



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Friday, January 04, 2008

His Excellency Manny Mori, FSM President
Honorable Johnny David, Governor of Pohnpei State
Honorable Wesley Simina, Governor of Chuuk State
Honorable Sebastian Anefal, Governor of Yap State
Honorable Robert Weilbacher, Governor of Kosrae State

Dear Mr. President and Mr. Governors:

The following is the report on the status of the 2007 Single Audit for FSM as of December 31, 2007 based on information received from Deloitte & Touche (DT). For your information, the deadline for the 2007 single audit is June 30, 2008.

YAP STATE

1. Yap State Government: The audit is about 20% complete. The entity is expected to close their books by January 31st and DT will be in Yap shortly thereafter.
2. Yap State Public Service Corporation: All fieldwork has been completed and DT expects that the final audit report will be issued shortly.
3. Diving Seagull Inc: All fieldwork has been completed and DT expects that report drafts will be delivered shortly.
4. Yap Visitor's Bureau: No work has commenced pending formal contract inclusion.

POHNPEI STATE

1. Pohnpei State Government: DT has performed various planning procedures, have selected major programs and have commenced tests of those programs. Pohnpei State expects to close its books near the end of January or at the beginning of February.
2. Pohnpei Fisheries Corporation: DT has started the planning process and has commenced detailed procedures.
3. Pohnpei Housing Authority – DT has started the planning process. The entity expects to close its books near the end of January.
4. Pohnpei Utilities Corporation – DT expects to commence their substantive audit procedures in the middle of January.

FSM NATIONAL GOVERNMENT

1. National Government: DT is still waiting for submission of numerous pending items from the Department of Finance & Administration.
2. National Fisheries Corporation – 2006: We are waiting for their responses and their MD&A. DT has not been able to commence work on the 2007 engagement due to the

lack of financial statements, which are tentatively scheduled to be provided around the end of January.

3. College of Micronesia-FSM: DT has performed various planning activities and various compliance tests of major programs. The entity has advised that its books will be closed in April.
4. MiCare: DT has completed planning and related procedures and is approximately 60% complete with the engagement.
5. Coconut Development Authority: The entity expects to close its books near the end of February.

KOSRAE STATE

Kosrae State Government: DT is still waiting for numerous pending items to be provided and is still waiting for response to fraud risk questionnaire provided and the corrective action plans for the prior year findings from the Department of Administration

Both component units, KUA and MPC are still in the process of closing their books.

CHUUK STATE

Chuuk State Government: The audits have not commenced for the State Government as they are in the process of preparing the financial statements.

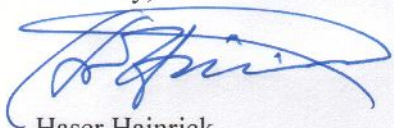
Chuuk Public Utilities Corporation: 2006 audit cannot be finalized pending the entity's Management Discussion & Analysis and their Management's Responses to the findings and recommendations. The 2007 audit cannot start as their books for 2007 have not been closed.

Chuuk Housing Authority: Entity is in the process of closing their books for 2007.

Chuuk Health Insurance Plan: Entity is in the process of closing their books for 2007.

The final audit reports for 2007 will be posted on the FSM Public Auditor's website at www.fsmpublicauditor.fm. Should you have any question concerning the above, please do not hesitate in letting us know.

Sincerely,



Haser Hainrick
National Public Auditor

Xc: FSM Vice President
Speaker of FSM Congress
Speaker of Pohnpei State Legislature
Speaker and President of Chuuk Senate & House of Representative
Speaker of Yap State Legislature
Speaker of Kosrae State Legislature
Director, Office of SBOC
All Finance Secretary/Directors (Acting A. Joseph, M. Laaw, G. Doone, T. Reynold)
All State Auditors (G.Gootinan, A. Leben, M. Tosie)