



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Friday, February 01, 2008

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 President and Governors:

The following is the report on the status of the 2007 Single Audit for FSM as of January 31, 2008 based on information received from Deloitte & Touche (DT).

YAP STATE

1. Yap State Government: As reported previously, management has advised DT that they should be fully reconciled by January 31st. DT is awaiting confirmation from YSG that such has occurred.
2. Diving Seagull Inc: The audit is approximately 90% complete.
3. Yap Visitor's Bureau: DT has provided its initial request of financial statements and awaiting receipt of the financials.

POHNPEI STATE

1. Pohnpei State Government: As reported previously, management has advised DT that they should be fully reconciled by January 31 or at the beginning of February. DT has performed various planning, selected major programs, and has commenced tested of those programs.
2. Pohnpei Fisheries Corporation: DT has commenced planning for the engagement.
3. Pohnpei Housing Authority – DT has started the planning process. As reported previously, management has advised DT that they should be fully reconciled by January 31st. DT is awaiting confirmation from PSHA that such has occurred.
4. Pohnpei Port Authority – The audit is in its finalization stage and DT expects to issue the report shortly.
5. Pohnpei Utilities Corporation – PUC recently paid its audit fees on January 31, 2008. DT will now commence planning for the engagement.

FSM NATIONAL GOVERNMENT

1. National Government: As reported previously, DT is still waiting for numerous pending requested items to be provided including the schedule of prior year findings resolutions and status.
2. FSM Development Bank – DT expects that the unaudited financial statements will be provided on 2/8/08 and the fieldwork will resume at that date. DT has completed planning and various interim works previously.
3. National Fisheries Corporation (2006): As reported previously, DT is still waiting for NFC's responses and MD&A including the attorney representation letter. DT has not commenced audit work on the 2007 as NFC is still working on its year end closings.
4. COM-FSM: We have performed various planning activities and have performed various compliance tests of major programs. The entity has advised that its books will be closed in April.
5. MiCare: DT is approximately 70% complete with this engagement. DT is awaiting the final trial balance which is expected to be provided in the middle of February.
6. FSM Coconut Development Authority: The entity expects to close its books near the end of February.

KOSRAE STATE

1. Kosrae State Government: As previously reported, DT is still waiting for numerous pending items to be provided from the Department of Administrative Services including the fraud risk questionnaire provided.
2. KUA- Fieldwork is expected to commence and be completed in February
3. MPC- Fieldwork is expected to commence and be completed in February.

CHUUK STATE

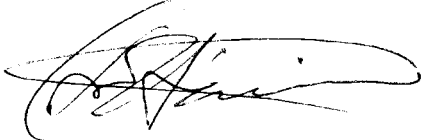
1. Chuuk State Government- DT is still awaiting Chuuk State's compilation effort and its preparation for the conversion process to produce the financial statements so actual fieldwork is not currently expected to occur until some time in March.
2. CPUC (2006)– DT received an e-mail January 31, 2008 acknowledging that the 2006 audit has been approved by the Board and that DT should expect the signed representation letter this week. That will allow the 2006 audit to be finalized. DT is awaiting closure of the 2007 books.
3. Chuuk Health Care Plan – The books are being closed and DT is in the planning phase of the engagement.
4. Chuuk Housing Authority – The State has hired personnel to assist this entity in getting ready for the audit.

The FY-07 audits for the following entities have been completed:

1. FSM Telecommunications Corporation
2. Yap State Public Service Corporation

The finished audit reports can be accessed at the FSM Public Auditor's website at www.fsmpublicauditor.fm. Let me know if you have questions.

Respectfully submitted,



Haser Hainrick
Public Auditor

Xc: FSM Vice President
Speaker of FSM Congress
Speakers, All State Legislatures
Secretary, SBOC
All Finance Secretary/Directors (F. Perman, Acting A. Joseph, M. Laaw, G.
Doone, T. Reynolds)
All State Auditors (G. Gootinan, A. Leben, M. Tosie)