



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Wednesday, October 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 September 30, 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 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	FY2023: <ul style="list-style-type: none">Audit commencement date to be determined upon completion of the FY22 audit.	
2	Caroline Islands Air, Inc	<ul style="list-style-type: none">Entity is working with its financial consultant and indicated that they need until end of September 2024 to close out FY2023 transactions.Note: CIA has revised its target to provide trial balance by the end of December 2024.	
3	College of Micronesia, FSM	<ul style="list-style-type: none">FS Audit is assessed at 87% completion.Draft FS is shared with COM-	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>FSM management.</i></p> <ul style="list-style-type: none"> • <i>Review of report and audit working papers are ongoing.</i> • <i>There are anticipated material weaknesses in internal control over financial reporting to be reported.</i> • <i>Target completion date by end of October 2024.</i> • <i>UG audit is assessed at 40% completion.</i> • <i>Additional compliance test samples are requested.</i> 	
4	FSM Development Bank		Audit completed and issued on May 13, 2024.
5	MiCare Plan	<ul style="list-style-type: none"> • <i>The entity's preliminary trial balance and general ledger report have been received on July 29, 2024.</i> • <i>Audit planning commenced on week ending July 26, 2024.</i> • <i>Target completion date is at the end of October 2024, which is contingent upon the timely provisions of documents and schedules.</i> 	<ul style="list-style-type: none"> • Requested documents and schedules
6	National Fisheries Corporation	<ul style="list-style-type: none"> • <i>Request for preliminary audit information has been communicated to the entity on July 19, 2024.</i> • <i>Updated trial balances for the Chuuk books provided on August 30, 2024.</i> • <i>EY met with clients on October 01, 2024, to get commitment dates on pending initial requests and for a weekly update on status of the audit.</i> 	<ul style="list-style-type: none"> • Initial schedules to facilitate the planning and sample selection process.
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> • <i>Preliminary trial balance has been received and initial request have been submitted.</i> • <i>The entity is in the process</i> 	<ul style="list-style-type: none"> • Pending needed data from client.

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		<p><i>of providing the requested information.</i></p> <ul style="list-style-type: none"> • <i>Audit planning meeting with client was held on July 16, 2024.</i> • <i>EY has completed around 60% of substantive testing.</i> • <i>Estimated date of the audit fieldwork completion is end of October 2024.</i> 	
8	FSM Social Security Administration		Audit completed and issued on September 30, 2024.
9	Telecommunication Cable Corporation	<ul style="list-style-type: none"> • <i>Preliminary trial balance was received on July 25, 2024, initial audit request was sent on July 31, 2024.</i> • <i>Audit fieldwork commenced the week of August 9, 2024</i> • <i>The final trial balance was provided on September 16, 2024.</i> • <i>Target completion is on October 31, 2024.</i> 	<ul style="list-style-type: none"> • Requested documents and schedules
10	FSM Telecommunication Corporation		Audit completed and issued on July 29, 2024
11	Telecommunication Regulation Authority	<ul style="list-style-type: none"> • Preliminary trial balance was received May 6, 2024, and audit commenced week of May 13, 2024. • Samples for testing were partially provided on August 21, 2024. • Audit procedures are ongoing • Target completion is by the end of October 2024. 	<ul style="list-style-type: none"> • Pending schedules and samples for testing
Chuuk State Government and Component Units			
1	Chuuk State Government	<ul style="list-style-type: none"> • <i>Preliminary trial balance and general ledger were received on August 6, 2024</i> • <i>Audit commencement date to be determined.</i> 	
2	Chuuk Public Utilities Corporation	<ul style="list-style-type: none"> • Trial balance was received in March 2024. 	<ul style="list-style-type: none"> • Follow up on inquiries for prepaid expenses,

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • <i>Audit planning and risk assessment procedures have been completed.</i> • <i>Entity provided all of the preliminary information requests that were sent in March and April 2024, and substantive procedures are ongoing.</i> • <i>90% overall status with a target completion of October 31, 2024.</i> 	<p>other liabilities, and final MD&A.</p> <ul style="list-style-type: none"> • Preliminary draft report was provide to the client on Septeber 25, 2024 for review and prepartion of MD&A.
3	Chuuk State Health Care Plan	<ul style="list-style-type: none"> • Preliminary trial balance has been received on June 7, 2024. Audit commenced on July 18, 2024 • <i>Audit schedules were all provided and samples for testing substantially provided through EY portal.</i> • <i>Audit procedures are currently in progress.</i> • <i>Estimated date of audit completion is at the end of October 2024.</i> 	
4	Chuuk State Housing	<ul style="list-style-type: none"> • <i>Audit start to be determined.</i> 	
Kosrae State Government and Component Units			
1	Kosrae State Government	<ul style="list-style-type: none"> • <i>Audit commencement date to be determined.</i> 	
2	Kosrae Port Authority	<ul style="list-style-type: none"> • Preliminary trial balance was received June 18, 2024. • <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"> • Pending schedules
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> • <i>Preliminary trial balance has been received June 17, 2024.</i> • <i>Audit commenced on July</i> 	<ul style="list-style-type: none"> • Updated list of audit requests.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p>18, 2024 and preliminary audit request were submitted to the client on the same date.</p> <ul style="list-style-type: none"> • Significant financial statement schedules were partially provided by client on July 31, 2024. • EY continuously provide updated list of audit request. • Audit fieldwork has yet to commence, however, audit procedures are currently in progress. 	
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"> • FY2022: • The basic financial statements were sent to PSG on 9/28/2024 to prepare the MD&A which was prepared and sent back along with the table and graph inserts on 9/30/2024. • On 10/01/2024, BCM sent the updated MD&A with their revisions and asked PSG to fix its graphs and complete the remaining highlighted section. • To date, BCM has not received the updated MD&A. • BCM has completed their write up of the single audit findings particularly relating to the unrecorded investment of \$16 Million in CFC. • The eight findings were sent to PSG for review and response. • BCM anticipate providing PSG a complete draft audit 	<ul style="list-style-type: none"> • Investment disclosure for the General Fund and The Compact Trust Fund are the only pending items for the notes, which are being completed now.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>reports this week depending upon receipt of the responses to the single audit findings.</i></p> <ul style="list-style-type: none"> • FY2023: • <i>No trial balance or SEFA has been received.</i> 	
2	Pohnpei State Housing Authority	<ul style="list-style-type: none"> • <i>Trial balance has been received along with the account receivable loan listing.</i> • <i>Planning and risk assessment is 90% complete.</i> • <i>Completed review of loan policies, loan provisions, substantive selections for testing loans, allowance for doubtful accounts, fixed assets additions, subsequent disbursement have been provided to PSHA.</i> • <i>Test of completion has been performed for CD, CR and voucher payable journal and compared to the GL.</i> • <i>Board minutes have been reviewed and completed.</i> 	<ul style="list-style-type: none"> • <i>Various schedules and documentation</i>
3	Pohnpei State Port Authority	<ul style="list-style-type: none"> • <i>Trial balance has been received along with fixed asset listing.</i> • <i>Planning and risk assessment is 85% complete.</i> • <i>Substantive selection testing for revenues, non-payroll disbursements, review of general journal entries, various expense accounts, fixed asset additions & disposal, and subsequent collections and disbursements and has already provided to PPA.</i> 	<ul style="list-style-type: none"> • <i>Various schedules and documentation</i>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • <i>Boad minutes have been reviewed.</i> • <i>Reviewing management's adjustments for leases per GASB 87, documentation grant revenue and contracts.</i> • <i>Prepared and sent confirmations for cash and investments.</i> 	
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> • <i>No trial balance or SEFA has been received.</i> • <i>Planning has already started including initial management inquiries walk-through procedures to facilitate planning.</i> • <i>The preliminary documentation is being compiled based on prior year known information.</i> 	
Yap State Government and Component Units			
1	Yap State Government	<ul style="list-style-type: none"> • <i>No work has begun on the FY2023 audit, as BCM is right now waiting for any final comments and questions on the FY2022 report.</i> • <i>BCM is ready to release the FY2022 report at any time.</i> 	
2	Yap Diving Seagull, Inc.	<ul style="list-style-type: none"> • <i>BCM start receiving a trial balance.</i> • <i>Selection of transactions for testing.</i> • <i>Currently doing the testing of transactions.</i> 	
3	Yap State Public Service Corporation	<ul style="list-style-type: none"> • <i>BCM has received the trial balance and requested schedules.</i> • <i>BCM has received supporting transactions and will proceed with testing.</i> 	
4	Yap Visitors Bureau	<ul style="list-style-type: none"> • <i>BCM is yet to receive a trial balance.</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

JP/IV

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