



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Tuesday, February 11, 2025

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 2023 single audits as of January 31, 2025, respectively. This report is based on information received from our contracted auditors, Ernst & Young LLP and Burger Comer Magliari CPAs (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.

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"> • <i>Audit commencement date to be determined.</i> • <i>Early stages of planning and progress is approximately 20-25%.</i> • <i>Preliminary TB received</i> 	<ul style="list-style-type: none"> • Finalized Trial Balance and SEFA • CSLedger & Payroll Reports
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> • <i>Entity is working with its financial consultant and indicated that they need until end of September 2024 to close out FY2023 transactions.</i> • <i>Closing is still ongoing, and CIA has revised its target to provide trial balance by the end of December 2024.</i> • <i>Preliminary TB and general ledger have been received on January 21, 2025. Currently</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>started on preliminary planning stage.</i>	
3	College of Micronesia, FSM	<ul style="list-style-type: none"> • <i>Financial statement audit is at 92% completion.</i> • <i>Uniform Guidance Audit is at 72% completion.</i> • <i>The original agreed completion date with COM-FSM was mid-August 2024.</i> • <i>EY made clear the target date depending on the timely submission of audit requests.</i> • <i>Also agreed to implement a three-day turnaround time in the submissions.</i> • <i>Factors that contributed to the delay in the completion of the audits and challenges:</i> <ul style="list-style-type: none"> ○ <i>TB provided has unusual balances and needs to be reconciled and/or closed. Reconciliation took time.</i> ○ <i>Incomplete submissions.</i> ○ <i>Agreed turnaround time unfortunately not followed.</i> ○ <i>Encountered conflict in the availability of the Senior in charge of the UG audit.</i> ○ <i>Full time work on UG audit only started in the first week of August 2024.</i> ○ <i>Audit team change strategy from “control reliance” to “fully substantive audit” due to inability of COM-FSM to provide necessary policies and schedules to test information technology general control (ITGC) over Student information system’s (SIS) user</i> 	<ul style="list-style-type: none"> • Reconciled TB

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>access management, system backup and change management.</i></p> <ul style="list-style-type: none"> ○ <i>As a result, the change of scope for the UG audit compliance test is extended and additional samples are selected and communicated for testing.</i> ○ <i>Lack of manpower and most of the audit requests are addressed only by the comptroller.</i> ○ <i>Subsequent confirmation that the Land Grant reimbursements to COM-FSM should form part of COM-FSM's SEFA. This impacts the major program determination. Work has not started on the major program.</i> ○ <i>EY plans to complete the COM-FSM audits by incurring overtime work in the span of three months.</i> 	
4	FSM Development Bank		Audit completed and issued on May 13, 2024.
5	MiCare Plan	<ul style="list-style-type: none"> • <i>Fieldwork is completed with only a few pending items from client.</i> • <i>Preliminary MD&A is being received and currently working on updating the draft and determining if any further adjustments need to be posted on the open areas.</i> • <i>Target completion date with draft issuance is February 14, 2025, which was contingent upon resolution of pending items.</i> 	<ul style="list-style-type: none"> • <i>Explanation for stagnant/nonmoving account balances, updated subsequent disbursement detail covering September 2024 to date, and going concern assessment.</i>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
6	National Fisheries Corporation	<ul style="list-style-type: none"> Received updated trial balances and schedules on November 5, 2024. Fieldwork will commence once all requested supporting documents are available for viewing. EY continues to send periodic follow up emails, but no response received from client since November 5, 2024. 	<ul style="list-style-type: none"> Initial samples requested. Accounts receivables and PPE October 2022 to September 2023 general ledger/ journal entries schedule and subsequent disbursements that will be used for further sample selection.
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> Audit work has been completed substantially. Preliminary draft reports will be submitted for client initial review and MD&A preparation on January 30, 2025. 	<ul style="list-style-type: none"> MD&A, updated legal reply, PPE disposals query and LOC query for NFS.
8	FSM Social Security Administration		Audit completed and issued on September 30, 2024.
9	Telecommunication Cable Corporation	<ul style="list-style-type: none"> The only items provided are the updated loan agreements for FSMDB Loan No. D#B5906L1 and FSMDB Loan No. D3B9843LI, which was received on January 28, 2025. 	<ul style="list-style-type: none"> Inquiry on payables and expenses Contracts/billings for expense samples MD&A Loan confirmation reply from FSMNG.
10	FSM Telecommunication Corporation		Audit completed and issued on July 29, 2024
11	Telecommunication Regulation Authority		Audit completed and issued on October 31, 2024
Chuuk State Government and Component Units			
1	Chuuk State Government	<ul style="list-style-type: none"> Audit planning 90% completion for financial statements and compliance. Completed sampling and fieldwork is scheduled to commence in the week starting 9th of December. EY is yet to receive confirmation from CSG to be able to visit to complete fieldwork, which is likely to 	<ul style="list-style-type: none"> Pending reconciliations with FSM National Government: <ul style="list-style-type: none"> Receivables from National Government for compact and federal grants Unearned revenue Allocated share of investment "Trust Fund

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>occur first week of February 2025.</i>	<p>for the People of the FSM”</p> <ul style="list-style-type: none"> • Testing data: <ul style="list-style-type: none"> ○ supporting documents remaining to be provide in AR/AP/Revenue and expenditures. ○ UG pending items for upcoming fieldwork.
2	Chuuk Public Utilities Corporation		Audit completed and issued on October 18, 2024
3	Chuuk State Health Care Plan	<ul style="list-style-type: none"> • <i>85% of the audit procedures were completed.</i> • <i>EY request client to complete the MD&A for financial statements purposes.</i> • <i>Estimated audit completion date is the second week of February 2025, contingent upon the receipt of remaining pending items.</i> 	<ul style="list-style-type: none"> • MD&A
4	Chuuk State Housing	<ul style="list-style-type: none"> • <i>80% of planning completed.</i> • <i>EY is following up and hope to make a visit once in Chuuk.</i> 	<ul style="list-style-type: none"> • Loan receivables control ledger
Kosrae State Government and Component Units			
1	Kosrae State Government	<ul style="list-style-type: none"> • <i>Early stages of planning and progress is approximately 30-40%.</i> • <i>CSLEDGER & TB have been received.</i> • <i>Client planning meeting probable to occur in the first week of February.</i> 	<ul style="list-style-type: none"> • Payroll reports
2	Kosrae Port Authority	<ul style="list-style-type: none"> • <i>A preliminary trial balance was received June 18, 2024.</i> • <i>Audit commenced July 1, 2024.</i> • <i>Significant schedules were substantially provided.</i> • <i>The client is in the progress of providing the pending schedules.</i> • <i>Audit procedures are currently in progress.</i> 	<ul style="list-style-type: none"> • General ledger differences, • Beginning net position reconciliation and others for the execution phase

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • On November 26, 2024, the Company provide a new set of trial balance and GL details and EY is in the process of checking if it would resolve their roll forward reconciliation issue. • The planning phase is 100% completed. • Audit procedures are 60% complete. 	
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> • A preliminary trial balance has been received June 17, 2024. • Audit commenced on July 18, 2024, and preliminary audit requests were submitted to the client on the same date. • Significant financial statement schedules were partially provided by client on July 31, 2024. • EY continuously provides an updated list of audit requests. • Audit fieldwork has yet to commence, however, audit procedures are currently in progress. • The planning phase is 100% complete. • The execution phases are still in progress with schedules and supporting documents pending. • The last follow up was made on January 27, 2025. 	<ul style="list-style-type: none"> • Schedules and supporting documents <ul style="list-style-type: none"> ○ All revenue samples, cash in bank samples
4	Kosrae Utilities Authority		Audit completed and issued on July 17, 2024
Pohnpei State Government and Component Units			
1.	Pohnpei State Government	<ul style="list-style-type: none"> • TB has not been provided. • SEFA has been received • To commence testing, EY needs financial statements and trial balance. • On November 22, 2024, an initial request was submitted to PSG and to date, the 	<ul style="list-style-type: none"> • Trial Balance • Financial Statements

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>information requested has not been received.</i>	
2	Pohnpei State Housing Authority	<ul style="list-style-type: none"> • <i>Audit fieldwork is 100% complete.</i> • <i>Financial statements have been drafted</i> • <i>Target date for report issuance is before February 28, 2025.</i> 	<ul style="list-style-type: none"> • Attorney's letter response • MD&A
3	Pohnpei State Port Authority	<ul style="list-style-type: none"> • <i>Audit fieldwork is completed except for revenue and lease testing which is anticipated to be completed by February 12, 2025.</i> • <i>Financial statements have been drafted</i> • <i>Target date for report issue is before February 28, 2025.</i> 	<ul style="list-style-type: none"> • Attorney's letter response • MD&A • Revenue & lease testing
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> • <i>Trial balance and SEFA have not been provided.</i> 	<ul style="list-style-type: none"> • Trial balance • SEFA
Yap State Government and Component Units			
1	Yap State Government	<ul style="list-style-type: none"> • <i>There are no updates available currently.</i> 	
2	Yap Diving Seagull, Inc.		Audit completed and issued on December 10, 2024.
3	Yap State Public Service Corporation	<ul style="list-style-type: none"> • <i>There are no updates available currently.</i> 	
4	Yap Visitors Bureau	<ul style="list-style-type: none"> • <i>There are no updates available currently.</i> 	

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.

Sincerely,

Haser Hainrick
National Public Auditor

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cc: FSM Vice President

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