



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Tuesday, April 07, 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 March 31, 2009 based on information received from Deloitte & Touche (DT).

FSM NATIONAL GOVERNMENT

1. **FSM National Government:** Fieldwork is currently ongoing. A detailed list of pending items will be provided to the Secretary on April 10, 2009 upon completion of review of the documents provided.
2. **National Fisheries Corporation:** DT has received the September 30, 2008 trial balance, general ledger details and is still waiting for other audit requests. DT will commence fieldwork during the first week of April.
3. **College of Micronesia-FSM:** DT has received the trial balance as of September 30, 2008 and most of the related schedules/documents. DT has commenced compliance testing of SFA grant, Compact fund and TRIO and has completed 95%, 95%, and 80%, of each fund respectively. DT also has commenced year-end procedures and is about 80% complete with such.
4. **MiCare Plan, Inc.:** DT has received the trial balance and related schedules/documents and has completed around 90% of fieldwork.

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 balance and related schedules/documents. DT has completed around 60% of fieldwork.

FSM Social Security Administration: 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. A preliminary audit request was already given to FSMPC. Final trial balance and schedules are expected to be provided by the third week of April.

CHUUK STATE GOVERNMENT

1. **Chuuk State Government:** DT has received the preliminary 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 commenced testing of payroll and non-payroll expenditure samples and resolution of pending items is on-going. Fieldwork will resume once the final trial balance has been received.
2. **Chuuk Health Care Plan:** DT has inquired with the Accountant for CHCP on the availability of the 9/30/08 trial balance but has not received any response yet. DT has also inquired but has not received any response yet on when CHCP think it will be ready for audit.
3. **Chuuk Housing Authority:** DT is awaiting financial statements from the entity and no procedures have been conducted yet.
4. **Chuuk Public Utility Corporation:** DT has commenced fieldwork and is about 65% complete with such.

POHNPEI STATE GOVERNMENT

1. **Pohnpei State Government:** DT has received the final trial balance and has completed some 80% of the year end tests.
2. **Pohnpei Fisheries Corporation:** Final reports were transmitted to Pohnpei Fisheries Corporation on March 26, 2009.
3. **Pohnpei Housing Authority:** DT has provided a draft report to PSHA for its review on March 16, 2009.
4. **Pohnpei Port Authority:** DT has completed approximately 98% of the fieldwork and has provided the draft to the entity. DT is waiting for the MD&A from PPA.

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 Administrative Services on January 8, 2009. There has been no significant change in the pending list. DT has requested preliminary yearend schedules and trial balance. DT will commence fieldwork upon receipt of year-end requests.

Yap State Public Service Corporation: Financial statements are on the final review process. DT is planning to send a final draft for management comments on 4/3/09.

3. Yap Diving Seagull, Inc.: DT has requested a trial balance as of September 30, 2008 and other related documents. Commencement of fieldwork is pending the receipt of the requested documents.

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 80% of the year end tests.

Kosrae Utilities Authority: DT has approximately completed 96% of the fieldwork and is in the process of drafting the report. DT has provided the preliminary findings.

3. Micronesia Petroleum Corporation: DT has approximately completed 96% of the fieldwork and is in the process of drafting the report.

The finished audit reports for fiscal year 2008 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,



Haser H. Hainrick
National Public Auditor

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