



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: hhainrick@fsmopa.fm

Thursday, December 04, 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 Mr. President and Mr. Governors:

The following is the report on the status of the 2008 Single Audit for FSM as of November 30, 2008 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 pending list will be provided to the Secretary of Finance on December 2, 2008.
2. National Fisheries Corporation: 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.
3. College of Micronesia-FSM: DT has requested a trial balance as of September 30, 2008 and other related documents. DT has completed 30% of compliance testing of PELL grant expenditures. Commencement of substantive testing is pending the receipt of the final trial balance and related documents.
4. MiCare Plan, Inc.: DT has performed interim audit procedures. As of 11/30/08, fieldwork is approximately 50% completed. DT has requested a trial balance as of September 30, 2008 and other related schedules/documents. Commencement of yearend fieldwork is pending the receipt of the requested schedules/documents.
5. FSM Coconut Development Authority: DT has completed 50% of fieldwork.
6. FSM Telecommunications Corporation: DT has requested a trial balance as of September 30, 2008 and other related documents. DT has received some of the requested documentation and has commenced testing of the documents.

7. FSM Development Bank: For the interim audit DT has requested the borrowers' trial balances as of 11/30/08. Commencement of fieldwork is pending the receipt of the requested documents.
8. FSM Social Security Administration: DT has received the contribution and benefits payment details as of 7/31/08. However, per communication with the Administrator on 11/06/08, the entity's controller has resigned. Commencement of fieldwork is pending the arrival of the new controller.

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) from John Schnebly. Additionally, DT has received the revenue and expenditure details. Non-Payroll Expenditure sample selections have been sent to the State. Payroll Sample selections will be sent within the week. Further arrangements to commence testing will be discussed and arranged with the State pending availability of requested documents.
2. Chuuk Health Care Plan: The engagement letter was sent to the Plan on October 31, 2008 and as of today, the signed letter has not yet been received by DT.
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: The entity has been without a controller for the entire year and the state of the accounting records is uncertain. Therefore, DT is unable to comment on the status of this entity.

POHNPEI STATE GOVERNMENT

1. Pohnpei State Government: DT has commenced compliance testing of major programs. Pohnpei State is in the process of making year-end adjustments therefore financial statements will not be available until the end of January 2009.
2. Pohnpei Fisheries Corporation: DT has completed fieldwork and are in the process of manager review.
3. Pohnpei Housing Authority: DT has requested the trial balance as of September 30, 2008 and other related documents. Commencement of fieldwork is pending the receipt of the requested documents.
4. Pohnpei Utilities Corporation: DT has completed fieldwork and are in the process of manager review.
5. Pohnpei Port Authority: DT has received the signed engagement letter and bank confirmations. Request of other documents will be provided to PPA on December 3, 2008.

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 commenced tests of the documents. Preliminary findings

will be communicated to YSG in the 1st week of December. A detailed pending list will be provided to the Director of Finance on December 2, 2008.

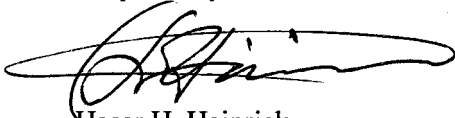
2. Yap State Public Service Corporation: DT has requested the trial balance and other related schedules. Planned submission by the entity is on 12/3/08. Commencement of fieldwork is set to start on 12/9/08, assuming requested schedules are submitted on the agreed-upon date.
3. Yap Diving Seagull, Inc.: 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. Request of other documents will be provided to YVB by December 5, 2008.

KOSRAE STATE GOVERNMENT

1. Kosrae State Government: DT has received some of the requested documentation and commenced testing of those documents.
2. Kosrae Utilities Authority: Audit has not yet commenced. DT has been in contact and the controller indicated he is still closing the books. KUA will be available for audit by January.
3. Micronesia Petroleum Corporation: Audit has not yet commenced. However, the controller indicated MPC will be available for audit 1st week of February. DT requested to move it a bit earlier to 3rd or 4th week of January but DT has not received feedback.

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
Secretary, SBOC
All Finance Secretary/Directors (T. Pablo, M. Laaw, J. Mori, T. Reynolds)
All State Auditors