



# FEDERATED STATES OF MICRONESIA

*Office of The National Public Auditor*

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Thursday, January 08, 2009

His Excellency Manny Mori, FSM President  
Honorable John Ehsa, 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 2008 Single Audit for FSM as of December 31, 2008 based on information received from Deloitte & Touche (DT).

## FSM NATIONAL GOVERNMENT

1. FSM National Government: DT has requested trial balances, revenue and expenditures details for the major programs selected for interim testing. DT has received some of the requested documentation and has commenced testing of the documents. A detailed pending list will be provided to the Secretary of Finance on January 08, 2009.
2. National Fisheries Corporation: DT has received the September 30, 2008 trial balance, accounts receivable and accounts payable schedules. DT plans to commence fieldwork by the second week of January.
3. College of Micronesia-FSM: DT has requested a trial balance as of September 30, 2008 and related schedules/documents, commencement of substantive testing is pending the receipt of such. DT has commenced compliance testing of PELL grant and Compact fund and have completed 90% and 50%, respective, of such.
4. MiCare Plan, Inc.: DT has performed interim audit procedures. As of 12/30/08, fieldwork is approximately 50% completed. DT has requested a trial balance as of September 30, 2008 and other related schedules/documents. Commencement of yearend fieldwork is pending the receipt of the requested schedules/documents.
5. FSM Coconut Development Authority: DT has completed 90% of fieldwork.

6. FSM Telecommunications Corporation: The audit is done and report has been issued. As soon as we receive the hard copies, we will distribute them. Meanwhile, the electronic copy of the final report can be accessed at [www.fsmopa.gov](http://www.fsmopa.gov).
7. FSM Development Bank: DT has received the borrowers' trial balances as of 11/30/08 and is in the process of sending out loan confirmations. Commencement of year-end fieldwork is pending the receipt of the trial balance as of December 31, 2008 and related schedules and documents.
8. FSM Social Security Administration: DT has received the contribution and benefits payment details as of 7/31/08. However, per communication with the Administrator on 11/06/08, the entity's controller has resigned. Commencement of fieldwork is pending the arrival of the new controller.

#### CHUUK STATE GOVERNMENT

1. Chuuk State Government: DT has received the 9/30/08 Trial Balance (as of 10/6/08) and Schedule of Expenditures of Federal Awards (SEFA) and revenue and expenditure details. DT has provided payroll and non-payroll expenditure samples. Further arrangements to commence testing will be discussed and arranged with the State pending the availability of requested documents.
2. Chuuk Health Care Plan: The engagement letter was sent to the Plan on October 31, 2008 and as of today, the signed letter has not yet been received by DT.
3. Chuuk Housing Authority: DT is awaiting financial statements from the entity and no procedures have as of yet been conducted.
4. Chuuk Public Utility Corporation: The entity has been without a controller for the entire year and the state of the accounting records is uncertain. Therefore, DT is unable to comment on the status of this entity.
5. Chuuk State Government Quarterly Audits: Commencement of fieldwork is pending the receipt of requested documents.

#### POHNPEI STATE GOVERNMENT

1. Pohnpei State Government: DT has commenced compliance testing of major programs. Pohnpei State is in the process of making year-end adjustments therefore financial statements will not be available until the second of January 2009.
2. Pohnpei Fisheries Corporation: DT has completed fieldwork and in the process of manager review.

3. Pohnpei Housing Authority: DT has requested the trial balance as of September 30, 2008 and other related documents. Commencement of fieldwork is pending the receipt of the requested documents.
4. Pohnpei Utilities Corporation: DT is in the process of finalizing the audit. The final report should be available by January 15, 2009, if not sooner.
5. Pohnpei Port Authority: DT has requested the trial balance as of September 30, 2008 and related schedules/documents. Commencement of fieldwork is pending the receipt of the requested documents.

#### YAP STATE GOVERNMENT

1. Yap State Government: DT has requested trial balances, revenue and expenditures details for the major programs selected for interim testing. DT has received some of the requested documentation and commenced tests of the documents. Preliminary findings were communicated to YSG in the 1<sup>st</sup> week of December. A detailed pending list was provided to the Director of Finance on January 8, 2009.
2. Yap State Public Service Corporation: Other than some additional client adjustments that DT is still awaiting submission from the client, DT has completed the fieldwork for the financial statements audit and is in the process of wrapping up the working papers for partner's review. The additional client adjustments will be subjected to testing. Also, additional work is still to be performed for compliance and audit testing.
3. Yap Diving Seagull, Inc.: DT has requested a trial balance as of September 30, 2008 and other related documents. Commence of fieldwork is pending the receipt of the requested documents and is expected to commence in January 2009.
4. Yap Visitors' Bureau: DT has received the trial balance and the signed engagement letter. Request of other documents will be provided and DT expect that audit will commence in January 2009.

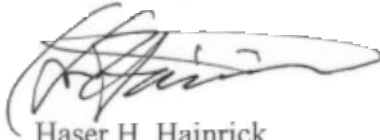
#### KOSRAE STATE GOVERNMENT

1. Kosrae State Government: DT has received some of the requested documentation and commenced testing of those documents.
2. Kosrae Utilities Authority: DT has been informed by the Controller that KUA would be ready for audit by January. Audit requests will be provided to them by the 2<sup>nd</sup> week of January.

Micronesia Petroleum Corporation: DT has been informed by the Controller that MPC would be ready for audit by January. Audit requests will be provided to them by the 2<sup>nd</sup> week of January.

The first finished audit report for fiscal year 2008 for FSM Telecommunications Corporation can be accessed at the FSM Public Auditor's website at [www.fsmopa.fm](http://www.fsmopa.fm). Let me know if you have questions about this report.

Respectfully submitted,



Haser H. Hainrick  
National Public Auditor

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 (F. Perman, T. Pablo, M. Laaw, J. Mori, T. Reynolds)  
All State Auditors