



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 Hot Line: (691) 320-6768; E-mail: FSMOPA@mail.fm

Thursday, February 08, 2007

His Excellency Joseph J. Urusemal, FSM President
Honorable Johnny David, Governor of Pohnpei State
Honorable Wesley Simina, Governor of Chuuk State
Honorable Sebastian Anefal, Governor of Yap State
Honorable Lyndon Jackson, Acting Governor for Kosrae State

Re: FY-06 Single Audit Status Report #5

Dear President & Governors:

This is the 2006 Single Audit Status Report as of January 31, 2007. Please refer to the attachment for detail information.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Haser Hainrick".

Haser Hainrick
National Public Auditor

Xc: FSM Vice President
Speaker of FSM Congress
Speaker of Pohnpei Legislature
Speaker and President of Chuuk Senate & House of Representatives
Speaker of Yap Legislature
Speaker of Kosrae Legislature
Director, Office of Compact Management
All Finance Secretary/Directors (N. Andon, F. Perman, M. Laaw, B. Abraham & W. Bisalen)
All State Auditors (G. Gootinan, A. Leben & M. Tosie)

Haser Hainrick

From: Fitzgerald, Daniel S. (GU - Guam) [dafitzgerald@DELOITTE.com]
Sent: Monday, February 05, 2007 2:56 PM
To: Haser Hainrick
Cc: Ileshi, Simao (FM - Pohnpei); Lemuel, Mary (FM - Pohnpei)
Subject: FW: Single Audit status report as of 1/31/07

Dear Mr. Public Auditor:

The following is the 1/31/07 status of the 2006 Single Audit:

YAP STATE:

Yap State Government – We have completed interim compliance and transactional tests and are awaiting the closing of the entity's year end financial statements. Please see the separate email that was forwarded to you concerning the detail of the outstanding items.

Yap State Public Service Corporation: The report has been finalized.

Diving Seagull, Inc. – This report should be finalized this week. We are awaiting only the signed management representation letter.

CHUUK STATE:

Chuuk State Government – Please refer to the separate email forwarded to you concerning this matter

Chuuk State Utility Corporation – We have yet to be apprised if assistance will be required by the entity to close its books. We understand that a new controller is expected to arrive shortly.

Chuuk State Health Care Plan – The same situation as for CPUC exists with respect to this entity.

Chuuk State Housing Authority – The same situation as for CPUC exists with respect to this entity.

KOSRAE STATE GOVERNMENT:

Kosrae State Government – The current status update report was provided you under a separate email.

Kosrae Utilities Authority – Cut off and inventory tests have been completed as have planning processes and we expect that year end fieldwork will commence at the end of February.

Micronesia Petroleum Corporation – Cut off and inventory tests have been completed and we are still awaiting the entity prepared financials.

POHNPEI STATE:

Pohnpei State Government – The current status update report has been provided to you under a separate email.

Pohnpei Utilities Corporation – Fieldwork is ongoing and the final report should be issued shortly.

Pohnpei Port Authority – We expect that the report will be finalized shortly.

Pohnpei Housing Corporation – Planning processes have been reviewed and performed and fieldwork is in the final stages.

Pohnpei Fisheries Corporation – Informational requests have been provided to management.

FSM NATIONAL GOVERNMENT

FSM National Government – Tests of major programs and systems are being completed and we are awaiting the closing of the year end financial statements. Please see the separate email sent to you concerning the detail of these matters.

College of Micronesia – We have substantially completed control and compliance tests and are awaiting closing of the year end financial statements.

FSM Telecommunications – The final report has been issued.

FSM Development Bank – This is a December 31 year end but we have initiated interim procedures, which were performed during December and January.

FSM Social Security – This is a December 31 year end and fieldwork is currently scheduled for the first week of March.

FSM Coconut Authority – We are awaiting the close of the entity's accounting records, which is expected to occur by the second week of February.

FSM National Fisheries Corporation – We have provided the entity with September 30, 2004 and 2005 draft reports and are in the process of finalizing those reports. We have provided you, under separate cover, a separate status report of this entity's ability to have the 2006 audit performed. We have initiated planning for the 2006 engagement.

MiCare Plan – The entity is still closing its books but we have commenced planning documentation processes

Should you have any questions concerning the above, please let me know.

Best regards,

Dan

This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and are hereby notified that any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

2/8/2007

Haser Hainrick

From: Haser Hainrick [hhainrick@fsmpublicauditor.fm]
Sent: Tuesday, February 06, 2007 2:33 AM
To: 'Haser Hainrick'
Subject: FW: 2006-27 Status Summary

From: Fitzgerald, Daniel S. (GU - Guam) [mailto:dafitzgerald@DELOITTE.com]

Sent: Sunday, February 04, 2007 12:59 AM

To: Haser Hainrick

Subject: FW: 2006-27 Status Summary

Mr. Public Auditor: Attached is the current status report for the FSM National Government.

Best regards

Dan

From: Dalmacio, Loeda (GU - Guam)

Sent: Saturday, February 03, 2007 7:45 AM

To: Nick Andon - FSM

Cc: 'isou@mail.fm'; noel pascua; Fitzgerald, Daniel S. (GU - Guam); Ieshi, Simao (FM - Pohnpei); David, Eric (GU - Guam); Tara, Brandon (FM - Pohnpei)

Subject: 2006-27 Status Summary

Greetings Secretary Andon!

Attached are the Status Report Summary and its attachments as of February 2, 2007.

Let us know for any clarifications you may have.

Best regards,

Doly E. Dalmacio

Deloitte

361 South Marine Drive

Tamuning, Guam 96913 USA

email: ldalmacio@deloitte.com

phone: 1 (671) 646-3884 ext. 254

fax: 1 (671) 649-4265

This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and are hereby notified that any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

NG 1/8

2/8/2007

FSM National Government
2006-27 Summary of Pending Items
For Fiscal Year Audit September 30, 2006
As of February 2, 2007

Request Num	Date Requested	Items Pending	Remarks
First request emailed on 9/11/2006	9/11/2006	<ol style="list-style-type: none"> 1. System Access listing (Employee name, user name, position, job description, department and system/network access rights) 2. Status of prior years' findings and resolutions. 	
2006-4	9/26/2006	<p>Approved budget, allotment advice, grant award notification and all amendments (if any) from October 1, 2005 to September 30, 2006 of the following federal programs:</p> <ol style="list-style-type: none"> 1. Bioterrorism – Public and Hospital Preparedness 2. Special Education 3. Teacher Quality Enhancement 4. WIA 5. Airport Improvement Project (AIP) 6. NOAA 	For Bioterrorism we already received the grant and budget so the remaining pending for this program are the allotment advice and amendments if any.
2006-7	10/9/2006	<p>Request for Documents/Information for CFDA # 11.460 - Special Oceanic and Atmospheric Projects (NOAA)</p> <ol style="list-style-type: none"> 1. Folder of correspondence from the Grantor Agency during FY 2006. 2. Copies of quarterly Federal financial 	

Audit•Tax•Financial Advisory•

Member of
Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

11/6 2/8

		<p>and performance reports submitted for FY 2006.</p> <ol style="list-style-type: none"> 3. List of beneficiaries in FY 2006, including corresponding payments. 4. List of subrecipients in FY 2006, including corresponding subgrant amounts. 	<p>For the folder of correspondence, we just need to take a look of the correspondence from the grantor, no need for a copy of this.</p>
2006-8	10/9/2006	<p>Request for Documents/Information for CFDA # 15.875 Economic, Social and Political Development of the Territories – (Fund 37).</p> <ol style="list-style-type: none"> 1. Grant Award(s) applicable for FY 2006, including special terms and conditions and amendments, if any. (<i>this was initially requested in Request 2006-4</i>). 2. Folder of correspondence from the Grantor Agency during FY 2006. 3. Copies of Federal financial and performance reports submitted for FY 2006. 4. List of subrecipients in FY 2006, including corresponding subgrant amounts. 	<p>For the folder of correspondence, we just need to take a look of the correspondence from the grantor, no need for a copy of this</p>
2006-9	10/9/2006	<p>Request for Documents/Information for CFDA # 20.106 Airport Improvement Program</p> <ol style="list-style-type: none"> 1. Grant Award(s) applicable for FY 2006, including special terms and conditions and amendments, if any. (<i>initially requested in Request 2006-4</i>). 2. Folder of correspondence from the Grantor Agency during FY 2006. 3. Schedule of proceeds received in FY 2006 from the disposition of real 	<p>For the folder of correspondence, we just need to take a look of</p>

Audit•Tax•Financial Advisory•

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

Member of
Deloitte Touche Tohmatsu

11/6 3/8

		<p>property acquired with Federal awards.</p> <p>4. Copies of the following reports submitted for FY 2006:</p> <ul style="list-style-type: none"> a. SF-269, <i>Financial Status Report</i> b. SF-270, <i>Request for Advance or Reimbursement</i> c. SF-271, <i>Outlay Report and Request for Reimbursement for Construction Programs</i> d. SF-272, <i>Federal Cash Transactions Report</i> e. FAA Form 5100-125, <i>Operating and Financial Summary (OMB No. 2120-0557)</i> f. FAA Form 5100-126, <i>Financial Government Payment Report (OMB No. 2120-0557)</i> 	<p>the correspondence from the grantor, no need for a copy of this</p>
2006-10	10/9/2006	<p>Request for Documents/Information for CFDA # 84.027 Special Education-Grants to States</p> <ul style="list-style-type: none"> 1. Grant Award(s) applicable for FY 2006, including special terms and conditions and amendments, if any. (<i>this was initially requested in Request 2006-4</i>). 2. Folder of correspondence from the Grantor Agency during FY 2006. 3. Copies of the following reports submitted for FY 2006: <ul style="list-style-type: none"> a. SF-270, <i>Request for Advance or Reimbursement</i> b. <i>Report of Children and Youth with Disabilities Receiving Special Education Under Part B of the Individuals With Disabilities Education Act, as amended (OMB No. 1820-0043)</i> 	<p>For the folder of correspondence, we just need to take a look of the correspondence from the grantor, no need for a copy of this</p>

Audit•Tax•Financial Advisory•

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

Member of
Deloitte Touche Tohmatsu

11/10/06 4/8

		4. List of subrecipients in FY 2006, including corresponding subgrant amounts.	
2006-11	10/9/2006	<p>Request for Documents/Information for CFDA # 84.336 Teacher Quality Enhancement Grants</p> <ol style="list-style-type: none"> 1. Grant Award(s) applicable for FY 2006, including special terms and conditions and amendments, if any. <i>(Please note that this is a follow up request as this was initially requested in Request 2006-4).</i> 2. Folder of correspondence from the Grantor Agency during FY 2006. 3. Copies of final performance reports submitted for FY 2006. 	For the folder of correspondence, we just need to take a look of the correspondence from the grantor, no need for a copy of this
2006-12	10/9/2006	<p>Request for Documents/Information for CFDA # 93.283 Centers for Disease Control and Prevention-Investigations and Technical Assistance</p> <ol style="list-style-type: none"> 1. Folder of correspondence from the Grantor Agency during FY 2006. 2. List of beneficiaries in FY 2006, including corresponding benefit payments. 3. Copies of financial status and progress reports submitted for FY 2006, including final financial status and performance reports for completed projects. 	For the folder of correspondence, we just need to take a look of the correspondence from the grantor, no need for a copy of this
200-15	10/31/2006	Request for Compact Sector Grants Program	

Audit•Tax•Financial Advisory•

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

Member of
Deloitte Touche Tohmatsu

NG 5/8

		<ol style="list-style-type: none"> 1. 2006 Annual Implementation Plan... 2. Written waivers provided by the Grantor for FY 2006, if any. 3. Copies of the following reports: <ol style="list-style-type: none"> a. Quarterly statement of revenues and expenditures for governmental fund types. b. Quarterly comparison of budget and actual expenditures by function for governmental fund types. c. Quarterly Standard Form SF-269 Financial Status Report submitted for FY 2006—pending 4th Quarter. d. Standard Form SF-272 Federal Cash Transactions Report submitted for FY 2006. e. Final cash transactions report for each sector grant. f. Quarterly performance reports on each sector Grant 	<p>If there are no waivers received please provide us written representation.</p> <p>If these reports are not applicable, please provide written representation.</p>
2006-16	10/4/2006	Pending list for the completion of Compact sector expenditure testing.	Of this request, only 1 check file was provided but with missing invoice. Please see Attachment A.
2006-17	12/7/2006	This pertains to request on cash management for all federal compliance testing.	Portion is already provided last January but several still pending.
2006-18	12/15/2006	<p>Preliminary Yearend Audit Request</p> <ol style="list-style-type: none"> 1. Pending reconciliation for tax refund account, Fiji, Tokyo and Washington DC. 2. Analysis of Federal Grants receivable per CFDA# (beginning AR, 2005 receipts, expenses and ending AR or deferred revenue) 	

Audit•Tax•Financial Advisory.

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

Member of
Deloitte Touche Tohmatsu

NG 6/8

2006-19	12/22/2006	<p>Pending items list for the following expenditure programs:</p> <ol style="list-style-type: none"> 3. CFDA 20.106 – Airport Improvement Program 4. CFDA 84.027 – Special Education 5. CFDA 84.336 – Teacher Quality Enhancement Program 	Majority of these pending items pertain to review of procurement documents. Please see Attachment B.
2006-20	1/9/2007	Pending Items for CFDA 93.283 – CDC and Prevention and (NOAA).	Please see attachment C
2006-21	1/15/2007	<p>Pending items for the following:</p> <ol style="list-style-type: none"> 1. Fixed asset – disposal documentation 2. Annual leave samples- PAF, annual leave forms, employee usage and credit report for FY06 among others. Please refer to the request for complete details. 3. Remaining pending items for FY07 file request. Please see attachment D 	
2006-22	1/19/2007	<ol style="list-style-type: none"> 1. Remaining pending items for non payroll GF Expenditure testing Please see attachment E 2. NOAA cash management 3. GF Payroll expenditures 	
2006-23	1/25/2007	<p>Pending items for the following:</p> <ol style="list-style-type: none"> 1. Remaining pending for ADB expenditure testing. Please see Attachment E 2. Schedule of interest payments made to ADB 3. Additional Compact Sector expenditures 4. Accrued revenue share – remaining pending are cash receipts and supports from other states 5. Other Funds payroll and nonpayroll expenditures 6. Aging of Accounts receivable – account number 248, 252, 253 7. Inventory Schedule 	

Audit•Tax•Financial Advisory•

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

Member of
Deloitte Touche Tohmatsu

1/2 9/8

		8. Completion of Fraud Questionnaire	
2006-26	1/1/2007	<ol style="list-style-type: none"> 1. Schedule of Account 802 for all funds (if applicable) 2. Various cash Request 3. Various revenue pending items 4. Encumbrance Transaction Details per fund and per Encumbrance reference 	

Audit•Tax•Financial Advisory•

Member of
Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

1/1/8/8

Haser Hainrick

From: Fitzgerald, Daniel S. (GU - Guam) [dafitzgerald@DELOITTE.com]
Sent: Monday, February 05, 2007 9:42 AM
To: Haser Hainrick
Subject: FW: PSG FY 2006 Audit Update

Dear Mr. Public Auditor:

Attached, please find the January 31 status report for Pohnpei State.

Best regards

Dan

From: Mesa, Alma (GU - Guam)
Sent: Sunday, February 04, 2007 9:52 PM
To: directordota@mail.fm
Cc: Ursula; cofpohnpei@mail.fm; Fitzgerald, Daniel S. (GU - Guam); Cabana, Jereme (GU - Guam);
kcjpnifrin@mail.fm
Subject: PSG FY 2006 Audit Update

Greetings Director Perman!

Attached is the updated pending items listing for your review. I kindly request your assistance in providing the remaining items by February 21, 2006 as Jereme will be on site at this date. Should you have further inquiry, please contact me at 671-646-3884 ext 230 or amesa@deloitte.com.

Best regards,
Alma J. Mesa

This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and are hereby notified that any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

DN11 1/2

Pohnpei State Government
FY September 30, 2006
Pending Items Listing

As of 02/05/07

Item No.	Request date	Item Description	Date recvd
19	11/06/06	Please complete Internal Control Entity Questionnaire (attached seperately)	
20	11/06/06	Please complete preliminary analytical review	
27	11/06/06	Disbursement Listing exceeding \$10,000 dating October 1, 2006 to date from the following checking accounts: a. Bank of Guam-General Fund Checking Account b. Bank of Guam-Payroll Checking Account c. Bank of FSM-PSG CIP Account	Please provide listing from 11/17/07 to date
28	11/06/06	Accounts Payable Schedules (as of 09/30/06) in excel format	Rcvd: 11/07/06 with the exception of Fund 955 and 920
42	12/01/06	Please provide supporting documents for the following non-payroll expenditures (Non Fed) listed on Attachment F	
47	12/12/06	Please provide detail schedules and subsequent receipts received for the accounts receivable balances listed on Attachment J	Please provide details of collections provided
48	12/12/06	Please provide support for the following liability accounts listed on Attachment K	
52	12/21/06	Please provide the following Expenditures listed on Attachment F (included items EA 32-49 & EF 45-108)	
54	12/21/06	Please provide supporting documents for the Compact CIP expenditures listed on Attachment I (included items ED 25-54)	
57	12/29/06	Please provide the following supporting documents for the expenditures listed on Attachment M (Federal Expenditures)	
58	12/29/06	Please provide grant awards for the following CFDA#s presented on Attachment B (includes G12-22)	
59	12/29/06	Please provide bank clear dates for the following checks listed on Attachment N and provide bank statements for review of these cleared items.	
65	01/17/07	Please provide boarding passes for the travel expenditures listed on Attachment F	
66	01/29/07	Please provide grants awards listed on Attachment B (included items G23-28)	
67	01/29/07	For the expenditures reviewed, no procurement documents were noted. Please provide for items listed on Attachment O	
68	01/29/07	Please review "Inquiry" tab and provide your response	
69	02/05/07	Please provide a copy of the grant award listed on Attachment B (G29 & G30)	
70	02/05/07	PO Advance details appears to have a variance of \$7,221 compared to the details provided on 02/02/07, please provide any adjustments subsequently recorded after December 15, 2006	

Page 2/2

Haser Hainrick

From: Haser Hainrick [hhainrick@fsmpublicauditor.fm]
Sent: Tuesday, February 06, 2007 2:33 AM
To: 'Haser Hainrick'
Subject: FW: Chuuk Audit Status Report

From: Fitzgerald, Daniel S. (GU - Guam) [mailto:dafitzgerald@DELOITTE.com]
Sent: Sunday, February 04, 2007 12:57 AM
To: Haser Hainrick
Subject: FW: Chuuk Audit Status Report

Dear Mr. Public Auditor:

Attached, please find the status report for Chuuk State Government as of 1/31/07.

Best regards

Dan

This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and are hereby notified that any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

2/8/2007

OKK 1/3



Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913-3911
USA
Tel: (671)646-3884
Fax: (671)649-4265
www.deloitte.com

February 2, 2007

Mr. Winiplat Bisalen
Director, Administrative Services Chuuk State, FSM
State of Chuuk
P.O. Box 280
Weno, Chuuk State, FM
96942

RE: Audit Status as of 1/31/07

Greetings! In connection with the audit of Chuuk State for fiscal year ended September 30, 2006, here is a status report as to the progress of the audit:

1. We have reviewed the supporting documents (APV, Vendor Invoice, Contract, Cancelled Checks and other supporting documents) for the following funds:
 - a. Funds 10, 60, 40 and 72-77 (for funds 72-77, the cancelled checks were made available. However, such were not reviewed during our trip from 12/4/06 to 12/7/06 and such will be reviewed on our next trip)
 - b. We informed Randy Nunez of any items not provided and a listing was provided, in which he reviewed such and agreed that the documents were missing. Per discussion with Randy, he will provide any pending documents for our review during our next trip. Per discussion with Randy, via phone conversation on 2/2/07 and email dated 2/2/07, all pending documents have been provided and are pending our review.
2. We have provided the Non-Payroll expenditure sample selections for Fund 30 (Request #9 on 12/29/06). Per discussion with Randy, via phone conversation on 2/2/07 and email dated 2/2/07, all documents have been provided and are pending our review.
3. We received the Labor Cost Reports and have made payroll selections for the following funds:
 - a. Funds 10, 40, 30 and 72-77
 - b. We provided this request (Request #6 on 12/7/06 and Request #10 on 2/2/07). Per discussion via phone conversation on 2/2/07 and email dated 2/2/07, the supporting document (Personnel Action Form, Timesheets, and any other supporting documents) for payroll expenditures selections for request #6 are about 75% and they will begin retrieving the supporting documents for Request #10.

OKK 2/3

We are pending the following:

4. Trial Balance for the year ended 9/30/06.
 - a. Upon receipt of the Trial Balance, we will provide additional requests for any supporting sub-ledgers/schedules considered necessary.
 - b. Per discussion with Randy, via phone conversation on 2/2/07 and email dated 2/2/07, he is nearly complete with the trial balance for the year ended 9/30/06. Per Randy, there are several proposed audit adjustments from the Fiscal Year 2005 audit that need further clarification and he will be contacting us during the week of 2/5/07 so we may address the concerns.

Based on the information provided to us by Randy Nunez regarding the availability of the requested documents, I plan on going to Chuuk during the last week of February 2007 to begin reviewing what has been provided. Final travel arrangements will be discussed with Randy prior to travel to ensure availability of documents and staff attendance.

Should you have any questions or concerns, please contact me at (671) 646-3884 ext. 245 or via email at coreydiaz@deloitte.com.

Best regards,

Corey P. Diaz

C.C. Randy Nunez

CKK 3/3

Haser Hainrick

From: Haser Hainrick [hhainrick@fsmpublicauditor.fm]
Sent: Tuesday, February 06, 2007 2:33 AM
To: 'Haser Hainrick'
Subject: FW: Yap State Pending Items

From: Fitzgerald, Daniel S. (GU - Guam) [mailto:dafitzgerald@DELOITTE.com]
Sent: Sunday, February 04, 2007 12:59 AM
To: Haser Hainrick
Subject: FW: Yap State Pending Items

Dear Mr. Public Auditor:

Attached is the 1/31 status report for Yap State Government.

Best regards

Dan

This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and are hereby notified that any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

YAP 1/5

Memo

Date: January 15, 2007
To: Ms. Maria Laaw, Director
Cc: Robert Fathal
From: Maria Pangelinan and Doly Dalmacio
Subject: 2006-17 Expenditure Pending Request

In connection with the audit of the Yap State Government for the year ended September 30, 2006, attached are the pending documents for expenditure testing from the last visit last December 27 - 30. In addition we also attached the list of pending for the request made.

Should you have questions or upon availability of documents, please email us at mpangelinan@deloitte.com and ldalmacio@deloitte.com.

Best regards,

Maria Pangelinan and Doly Dalmacio

Audit. Tax. Financial Advisory.

Deloitte Touche Tohmatsu is a Swiss Verein (association), and, as such, neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each member firm is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names. The services described herein are provided by the member firms and not by the Deloitte Touche Tohmatsu Verein.

Member of
Deloitte Touche Tohmatsu

YAP 2/5

Yap State
 Audit Status as of 1/15/07
 September 30, 2006

Request #	Date	Pending Item	Remarks
2006-1	9/11/06	Copies of FY06 Appropriation Laws	Hard copy of the appropriation law. We already received the summary in excel file.
2006-1	9/11/06	System Access Listing	
2006-2	10/3/2006	<p>Final approved budget and grant award documents, including any amendments and terms and conditions, for each of the following Federal programs:"</p> <ul style="list-style-type: none"> a. CFDA # 17.258 WIA Adult Program b. CFDA # 17.259 WIA Youth Activities c. CFDA # 17.260 WIA Dislocated Workers d. CFDA # 83.516 Disaster Assistance e. CFDA # 83.544 Public Assistance Grants or CFDA # 97.036 Public Assistance Grants 	
2006-2	10/3/2006	<p>Pending documents for fixed asset review:</p> <ul style="list-style-type: none"> 1. Yanmar Tractor - DOE (PVEIP Prog.); check # - 19452; \$16,448.99. – Pending procurement documents, not on file 	
2006-2/ 2006-8	10/3/2006 11/7/2006	<ul style="list-style-type: none"> 2. Workcenter Color Copier - DOE Admin; PO 7697; \$12,795. – Pending purchase requisition approved by the Department Head, Grant and Program budget 	
2006-3	10/6/2006	<p>Request for Disaster Assistance Grants:</p> <p>Folder of Correspondence from Grantor Agency during FY2006.</p>	We just need to review the correspondence file between Yap and the

VAP 3/5

			grantor. If there are waiver or other determinations please let us know.
2006-3	10/6/2006	<p>Request for Disaster Assistance Grants:</p> <p>Allocation of FY 2006 expenditures to the current CFDA number, as applicable. In FY 1997, funding under CFDA # 83.516 was split into 83.537, 83.538, 83.539, 83.540, 83.541, 83.542, 83.543, 83.544, 83.545, and/or 83.548 in the Catalog of Federal Domestic Assistance. Moreover, in FY 2003, the abovelisted CFDA numbers were transferred to CFDA numbers with the prefix of 97.</p>	<p>Currently the FEMA grants are classified under CFDA 83.516 by Yap State, however in 1997 FEMA grant was split so FEMA – Public assistance and FEMA – Hazard mitigation and other FEMA grants should have a different CFDA#. Hence we need the schedule segregating the expenditures, and classifying to the appropriate CFDA#.</p>
2006-3	10/6/2006	<p>Request for Disaster Assistance Grants:</p> <p>Copies of all of the following reports submitted for FY 2006:</p> <ul style="list-style-type: none"> a. SF-270, <i>Request for Advance or Reimbursement</i> b. SF-272, <i>Federal Cash Transactions Report</i> c. FEMA 20-10, <i>Financial Status Report (OMB No. 3067-0206)</i> 	<p>As Yap is in a subrecipient capacity, please provide the report equivalent of these items. We understand the National Government prepares the above report for the whole FSM, however, each state has to provide these information to the National Government.</p>
2006-3	10/6/2006	<p>Request for Disaster Assistance Grants:</p> <p>Schedule of all subrecipients and corresponding expenditures paid to subrecipients during FY 2006.</p>	
2006-4	10/6/2006	<p>Request for WIA Cluster:</p> <p>Folder of Correspondence from Grantor</p>	<p>We just need to review the correspondence file</p>

YAP 4/5

		Agency during FY2006.	between Yap and the grantor. If there are waiver or other determinations please let us know.
2006-4	10/6/2006	Request for WIA Cluster: Master listing of all Program participants during FY2006	
2006-6/ 2006-11 2006-10 2006-11	11/2006	Payroll documents and list of pending items from our last visit last November 6-9, 2006	These could already been pulled out pending review by the auditors
2006-12	12/11/2006	Cash management details of the sampled expenditures	
2006-13	12/15/2006	List of completed Project Worksheet for FEMA as of 9/30/06	
2006-14	12/15/2006	Various preliminary yearend audit request list.	Please see attachment 2006-14 for status.
2006-15	12/20/2006	List of FY07 disbursements samples to be tested on December 27 to December 30.	Please see 2006-17 for remaining pending items for this request.
2006-16	12/21/2006	List of cash items sample selection to be tested on December 27 — December 30.	Please see 2006-17 for remaining pending items for this request.
2006-17	1/15/2007	An updated pending list for expenditure, cash and AP testing from the visit made last December 27 – 30.	

Additional items for ~~consideration~~ in the yearend:

1. Determination of amount to be recorded as deferred revenue for FEMA as reimbursement received is 100% (grantor's and Yap share).

YAP 5/5

Haser Hainrick

From: Fitzgerald, Daniel S. (GU - Guam) [dafitzgerald@DELOITTE.com]
Sent: Monday, February 05, 2007 12:17 PM
To: Haser Hainrick
Subject: FW: KSG FY 2006 Audit Update

Dear Mr. Public Auditor:

My apologies. Attached is the actual January 31 Kosrae State status report. I forwarded a subsequent request to Kosrae of earlier this morning. Please ensure that this attachment is used as the status report.

Dan

From: Mesa, Alma (GU - Guam)
Sent: Monday, February 05, 2007 10:58 AM
To: kosraedoa@mail.fm
Cc: Shiro A Sighra; JOHN SCHNEBLY; Fitzgerald, Daniel S. (GU - Guam); Cabana, Jereme (GU - Guam)
Subject: KSG FY 2006 Audit Update

Greetings Director Abraham:

I have attached the updated pending items listing with an additional request for payroll as listed on Attachment I. These employees are funded under the Compact Sector Grants which Jereme will also need to review. Please provide cancelled checks, and personnel files for the items listed.

In addition, I kindly request your assistance in ensuring that all procurement documents are included in the expenditure files as listed on Attachment A. Should you have further inquiry, please contact me at 671-646-3884 ext 230 or amesa@deloitte.com.

Best regards,
Alma J. Mesa

This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and are hereby notified that any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited.

KOS 1/2

2/8/2007

Kosrae State Government
FY September 30, 2006
Pending Items Listing

As of 02/05/07			
Item No.	Request date	Item Description	Date recvd
28	11/06/06	Disbursement Listing exceeding \$5,000 dating January 29, 2007 to date from the following checking accounts: General Fund 77107-00894 Payroll 77107-00886 Please follow up on the following confirmation as it has not been received to date: Bank of Guam-Savings	01/29/07 (to remain open until end of audit)
32	11/06/06		
35	12/29/06	Please provide the following expenditures listed on Attachment A	Pending for review
51	01/18/07	Please provide support for the inventory balances in Fund 10 and the Agriculture fund.	
54	01/19/07	Please provide the additional samples included on Attachment A	Pending for review
57	01/23/07	Please provide the budget vs. actual expenditures for FY 2006	
58	02/02/07	Please provide subsequent disbursements for accounts receivable accounts and allowance analysis.	
59	02/05/07	Please provide cancelled checks and personnel files for the employees listed on Attachment I	

1205 2/2