



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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December 8, 2010

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

Dear Mr. President and Mr. Governors:

The following is the report on the status of the 2010 Single Audit for FSM as of November 30, 2010 based on information received from Deloitte & Touche (DT) and Fortenberry & Ballard (FB).

FSM NATIONAL GOVERNMENT AND COMPONENT UNITS:

1. FSM National Government:

Deloitte & Touche already received the preliminary Trial Balance (TB), SEFA and other related reports. Based on the preliminary TB and SEFA, they have determined the preliminary major programs which are Compact Sector, AIP, Special Education and CDC Prepared Emergency Response (CFDA 93.069). The initial sample selections for AIP were sent to FSM Finance on December 2, 2010.

Additional requests will be sent in the next few days for the other major programs and for the financial section.

The cut-off documents from Chuuk field office are still pending. This has been requested since October 2010 and was also included in Request 2010-01.

DT understands the National Government's year end procedures are still ongoing and the final TB will be available by the end of December. Once the final TB is available, they will revisit the major program determination and additional requests will be sent as the audit progresses.

2. College of Micronesia-FSM: DT is scheduled to commence fieldwork during the first week of January, 2011, if they receive the trial balances and related supporting schedules.
3. FSM Telecommunications Corporation - DT commenced audit fieldwork and are about 98% completed with such.

4. FSM Petroleum Corporation - For the interim audit, DT is about 95% completed with fieldwork. Year end procedures are slated to commence mid-January.
5. National Fisheries Corporation: Audit request for financial statements and detailed schedules was provided to the auditee on November 4, 2010. DT will commence year-end balance testing upon receipt of financial statements.
6. MiCare Plan, Inc.: Audit request for financial statements and detailed schedules was provided to the auditee on December 2, 2010. DT will commence year-end balance testing upon receipt of financial statements and supporting schedules.
7. FSM Coconut Development Authority: Fieldwork is approximately 75% completed.
8. FSM Development Bank: Since this is a December 31 year end, significant audit procedures have yet to commence. (Note: FSMDB's fiscal year is December 31)
9. FSM Social Security Administration: Since this is a December 31 year end, significant audit procedures have yet to commence. (Note: FSMSSA's fiscal year is December 31)

CHUUK STATE GOVERNMENT AND COMPONENT UNITS:

1. Chuuk State Government: DT commenced compliance testing and is approximately 40% completed with such and will commence year-end balance testing after January 31, 2011.
2. Chuuk Public Utility Corporation: DT commenced fieldwork and is 90% completed with such.
3. Chuuk State Health Care Plan: DT received a trial balance as of September 30, 2010 and related schedules. Audit work to date consists of planning.
4. Chuuk Housing Authority: Commencement of fieldwork is pending the receipt of the September 30, 2010 financial statements and supporting schedules.

POHNPEI STATE GOVERNMENT AND COMPONENT UNITS:

1. Pohnpei State Government: DT commenced compliance testing and is approximately 30% completed with such and will commence year-end balance testing after January 31, 2011.
2. Pohnpei Housing Authority: DT will commence fieldwork by the second week of December.

3. Pohnpei Utilities Corporation: DT will commence fieldwork by the third week of December.
4. Pohnpei Port Authority: DT is still waiting for us to let them know when they can commence the audit of PPA.

KOSRAE STATE GOVERNMENT AND COMPONENT UNITS:

1. Kosrae State Government: DT commenced compliance testing and is approximately 50% completed with such and will commence year-end balance testing after December 31, 2010.
2. Kosrae Utilities Authority: DT requested a trial balance as of September 30, 2010 and related schedules. Commencement of fieldwork is pending the receipt of the requested documents.
3. Kosrae Port Authority: DT requested a trial balance as of September 30, 2010 and related schedules. Commencement of fieldwork is pending the receipt of the requested documents.

YAP STATE GOVERNMENT AND COMPONENT UNITS:

1. Yap State 2010

The Audit of Yap State is 5% complete. The audit is in the planning and risk assessment stage while Yap State is progressing on their SEFA and bank reconciliations. The entrance conference will be held the week of December 6, 2010.

2. Yap State Public Service Corporation 2010 (YSPSC)

The audit of Yap State Public Service Corporation is 20% complete. The entrance conference has been held and the audit is in the planning and risk assessment stage. The audit has begun with the audit firm onsite and is in possession of the YSPSC trial balance and the general ledger.

3. Yap Visitors Bureau 2010 (YVB)

The audit of Yap Visitors Bureau is 5% complete. The audit is in the planning and risk assessment stage. The YVB engagement will be performed partially in conjunction with the audit of Yap State as the Legislature has charged Yap State with the accounting functions of that entity.

4. The Diving Seagull 2010

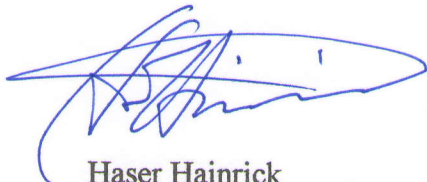
The audit of The Diving Seagull is 5% complete. The entrance conference has been held and the audit is in the planning and risk assessment stage. The audit of the Diving Seagull is planned to begin between December 8th and December 15th.

5. Caroline Islands Air 2010 (CIA)

The audit of Caroline Islands Airline is 40% complete. The audit is past the planning and risk assessment stage. Five days of on-site field work have been accomplished. However the trial balance and the general ledger are not closed.

A copy of this status report will be uploaded to the FSM Public Auditor's website at www.fsmopa.fm. Let me know if you have questions about this report.

Respectfully Submitted,



Haser Hainrick
National Public Auditor

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cc: FSM Vice President
Speaker of FSM Congress
Speaker of Pohnpei State Legislature
Speaker and President of Chuuk Senate & House of Representatives
Speaker of Yap State Legislature
Speaker of Kosrae State Legislature
Director, SBOC
All Finance Secretary/Directors (R.Nakanaga – Acting, T.Pablo, M.Laaw, J.Mori, T.Reynolds)
All State Auditors (R.Yow, A.Lebehn, S.Taulung)