



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Tuesday, April 22, 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 March 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 30-35%.</i> 	<ul style="list-style-type: none"> Finalized Trial Balance Consolidated SEFA Unaudited financial statements General ledger transaction details Payroll reports Detailed reconciliations Due from FSM States Detailed reconciliations Due to FSM States Detailed schedule and reconciliation of deferred revenue Budgetary statement Detailed receivable aging schedules Detailed payable schedules

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> • EY has received preliminary TB and general ledger detail report on January 21, 2025. • EY submitted their preliminary audit requests on February 27, 2025. • Audit fieldwork expected to begin upon receipt of requested preliminary schedules and information. • Requests are slightly delayed due to prioritizing receipt of the new aircraft. • Hope to submit by the week pf April 7. 	
3	College of Micronesia, FSM	<ul style="list-style-type: none"> • Financial statement audit is at 93% completion. • Uniform Guidance Audit is at 75% completion. • Target completion as of April 2025. • As of April 3, 2025, there are seven pending items in the portal. 	<ul style="list-style-type: none"> • EY's review of the MD&A once amounts are final • Completion of partner-in-charge's and EGQ's review. • EY's completion of conclusion procedures in relation to subsequent events, overall analytical review, journal entries, disclosure checklist, and financial statement tie-out. • Compliance testing for research and development (R&D) cluster. • Samples selected for testing (R&D) cluster.
4	FSM Development Bank		Audit completed and issued on May 13, 2024.
5	MiCare Plan	<ul style="list-style-type: none"> • The audit is expected to be finalized no later than end of April 2025. 	<ul style="list-style-type: none"> • Attorney letters
6	National Fisheries Corporation	<ul style="list-style-type: none"> • The list of pending audit items have no movement since February 18, 2025. • Additional Senior based in Pohnpei have been assigned 	<ul style="list-style-type: none"> • Accounts receivables and PPE • October 2022 to September 2023 general ledger/journal entries.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>to help with the account starting April 1, 2025.</i>	
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> • Preliminary draft reports have been submitted for client initial review and MD&A preparation on February 3, 2025. • MD&A is still pending as of April 1, 2025. 	<ul style="list-style-type: none"> • MD&A, updated legal reply, PPE disposals queries.
8	FSM Social Security Administration		Audit completed and issued on September 30, 2024.
9	Telecommunication Cable Corporation	<ul style="list-style-type: none"> • Draft report has been submitted for NOPA review on April 2, 2025. 	<ul style="list-style-type: none"> • Attorney letters • Completion of subsequent events procedures.
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"> • 95% completion of audit planning procedures. • Completed sampling • Second phase of field-work or onsite testing was conducted during the week of March 7 to 17. • For UG compliance audit, about 25% of the samples are yet to be provided to EY. 	<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 • Final reconciliation with State and National adjusting JV's • Court case judgements
2	Chuuk Public Utilities Corporation		Audit completed and issued on October 18, 2024

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"> 85% of the audit procedures were completed. EY request client to complete the MD&A for financial statements purposes. Follow ups were made on February 22, 2025, March 14, 2025, and March 31, 2025, no response has been received. The estimated time of completion date is on the last week of April 2025, contingent upon the receipt of remaining pending items. 	<ul style="list-style-type: none"> MD&A
4	Chuuk State Housing	<ul style="list-style-type: none"> 80% of planning completed. Chuuk State has yet to provide detailed loan receivables schedule. EY is following up and hope to make a visit once in Chuuk. 	<ul style="list-style-type: none"> Loan receivables and control ledger
Kosrae State Government and Component Units			
1	Kosrae State Government	<ul style="list-style-type: none"> Final stages of planning and progress is approximately 90%. CSLEDGER, TB, and payroll have been received. KSG continues to post journal vouchers to the general ledger. Client planning meeting occurred first week of March Fieldwork or onsite testing commenced on March 27, 2025. Uniform guidance data are still being provided by the client as of date 	<ul style="list-style-type: none"> Reconciliation of accounts balances between States and National confirmation for revenue sharing, compact/grants assistance funds and other receivables from National Government.
2	Kosrae Port Authority	<ul style="list-style-type: none"> The draft report has been submitted for NOPA review on April 2, 2025. Audit is expected to be finalized by mid-April 2025. 	<ul style="list-style-type: none"> Attorney letters Completion of subsequent event procedures
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> EY received the loans portfolio and other documents on March 26, 2025 	<ul style="list-style-type: none"> Explanation and supporting claculaiton on additional entries

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<p>related to grant revenue</p> <ul style="list-style-type: none"> • HRDA and EDA RLF loans roll forward and interest income variance • New loan requests for all 10 samples • Existing loan requests for all 31 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"> • 67% of preliminary documents have been submitted. • The Due To and Due From balances across all funds have been reviewed and any differences have been reconciled. • Cut-off procedures and testing of bank reconciliations are currently in progress. • Ongoing testing of loans and investments. • The majority of SEFA have been traced to the general ledger, with no significant discrepancies noted to date. • Major program determination and program design procedures are underway and extracting federal expenditure data for sampling purposes. 	
2	Pohnpei State Housing Authority	<ul style="list-style-type: none"> • The financial statements and compliance report are complete • Anticipate issuing the audit report within the next week. 	<ul style="list-style-type: none"> • MD&A
3	Pohnpei State Port Authority	<ul style="list-style-type: none"> • Final statements are complete 	<ul style="list-style-type: none"> • Pending final adjustments related to leases.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> • <i>TB has been received and in the process of uploading the data into the audit software.</i> • <i>The list of requested audit documentation has been submitted.</i> • <i>Preliminary planning procedures and revenue analysis have been commenced.</i> 	
Yap State Government and Component Units			
1	Yap State Government	<ul style="list-style-type: none"> • <i>Preliminary TB has been received, but will not be entered into BCM's audit software, since there will be post-closing adjustments from the finance team at YSG.</i> • <i>Schedule of expenditures of federal awards being received and have made determination of which programs will need to be subjected to substantive and compliance testing.</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>Testing have been completed.</i> • <i>Financial statements have been drafted and are being reviewed by the audit manager.</i> • <i>Draft has been provided to YSPSC.</i> • <i>The report is expected to be finalized this month.</i> 	
4	Yap Visitors Bureau	<ul style="list-style-type: none"> • <i>TB has been received, and a list of schedules will be provided next week.</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,



Hasep 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