



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Friday, June 06, 2008

His Excellency Manny Mori, FSM President
Honorable Robert Weilbacher, Governor of Kosrae State
Honorable John Ehsa, Governor of Pohnpei State
Honorable Wesley Simina, Governor of Chuuk State
Honorable Sebastian Anefal, Governor of Yap State

Dear Mr. President and Mr. Governors:

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

YAP STATE

- Yap State Government: DT recently received the final trial balances. They are in the process of drafting the report, verifying certain matters, and obtaining inquiries with respect to various findings.
- Diving Seagull Inc: The Yap Public Auditor Office intervened and assisted in providing necessary schedule reconciliations so DT is in the process of updating the drafts and this process should be complete next week.
- Yap Visitor's Bureau: DT has provided preliminary draft financials and is verifying key matters with management.

POHNPEI STATE

- Pohnpei State Government- Pohnpei State has various pending items including the MD&A, Attorney Representation Letter, signed Management Representation Letter, Financials Statements Disclosure Checklist and Auditee Response among others.
- Pohnpei Housing Authority – The fieldwork is about 95% complete. Open items to date include the following: Management Discussion & Analysis (MD&A), Management Representation letter, Attorney Representation Letter, Government Finance Officer's financial statement disclosure checklist and others.
- Pohnpei Utilities Corporation – The report is only pending the representation letter and certain Minutes of the Board of Directors' meetings.

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FSM NATIONAL GOVERNMENT

- National Government: Findings and a financial statement draft have been delivered and various open items exist but such primarily revolve around clarifying the financial statement disclosures and potential finding resolutions.
- FSM Development Bank – Pending is the Representation Letter and clarification of one minor matter.
- National Fisheries Corporation – Open items to date include: Revise trial balance, MD&A, Management Representation Letter, Auditee response and corrective action status of prior year findings, Government Finance Officer's financial statement disclosure checklist and others.
- COM-FSM- A draft report was provided on 5/15/08, subsequent events update and Government Finance Officer's financial statement disclosure checklist.
- FSM Social Security Administration – The only pending item is the Management Representation Letter.

KOSRAE STATE

- Kosrae State Government: Findings and a draft financial statement have been provided and major open items revolve around finding resolution and draft report clarifications.
- MPC- The financial statements are complete in all respects and DT is awaiting feedback on the draft immaterial findings.

CHUUK STATE

- Chuuk State Government- DT is involved in a process of reviewing documentation relative to quarterly findings to see if resolution has been achieved and are tying out certain final financial statement balances, primarily the search for unrecorded liabilities and the allowance accounts. This process should be complete this week and a draft report provided by the end of next week.
- Chuuk Health Care Plan – Field work has been substantially completed and a draft should be provided this week.
- Chuuk Housing Authority – DT is primarily pending the updated analysis of the loan loss reserve.
- Chuuk Public Utility Corporation- Due to staff absences, DT is only able to commence fieldwork this week. DT is expected to be able to provide a draft by middle of next week.

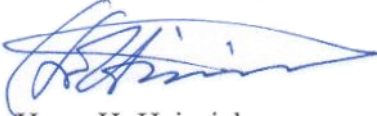
The FY'07 audits for the following entities have been completed:

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- Telecommunications Corporation
- Yap State Public Services Corporation
- Pohnpei Port Authority
- Micare Plan, Inc.
- Coconut Development Authority
- Pohnpei Fisheries Corporation
- Kosrae Utilities Corporation

The finished audits reports 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

CE

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, Office of SBOC
All Finance Secretary/Directors (F. Perman, T. Pablo, M. Laaw, G. Doone, T. Reynolds)
All State Auditors (G.Gootinan, A. Leben, J.Navarro-Acting)