



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Monday, March 09, 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 February 28, 2009 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 list was provided to the Secretary on March 06, 2009. DT has already received the final trial balance, Schedule of Expenditures of Federal Awards and transaction details. DT has commenced year-end fieldwork.
2. National Fisheries Corporation: DT has received the September 30, 2008 trial balance, accounts receivable and accounts payable schedules. Commencement of fieldwork is pending receipt of other requested schedules.
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 has completed 95% and 80%, respective, of such. DT has commenced year-end procedures and is about 10% complete with such.
4. MiCare Plan, Inc.: DT has performed interim audit procedures in October 2008 and fieldwork is approximately 50% completed. DT has also received a trial balance as of September 30, 2008 and related schedules/documents. Year-end fieldwork will commence second week of March.
5. FSM Coconut Development Authority: DT has completed 97% of fieldwork and is in the process of drafting the audit report.
6. FSM Development Bank: DT has received the Bank's trial balances and related detailed schedules as of 12/31/08. Fieldwork will commence the second week of March.
7. FSM Social Security Administration: Per communication from FSMSSA's management, the new Controller started on 2/23/09. Commencement of fieldwork is pending the receipt of the trial balances and the related schedules/documents.

8. FSM Petroleum Corporation – DT has performed year-end inventory observation for FSM Petroleum Corporation and initial planning of the audit work.

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. Arrangements have been made with the State to commence testing beginning the week of March 02, 2009.
2. Chuuk Health Care Plan: DT has received the signed engagement letter however DT is awaiting financial statements from the entity and no procedures have as of yet been conducted.
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: DT has received the preliminary trial balance on February 18, 2009. DT has also received 90% of the requested schedules and documents. DT plan to commence fieldwork by the second week of March.

POHNPEI STATE GOVERNMENT

1. Pohnpei State Government: DT has commenced compliance testing of major programs. Final trial balances were received on February 02, 2009 and have commenced year-end procedures.
2. Pohnpei Fisheries Corporation: DT is in the process of finalizing the audit work for Pohnpei Fisheries Corporation.
3. Pohnpei Housing Authority: DT has requested the trial balance and related schedules/documents. DT has completed 70% of fieldwork.
4. Pohnpei Utilities Corporation: Final reports were issued on January 19, 2009.
5. Pohnpei Port Authority: DT has completed fieldwork and work papers are to be provided for partner's review.

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 has commenced tests of the documents. Preliminary findings were communicated to YSG in the 1st week of December. A detailed pending list was provided to the Director of Finance on January 8, 2009. There has been no significant change in the pending list. DT has requested preliminary year-end schedules and trial balance. DT will commence fieldwork upon receipt of year-end requests.

2. Yap State Public Service Corporation: DT is waiting for the confirmation replies for fuel purchases for YSPSC's one major fuel supplier. A draft audit report was submitted to YSPSC on 2/16/09 for their review and comments.
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.
4. Yap Visitors' Bureau: DT has received the trial balance and the signed engagement letter. Commencement of fieldwork is pending the receipt of the requested documents.

KOSRAE STATE GOVERNMENT

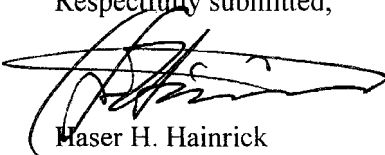
1. Kosrae State Government: DT has received the final trial balance and has completed some 70% of the year end tests.

Kosrae Utilities Authority: DT has commenced fieldwork and is approximately 88% complete with such.

3. Micronesia Petroleum Corporation: DT has commenced fieldwork which is around 88% complete.

The first finished audit reports for fiscal year 2008 for FSM Telecommunications Corporation and Pohnpei Utilities Corporation can be accessed at the FSM Public Auditor's website at www.fsmopa.fm. Let me know if you have questions about this report.

Respectfully submitted,



Maser 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, SBOC
All Finance Secretary/Directors (F. Perman, T. Pablo, M. Laaw, J. Mori, T. Reynolds)
All State Auditors (W.Dolosa (Acting), A. Leben, S. Toulag)