



# FEDERATED STATES OF MICRONESIA

## Office of The National Public Auditor

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Monday, September 16, 2024

Excellency Wesley W. Simina  
President  
Office of the President  
Federated States of Micronesia  
Palikir, Pohnpei FM 96941

Excellency President Simina:

This is our status report for the FY2022 & 2023 single audits as of July & August 31, 2024. This report is based on information received from our contracted auditors, Ernst & Young LLP and Burger Comer Magliari (BCM) and covers the progress of the audits for the FSM National Government, States of Chuuk, Kosrae, Pohnpei, and Yap and their respective component units.

**The remaining audits for FY2022 are FSMNG, PSG, and YSG**

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
FSM National Government and Component Units			
1	FSM National Government	<ul style="list-style-type: none"><li>• <b>FY2022:</b><ul style="list-style-type: none"><li>○ Draft findings regarding Uniform Guidance compliance were provided to management</li><li>○ Findings are under review.</li></ul></li><li>• <b>FY2023: July &amp; August</b></li><li>• <i>Audit commencement date to be determined upon completion of the FY22 audit.</i></li></ul>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Entity is working with its financial consultant and indicated that they need until end of September 2024 to close out FY2023 transactions.</i></li> </ul>	
3	College of Micronesia, FSM	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Target complete date is initially set on August 16, 2024. Audit team and management needs to agree on a revised timeline.</i></li> <li>• <i>Financial statement (FS) audit is at 65% completion.</i></li> <li>• <i>Uniform Guidance (UG) audit is at 10% completion.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>Audit team and management agreed on a revised target completion date by end of September 2024.</i></li> <li>• <i>FS audit is assessed at 70% completion</i></li> <li>• <i>Information technology general controls (ITGC) audit assessed at 55% completion.</i></li> <li>• <i>UG assessed at 15% completion.</i></li> </ul>	
4	FSM Development Bank		<p><b>FY2023:</b>  <b>Audit completed and issued on May 13, 2024.</b></p>
5	MiCare Plan	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Entity's preliminary trial balance and general ledger report have been received on July 29, 2024.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>Audit planning commenced on week ending July 26, 2024.</i></li> <li>• <i>Initial audit request was sent on August 2, 2024.</i></li> <li>• <i>Audit planning meeting to be held first week of</i></li> </ul>	<ul style="list-style-type: none"> <li>• Requested documents and schedules</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
6	National Fisheries Corporation	<p style="text-align: center;"><i>September.</i></p> <ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Request for preliminary audit information has been communicated to the entity on July 19, 2024.</i></li> <li>• <i>Signed confirmation letters have been received.</i></li> <li>• <i>Last follow up with the client was on August 1, 2024.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>Updated trial balances for the Chuuk books provided on August 30, 2024.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Trial balance, journal entries and significant financial statement schedules needed to start the planning process of the audit.</li> <li>• Initial schedules to facilitate the planning and sample selection process.</li> </ul>
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Preliminary trial balance has been received and initial request have been submitted.</i></li> <li>• <i>The entity is in the process of providing the requested information.</i></li> <li>• <i>Audit planning meeting with client was held on July 16, 2024.</i></li> <li>• <i>Estimated date of completion is October.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>Initiation of substantive testing based on the data received from the client.</i></li> <li>• <i>Sample for testing or queries against major work programs have been sent out to the client.</i></li> <li>• <i>Estimated date of audit date of audit fieldwork completion is end of October.</i></li> </ul>	
8	FSM Social Security Administration	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Preliminary trial balance received on May 3, 2024, with audit entrance meeting held on May 17, 2024.</i></li> <li>• <i>A preliminary audit request was submitted on May 22,</i></li> </ul>	<ul style="list-style-type: none"> <li>• Supporting documents for cash cutoff testing</li> <li>• Contribution receivables subsequent collections</li> <li>• Contribution revenue test of details and cutoff</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p>2024, and entity is in progress of providing requested information.</p> <ul style="list-style-type: none"> <li>Audit fieldwork commenced the week of July 8, 2024, and substantive procedures are currently in progress.</li> <li>Target completion dates is August 31, 2024.</li> <li><b>FY2023: August</b></li> <li>Draft of financial statements will be started in conjunction with EY's general and conclusion procedures.</li> <li>Target completion date is before end of September 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Benefit payments test of details</li> </ul>
9	Telecommunication Cable Corporation	<ul style="list-style-type: none"> <li><b>FY2023: July</b></li> <li>Preliminary trial balance was received on July 25, 2024 but differences were noted on the FY23 TB roll forward awaiting response of the client.</li> <li>Audit commenced on week ending July 26, 2024.</li> <li>Initial audit request was sent on July 31, 2024.</li> <li><b>FY2023: August</b></li> <li>Audit fieldwork commenced the week of August 9, 2024</li> <li>Target completion is on October 31, 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Request documents and schedules</li> </ul>
10	FSM Telecommunication Corporation		<p><b>FY2023:</b> Audit completed and issued on July 30, 2024</p>
11	Telecommunication Regulation Authority	<ul style="list-style-type: none"> <li><b>FY2023: July</b></li> <li>Preliminary trial balance was received on May 6, 2024 and audit commenced week of May 13, 2024.</li> <li>Audit procedures are currently in progress</li> <li><b>FY2023: August</b></li> <li>Pending schedules were substantially provided and</li> </ul>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>samples for testing were partially provided on August 21, 2024.</i></p> <ul style="list-style-type: none"> <li>• <i>The client is in the process of providing the pending documents.</i></li> <li>• <i>Audit procedures are ongoing</i></li> <li>• <i>Target audit completion is by the end of September 2024.</i></li> </ul>	
<b>Chuuk State Government and Component Units</b>			
1	Chuuk State Government	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Preliminary trial balance and general ledger was received on May 27, 2024 but the audit team is still waiting for the final trial balance and general ledger.</i></li> <li>• <i>Audit is expected to commence in the 3<sup>rd</sup> week of August.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>Preliminary trial balance and general ledger were received on August 6, 2024</i></li> <li>• <i>Audit commencement date to be determined.</i></li> </ul>	
2	Chuuk Public Utilities Corporation	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Trial balance was received in March 2024</i></li> <li>• <i>Audit planning and risk assessment procedures have completed; the entity provided all the preliminary information requests that were sent in March and April 2024 and substantive procedures are ongoing.</i></li> <li>• <i>75% overall status with a target completion of August 31, 2024.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>Approximately 80% overall status with a target completion of September 30, 2024.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Supporting documents for electricity revenues</li> <li>• Follow up on inquiries for water and cash power revenues, receivable, liabilities, operating expenses, and inventory.</li> <li>• Pending items include follow up inquires for payroll.</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
3	Chuuk State Health Care Plan	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Preliminary trial balance has been received June 7, 2024.</i></li> <li>• <i>Audit commenced on July 18, 2024.</i></li> <li>• <i>Audit fieldwork has yet to commence, however, audit procedures are currently in progress.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>Audit schedules were substantially provided and samples for testing were partially provided through EY portal.</i></li> <li>• <i>Audit fieldwork has yet to commence, however, audit procedures are currently in progress.</i></li> </ul>	
4	Chuuk State Housing	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Audit start to be determined.</i></li> </ul>	
<b>Kosrae State Government and Component Units</b>			
1	Kosrae State Government	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Audit commencement date to be determined.</i></li> </ul>	
2	Kosrae Port Authority	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Preliminary trial balance was received June 18, 2024.</i></li> <li>• <i>Audit commenced July 1, 2024, and currently in progress.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>Preliminary audit request and inquiries were submitted to the entity on the same date.</i></li> <li>• <i>Significant schedules were partially provided on July 18, 2024.</i></li> <li>• <i>Audit procedures are currently in progress</i></li> </ul>	<ul style="list-style-type: none"> <li>• Pending schedules and response on EY team's inquiries regarding the schedules initially provided.</li> </ul>
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> <li>• <b>FY2023: July</b></li> <li>• <i>Preliminary trial balance</i></li> </ul>	<ul style="list-style-type: none"> <li>• Pending schedules</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>has been received June 17, 2024.</i></p> <ul style="list-style-type: none"> <li>• <i>Audit commenced on July 18, 2024, and preliminary audit requests were submitted to the client on the same date.</i></li> <li>• <i>Significant financial statement schedules were provided by the client on July 31, 2024.</i></li> <li>• <i>Audit fieldwork has yet to commence, however, audit procedures are currently in progress.</i></li> <li>• <b>FY2023: August</b></li> <li>• <i>EY continuously provided updated list of audit requests and follow ups on a daily to weekly basis as initial schedules provide were returned to the client due to the EY team's clarifications and inquiries regarding the schedules.</i></li> <li>• <i>Audit fieldwork has yet to commence, however, audit procedures are currently in progress.</i></li> </ul>	
4	Kosrae Utilities Authority		FY2023: Audit completed and issued on July 17, 2024
Pohnpei State Government and Component Units			
1.	Pohnpei State Government	<ul style="list-style-type: none"> <li>• <b>FY2022: August</b></li> <li>• <i>95% coordination with management is being performed to complete certain financial statements.</i></li> <li>• <i>GASB 87 adjustment completed and provided to management.</i></li> <li>• <i>Footnote disclosures being updated and finalized and disclosure.</i></li> <li>• <b>FY2023: July &amp; August</b></li> </ul>	<ul style="list-style-type: none"> <li>• MD&amp;A</li> <li>• Management representation letter</li> </ul>


No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> <li>• <i>Engagement letter is being drafted</i></li> <li>• <i>Preliminary documentation request has been determined.</i></li> </ul>	
2	Pohnpei State Housing Authority	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Engagement letter is being drafted</i></li> <li>• <i>Received trial balance and financial statement</i></li> <li>• Preliminary analytical review and risk assessment completed</li> <li>• Preliminary documentation request is being determined</li> <li>• Loan testing underway and sample selections have been sent to PSHA</li> <li>• Loan confirmation letters are being prepared.</li> </ul>	
3	Pohnpei State Port Authority	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Engagement letter is being drafted</i></li> <li>• <i>Trial balance and financial statements received</i></li> <li>• <i>Analytical review procedures and risk assessment completed</i></li> <li>• <i>Confirmation letters have been made and sent out.</i></li> </ul>	
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Engagement letter has been drafted</i></li> <li>• <i>Preliminary documentation request is being determined</i></li> </ul>	
<b>Yap State Government and Component Units</b>			
1	Yap State Government	<ul style="list-style-type: none"> <li>• <b>FY2022: July</b></li> <li>• <i>BCM received enough information for the NG to complete the investment footnote for the \$15M of investment.</i></li> <li>• <i>MD&amp;A has been received</i></li> <li>• <i>Findings have been</i></li> </ul>	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>provided to YSG finance staff for development of a response and corrective action plan</i></p> <ul style="list-style-type: none"> <li>• <i>Zoom meeting was scheduled on August 9, 2024.</i></li> <li>• <b>FY2022: August</b></li> <li>• <i>Pending corrective action plan</i></li> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Update yet to be provided</i></li> </ul>	
2	Yap Diving Seagull, Inc.	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Update yet to be provided</i></li> </ul>	
3	Yap State Public Service Corporation	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Update yet to be provided</i></li> </ul>	
4	Yap Visitors Bureau	<ul style="list-style-type: none"> <li>• <b>FY2023: July &amp; August</b></li> <li>• <i>Update yet to be provided</i></li> </ul>	

A copy of this status report will be uploaded to the FSM Public Auditor's website at [www.fsmopa.fm](http://www.fsmopa.fm).

Let me know if you have questions about this report.

Sincerely,

  
 Kelly Samuel  
 Acting National Public Auditor

JP/IV

cc: FSM Vice President  
 Speaker, FSM Congress  
 All State Governors  
 Heads of all FSM & States Audit Entities  
 State Public Auditors