates of inventory count performed for fixed assets, count sheets provided were not dated ○ Progress and performance reports submitted in FY2022 for major program ALN 15.875 major program ○ SF-425s for the 1st quarter of FY2022 for ALN 15.875 major program ○ List of special tests and provisions applicable for ALN 15.875 major

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<ul style="list-style-type: none"> ○ program ○ Wage rate requirements applicable or related waivers under ALN 20.106 major program ○ Level of effort and earmarking requirements applicable for ALN 84.027 major program ○ Level of effort and earmarking requirements applicability under ALN 93.959 major program ○ FFATA reporting waivers, if any in FY2022 under ALN 93.959 major program
2	Caroline Islands Air, Inc	<p>Planning</p> <p><i>Note: preliminary trial balance contains obvious errors (such as negative accounts payable balance) EY is unable to determine adjustments needed without further audit procedures.</i></p> <p><i>On 5/21/2024: CIA provided an updated trial balance, bank reconciliations and inventory listing. However, majority of the remaining preliminary audit schedules are still pending from CIA.</i></p>	<ul style="list-style-type: none"> ● Preliminary audit schedules.
3	College of Micronesia, FSM		Audit completed and issued on 5/10/2024
4	FSM Development		Audit completed and issued

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Bank		on October 31, 2023	
5	MiCare Plan	<p>Fieldwork</p> <p><i>Note: EY has sent follow-up inquiries to the CFO and accountant assisting the CFO.</i></p> <p><i>Walkthrough documents have been provided on 4/02/2024.</i></p> <p><i>Draft report was provided to management on 4/3/2024 for MD&A preparation.</i></p> <p><i>Additional fieldwork for detail testing started on 5/17/2024.</i></p> <p><i>Supporting documents are still pending as of 5/28/2024 and will be vouched in-person once available.</i></p>	<ul style="list-style-type: none"> Supporting documents for revenues, payroll, and accounts payable, signed confirmation templates for deposits and payables, alternative documents for confirmation procedures.
6	National Fisheries Corporation	<p>Fieldwork – 60%</p> <p><i>Note: New Senior resumes the audit fieldwork on 5/16/2024 and receives some schedules and other documents to facilitate the audit.</i></p> <p><i>NFC committed to provide all requested</i></p>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>documents latest by 6/7/2024 for those requests raised in May. As the audit progress, EY may still identify additional schedules and documents needed to conclude.</i></p> <p><i>EY plans to finalize and issue the reports before 6/28/2024.</i></p>	
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)		Audit completed and issued on May/17/2024.
8	FSM Social Security Administration		Audit completed and issued on April 15, 2024.
9	Telecommunication Cable Corporation		Audit completed and issued on May 21, 2024.
10	FSM Telecommunication Corporation		Audit completed and issued on March 13, 2024.
11	Telecommunication Regulation Authority		Audit completed and issued on November 10, 2023.
Chuuk State Government and Component Units			
1	Chuuk State Government	Planning & Fieldwork-99% <i>Note: Draft audit report was provided to Director Jonas Paul on January 12, 2024.</i> <i>EY will submit and updated draft in a</i>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>few days.</i></p> <p><i>UG audit- EY is closing out procedures for the UG audit and is communicating with CSG on findings and additional procedures required. EY anticipate to transmit the completed compliance report no later than June 15, 2024.</i></p>	
2	Chuuk Public Utilities Corporation		Audit completed and issued on September 29, 2023.
3	Chuuk State Health Care Plan		Audit completed and issued on December 28, 2023.
4	Chuuk State Housing	<p>Planning -98%</p> <p><i>Note: EY has received the FY2022 trial balance and have commenced year-end substantive testing.</i></p>	
Kosrae State Government and Component Units			
1	Kosrae State Government		Audit completed and subsequently issued on May 03, 2024.
2	Kosrae Port Authority		Audit completed and issued on November 01, 2023.
3	Kosrae State Housing Authority		Audit completed and issued on April 18, 2024.
4	Kosrae Utilities Authority		Audit completed and issued on October 5, 2023
Pohnpei State Government and Component Units			

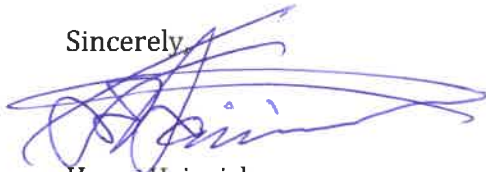
No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
1.	Pohnpei State Government	<p><i>Financial statement preparation- 65%</i></p> <p><i>Financial Audit- 90%</i></p> <p><i>UG audit- 80%</i></p> <p><i>Performance compliance testing for major programs and waiting on requested documentation.</i></p>	<ul style="list-style-type: none"> • Documentation of subsequent cash disbursements • Confirmation from FSM National for drawdowns • Documentation of variances in the Due to And Due From accounts • Information Technology and Risk Assessment Questionnaire • Fraud risk inquiries for various individuals.
2	Pohnpei State Housing Authority		Audit is completed and issued on February 16, 2024
3	Pohnpei State Port Authority		Audit is completed and issued on February 16, 2024
4	Pohnpei Utilities Corporation	<p>Financial statement preparation- 75%</p> <p>Fieldwork – 85%</p> <p><i>Note: UG audit (75%)- testing of compliance over major programs and still waiting on receipt documentation requests.</i></p>	<ul style="list-style-type: none"> • Responses to WIP worksheet • Ongoing testing of leases for GASB 87 adjustments • Documentation evidencing PUC's 2022 appropriations • Ongoing reconciliations of fixed asset schedule to quantify potential adjustment • Reviewing responses to final analytical review procedures • Compiling audit adjustments
Yap State Government and Component Units			
1	Yap State Government	<p><i>Note: Draft report is under review and preparation of the MD&A.</i></p> <p><i>Due to the closure</i></p>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>of the previous auditor's office, BCM was unable to review the fiscal year 2021 grouping schedule. As such, BCM had to do their best to group the accounts as they thought appropriate. It is important to be consistent with the prior audit, so BCM submitted their grouping schedule for review by the YSG team. BCM appreciate Gertrude's detailed review and the valuable comments and suggested adjustments. BCM is currently incorporating the adjustments and will provide a second draft for further review shortly.</i></p>	
2	Yap Diving Seagull, Inc.		Audit completed and issued on November 30, 2023
3	Yap State Public Service Corporation		Audit completed and issued on March 15, 2024
4	Yap Visitors Bureau		Audit completed and issued in May 2024

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

JP/IV

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