



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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May 5, 2011

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 Lyndon H. Jackson, Governor of Kosrae State

Dear Mr. President and Mr. Governors:

The following is the report on the status of the 2011 Single Audit for FSM as of April 30, 2011 based on information received from Deloitte & Touche (DT) and Fortenberry & Ballard (FB).

FSM NATIONAL GOVERNMENT AND COMPONENT UNITS:

1. FSM National Government: Field work is currently ongoing and is approximately 85% completed. A preliminary list of pending items was provided around the end of April and clearing of such is still ongoing. DT is awaiting final determination and/or concurrence by the Grantor agency as to whether CFDA 93.959 and 93.958 will be audited as major programs. These two programs are Type B federal programs; however, such were requested by the Grantor Agency to be audited as major programs. DT is also waiting the completion status report of certain constructions in progress including, but not limited to, the project engineer's certification.
2. College of Micronesia-FSM: DT has substantially completed field work and has started drafting the reports.
3. National Fisheries Corporation – DT commenced fieldwork and is 80% completed with such.
4. MiCare Plan, Inc.: Final audit reports were issued on April 20, 2011.
5. FSM Development Bank: Final audit reports were issued on April 27, 2011.
6. FSM Social Security Administration: Final audit reports were issued on April 29, 2011.

7. FSM Petroleum Corporation: The audit reports are presently being finalized. However, one major open item is the management representation letter to be signed by FSMPC.
8. Caroline Islands Air 2010 (CIA): The audit of Caroline Islands Air is 90% complete. The report is being prepared.

CHUUK STATE GOVERNMENT AND COMPONENT UNITS:

1. Chuuk State Government: DT commenced compliance testing and is approximately 80% completed with such. DT also commenced year-end balance testing and is 75% completed with such.
2. Chuuk Public Utility Corporation: DT agreed to the final numbers and is awaiting the MD&A at which time the report will be ready for final review.
3. Chuuk State Health Care Plan: DT substantially completed field work and have started drafting the reports.
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 70% completed with such. DT also commenced year-end balance testing and is 70% completed with such.
2. Pohnpei State Housing Authority: DT is in the process of drafting the reports.
3. Pohnpei Utilities Corporation: Final audit reports were issued on April 20, 2011.
4. Pohnpei Port Authority: The MD&A and the revised Transshipment & Pilotage schedule have been provided by Pohnpei Port Authority. However, they are yet to provide supporting documents for the revised schedule.

KOSRAE STATE GOVERNMENT AND COMPONENT UNITS:

1. Kosrae State Government: DT commenced compliance testing and is approximately 85% completed with such. DT also commenced year-end balance testing and is 85% completed with such.
2. Kosrae Utilities Authority: Final audit reports were issued on April 12, 2011.
3. Kosrae Port Authority: DT is waiting for KPA's MD&A to incorporate into the draft audit report.

YAP STATE GOVERNMENT AND COMPONENT UNITS:

1. Yap State 2010: The audit of Yap State is 60% complete.
2. Yap State Public Service Corporation 2010 (YSPSC): The audit of Yap State Public Service Corporation is 100% complete.
3. Yap Visitors Bureau 2010 (YVB): The audit of Yap Visitors Bureau is 100% complete. The report has been mailed.
4. The Diving Seagull 2010: The audit of The Diving Seagull is 95% complete. The draft report is under review.

A copy of this status report and all completed audit reports are on 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.Reynold)
All State Auditors (R.Yow, A.Leben, S.Taulung)