



# FEDERATED STATES OF MICRONESIA

## Office of The National Public Auditor

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Thursday, June 12, 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 May 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
<b>FSM National Government and Component Units</b>			
1	FSM National Government	<ul style="list-style-type: none"> <li><i>Audit commencement date to be determined upon provision of finalized TB And consolidated SEFA for FY2023.</i></li> <li><i>Early stages of planning and progress is approximately 50%.</i></li> <li><i>EY requested audit information, schedules, account reconciliations, etc on December 2, 2024.</i></li> <li><i>Emails regarding the pending requests were sent by EY from 4/13/2025 onwards, with no reply/resolution to date.</i></li> </ul>	<ul style="list-style-type: none"> <li>Reconciled Trial Balance</li> <li>Consolidated SEFA-determination of major programs- missing College of Micronesia numbers</li> <li>Unaudited financial statements</li> <li>General ledger transaction details-missing \$76 million passthrough revenues and expenses.</li> <li>Detailed reconciliations due from FSM states</li> <li>Detailed reconciliations due to FSM states.</li> <li>Schedule and reconciliation of</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			deferred revenue- 3710 for \$24 Million TB balance but schedule shows \$197 million. <ul style="list-style-type: none"> <li>• Alternative investments (Compact and early retirement) schedule.</li> <li>• JV to correct passthrough revenues/expenses.</li> <li>• Uniform guidance compliance procedures over major programs will start upon EY determining extent of sample sizes.</li> </ul>
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> <li>• <i>EY has received preliminary TB and general ledger detail report on January 21, 2025.</i></li> <li>• <i>70% completion of audit planning procedures.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Inventory count sheet</li> <li>• Bank confirmation reply</li> <li>• Grant revenue and insurance expense supporting documents and related potential adjustments.</li> </ul>
3	College of Micronesia, FSM	<ul style="list-style-type: none"> <li>• <i>The team is ready to issue the auditor's reports upon receipt of the following items:</i></li> </ul>	<ul style="list-style-type: none"> <li>• Views of responsible officials for current year federal awards findings.</li> <li>• Corrective action plan for current year federal awards findings.</li> <li>• Summary of prior year audit findings.</li> </ul>
4	<b>FSM Development Bank</b>		<b>Audit completed and issued on May 13, 2024.</b>
5	<b>MiCare Plan</b>		<b>Audit completed and issued on April 28, 2025.</b>
6	National Fisheries Corporation	<ul style="list-style-type: none"> <li>• <i>Updated trial balance, general ledger/journal entries, and schedules were received from the client on April 25, 2025.</i></li> <li>• <i>Team received most of pending items in May and</i></li> </ul>	<ul style="list-style-type: none"> <li>• Required confirmation replies.</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>awaiting the required confirmation replies.</i>	
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> <li>• <i>Audit work has been substantially completed.</i></li> <li>• <i>MD&amp;A was submitted to client initial review and preparation on February 3, 2025, and MD&amp;A is still pending as of May 31, 2025.</i></li> </ul>	<ul style="list-style-type: none"> <li>• MD&amp;A</li> <li>• Updated legal reply</li> <li>• PPE disposals queries.</li> </ul>
8	<b>FSM Social Security Administration</b>		<b>Audit completed and issued on September 30, 2024.</b>
9	<b>Telecommunication Cable Corporation</b>		<b>Audit completed and issued on April 16, 2025.</b>
10	<b>FSM Telecommunication Corporation</b>		<b>Audit completed and issued on July 29, 2024</b>
11	<b>Telecommunication Regulation Authority</b>		<b>Audit completed and issued on October 31, 2024</b>
<b>Chuuk State Government and Component Units</b>			
1	Chuuk State Government	<ul style="list-style-type: none"> <li>• <i>Completed sampling</i></li> <li>• <i>Second phase of field-work or onsite testing was conducted during the week of March 7 to 17 and again May 20-22, 2025.</i></li> <li>• <i>For UG compliance audit, about 25% of the samples are yet to be provided to EY.</i></li> <li>• <i>FS Draft was provided on May 19, 2025.</i></li> </ul>	<ul style="list-style-type: none"> <li>• MD&amp;A</li> <li>• Confirmation on revenue sharing and GAF revenue</li> <li>• 160 samples for UG compliance</li> </ul>
2	<b>Chuuk Public Utilities Corporation</b>		<b>Audit completed and issued on October 18, 2024</b>
3	<b>Chuuk State Health Care Plan</b>		<b>Audit completed and issued on October 18, 2024</b>
4	Chuuk State Housing	<ul style="list-style-type: none"> <li>• <i>80% of planning completed.</i></li> <li>• <i>Chuuk State has yet to provide detailed loan receivables schedule.</i></li> <li>• <i>EY is following up and hope to make a visit once in Chuuk.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Loan receivables and control ledger</li> </ul>
<b>Kosrae State Government and Component Units</b>			
1	Kosrae State Government	<ul style="list-style-type: none"> <li>• <i>Draft FS was provided to KSG on May 5<sup>th</sup>, 2025.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Confirmation for revenue sharing and GAG revenues</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<ul style="list-style-type: none"> <li>30 samples for UG compliance</li> </ul>
<b>2</b>	<b>Kosrae Port Authority</b>		<b>Audit completed and issued on April 30, 2025.</b>
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> <li><i>EY received the loans portfolio and other documents on March 26, 2025</i></li> <li><i>The last follow up was made on June 2, 2025 with a more detailed summary of pending items.</i></li> </ul>	<ul style="list-style-type: none"> <li>Explanation and supporting claculaiton on additional entries related to grant revenue</li> <li>Explanation on the decrease in interest income despite the overall increase in loans receivable</li> <li>HRDA and EDA RLF loans roll forward and interest income variance</li> <li>New loan requests for all 10 samples</li> <li>Existing loan requests for all 31 samples</li> <li>Line of credit confirmation reconciliation</li> </ul>
<b>4</b>	<b>Kosrae Utilities Authority</b>		<b>Audit completed and issued on July 17, 2024</b>
<b>Pohnpei State Government and Component Units</b>			
1.	Pohnpei State Government	<ul style="list-style-type: none"> <li><i>80% of preliminary documents have been received</i></li> <li><i>The total value of JV's missing supporting documentation is \$803,024.</i></li> <li><i>Testing of capital asset additions is approximately 30%.</i></li> <li><i>Audit procedures for testing general fund and nonmajor fund revenue sharing 15% complete.</i></li> <li><i>Audit procedures for testing general fund and nonmajor fund nonpayroll expense testing are 80% complete while related payroll expense</i></li> </ul>	<ul style="list-style-type: none"> <li>Receipt of items selected for testing and tracing to the general ledger for determination of budgetary compliance.</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>testing is approximately 50% complete.</i></p> <ul style="list-style-type: none"> <li>• <i>Testing of subsequent cash disbursements and search for unrecorded liabilities is approximately 80% completed.</i></li> <li>• <i>Audit testing of loans and investment balances is ongoing.</i></li> <li>• <i>Single audit major programs determined, and test of internal controls are 85% completed.</i></li> </ul>	
2	<b>Pohnpei State Housing Authority</b>		<b>Audit completed and issued on March 17, 2025</b>
3	<b>Pohnpei State Port Authority</b>		<b>Audit completed and issued on March 04, 2025</b>
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> <li>• <i>The cash disbursement date is being analyzed to determine sample selections to test non-payroll expenditures and subsequent cash disbursements.</i></li> <li>• <i>Sample selections for both payroll and non-payroll disbursements for substantive testing procedures have begun generating.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Schedules for fixed assets/WIP, prepaids, and unearned revenues</li> <li>• CAJE's</li> <li>• Updated SEFA to include ALN 10.859 with expenditures totaling \$2,669,807.</li> </ul>
<b>Yap State Government and Component Units</b>			
1	Yap State Government	<ul style="list-style-type: none"> <li>• <i>Compliance testing has started.</i></li> <li>• <i>Selection of samples of expenditures will be submitted this week.</i></li> <li>• <i>A team will visit Yap expected to be next week.</i></li> <li>• <i>Final trial balance has been received.</i></li> <li>• <i>Conversion of trial balance to lead sheets to facilitate financial statement draft preparation.</i></li> </ul>	
2	<b>Yap Diving Seagull, Inc.</b>		<b>Audit completed and issued on December 10, 2024.</b>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
3	<b>Yap State Public Service Corporation</b>		<b>Audit completed and issued on May 2, 2025.</b>
4	Yap Visitors Bureau	<ul style="list-style-type: none"> <li>• <i>BCM plans to finalize the 2023 audit by June 30<sup>th</sup>, 2025.</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,



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