



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

P.O. Box PS-05, Palikir, Pohnpei FSM 96941

Tel: (691) 320-2862/2863 Fax: (691) 320-5482

CID Hotline: (691) 320-6768; Website: www.fsmopa.fm

Facebook: FSM Office of the National Public Auditor; E-mail: info@fsmopa.fm

Monday, March 2, 2026

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 2024 single audits as of February 28, 2026. This report is based on information received from our contracted auditors, Ernst & Young LLP, Burger Comer Magliari CPAs (BCM), and Shinoda CPA. It covers the progress of audits for the FSM National Government, States of Chuuk, Kosrae, Pohnpei, and Yap, including 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>Milestone was initially submitted to the client on December 8, 2025 and revised milestone was submitted on January 26, 2026.</i> • Client has submitted as of February 26, 2026: <ul style="list-style-type: none"> ○ <i>Updated Trial Balance was provided on February 19, 2026.</i> ○ <i>SEFA was provided on January 29, 2026.</i> ○ <i>Appropriation laws and supplemental appropriation</i> ○ <i>Bank reconciliation for GAF and DAEF and sector bank statements were provided on</i> 	<ul style="list-style-type: none"> • Remaining grant awards and related extensions • Final reconciled TB and GL

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>January 23 and on February 25, 2026.</i></p> <ul style="list-style-type: none"> ○ <i>Fixed income schedules categorized by investment provided on January 23, 2026.</i> ○ <i>Detailed schedule of revenue share payable to the FSM, along with detailed schedule of revenue share provided on January 26, 2026</i> ○ <i>Independent auditor's report and compact trust investment schedule provided on January 27, 2026.</i> ○ <i>Fishing rights fees provided on January 26, 2026.</i> ○ <i>Compact trust fund earnings distribution statement provided on January 27, 2026.</i> ○ <i>Lease schedule was provided on January 27, 2026.</i> ○ <i>Budgetary statement report provided on January 27, 2026.</i> ○ <i>Deferred revenue provided on January 27, 2026.</i> ○ <i>Listing of time certificates of deposit and outstanding checks listing for the bank checking account provided on January 28, 2026.</i> ○ <i>Payroll report provide on January 29, 2026.</i> ○ <i>Reconciliation of payable to the States for</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>federal programs was provided on February 2, 2026.</i></p> <ul style="list-style-type: none"> ○ <i>Copy of FY2024 COMBAL-comprehensive schedule of compact sector cash deposits from US treasury was provided on February 4, 2026.</i> ○ <i>Copies of FY2024 earnings distribution statement was provided on February 4, 2026.</i> ○ <i>Copy of final FY2024 FSM Portfolio was provided on February 4, 2026.</i> ○ <i>Annual and sick leave payable register as of September 30, 2024 was provided on February 16, 2026.</i> ○ <i>Analysis of allowance for doubtful accounts; bad debts allowance calculation was provided on February 16, 2026.</i> ○ <i>Schedule of construction- in-progress was provided on February 4, 2026.</i> ○ <i>Capital assets- detailed register was provided on February 16, 2026.</i> ○ <i>Schedule of open encumbrance- OTENFUND reported provided on February 23, 2026.</i> <ul style="list-style-type: none"> ● <i>EY comments/observations on what client provided above meaning are</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>schedules/documents acceptable “ audit read” or not acceptable.</i></p> <ul style="list-style-type: none"> ○ <i>EY team identified discrepancies in the interfund and opening balances and returned them to the client.</i> ○ <i>EY team identified that the CSLEDGER submitted on February 19, 2026, was not the correct CSLEDGER report.</i> ○ <i>EY team identified discrepancies in amounts passed to subrecipients reported in the SEFA, as a result the SEFA was returned for correction on February 6, 2026.</i> ○ <i>FY2024 appropriation laws and supplemental appropriations are acceptable.</i> ○ <i>EY team is still reviewing the bank reconciliation and bank statements for completeness. However, the EY team provided bank confirmation templates for FSMNG’s signature on January 28, 2026, for the significant banks, using prior year samples as a reference.</i> ○ <i>As from fixed income schedules to Schedule of open encumbrances; these schedules were not acceptable sine EY</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>has identified discrepancies in the TB related to interfund and opening balances which might affect FY2024 balances.</i></p> <ul style="list-style-type: none"> • <i>What client has not submitted by milestone deadline as of February 26, 2026:</i> <ul style="list-style-type: none"> ○ <i>Reconciled TB and GL</i> ○ <i>Accounts receivable and aging schedule</i> ○ <i>Loans receivable and taxes receivable</i> ○ <i>Advances employee travel schedule</i> ○ <i>A/P other not on subledger and A/P not on subledger</i> ○ <i>Accounts payable and aging</i> ○ <i>Loans payable</i> ○ <i>Prepayments and other assets</i> ○ <i>SPAF/ Schedule of prior audit findings</i> ○ <i>For ALN 15.875 federal award documents effective in FY2024, including terms and conditions and guidance for grant administration, including advice of allotment. For grants awarded prior to FY2024 that were still in effect as of 9/30/2024, please provide copies of the grant awards, terms and conditions, and related extensions, as applicable.</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> ○ <i>Correspondence from the grantor agency in FY2024 relative to the administration of the program, including waivers.</i> ○ <i>Copy of the compact agreement and related amendments applicable to FY2024, including JEMCO resolutions.</i> ○ <i>Listing of program drawdown requests applicable for FY2024, including date and amount of request.</i> ○ <i>Schedule of receipts and deposits of program funds in FY2024.</i> ○ <i>Copies of the latest physical inventory performed for federally funded equipment as of 9/30/2024.</i> ○ <i>Matching, level of effort, and earmarking requirements, if any.</i> ○ <i>List of purchase orders and contracts that were transacted/awarded to vendors in FY2024 that are funded by the program.</i> ○ <i>Schedule of program income receipts and disbursements in FY2024, if any.</i> ○ <i>Copies of federal financial reports, SF-425 reports, and other required reports applicable for FY2024.</i> ○ <i>List of subrecipients in FY2024, including</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>corresponding amounts passed through, if applicable.</i></p> <ul style="list-style-type: none"> ○ <i>Supporting documents for the selected walkthrough samples under ALN 15.875.</i> ● <i>What is due from client per milestone by the following week ending March 6 (including anything that is late):</i> <ul style="list-style-type: none"> ○ <i>Reconciled TB and GL</i> ○ <i>To start compiling supporting documents for onsite testing from samples sent by EY.</i> ○ <i>Schedules, documents and reports that are not yet provide based on the list above.</i> ● <i>What EY is able to work on based on “audit ready” schedules:</i> <ul style="list-style-type: none"> ○ <i>EY team sent bank confirmations template to the client for signature. EY team has not made any progress on the schedules provided since EY is still waiting for the client to provide reconciled TB and GL.</i> ○ <i>EY team made an initial request for the walkthrough samples under ALN 15.875 on February 9, 2026.</i> 	
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> ● <i>Based on the correspondence on February 20, 2026 with the financial advisor, CIA has made progress on the year-end closing adjustments but still have several</i> 	<ul style="list-style-type: none"> ● Revised TB

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>areas that it is working towards completion.</i></p> <ul style="list-style-type: none"> • <i>Entity is targeting to provided updated trial balance by March 15, 2026.</i> • <i>Audit commencement date will need to be determined upon receipt of revised trial balance.</i> 	
3	College of Micronesia, FSM		Audit completed and issued on January 29, 2026.
4	FSM Development Bank		Audit completed and issued on May 12, 2025.
5	MiCare Plan	<ul style="list-style-type: none"> • <i>MiCare submitted majority of preliminary audit requests on the 3rd week of January 2026.</i> • <i>During February 2026, EY checked audit schedules, selected samples and requested supporting documents. A status meeting with the entity Administrator and CFO is held on February 26, 2026 to discuss the list of pending schedules and documents and audit timeline.</i> 	<ul style="list-style-type: none"> • <i>List of pending schedules and documents</i>
6	National Fisheries Corporation	<ul style="list-style-type: none"> • <i>During February 2026, EY met with the CEO and CFO to officially kick off the audit and discussed the preliminary issues encountered for both parties to progress with the audit.</i> • <i>EY has also identified multiple errors in the accounts ongoing testing particularly in receivables, inventories, investments, revenues and various expenses.</i> • <i>EY is having discussions with the CFO to correct the errors in order to arrive to a more reasonable adjusted balance.</i> • <i>EY received the journal entries during fieldwork in February and is performing required procedures to test the completeness and foll forward of such to the provided preliminary trial balances.</i> 	<ul style="list-style-type: none"> • <i>List of outstanding requests</i>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • Revenues and expenses sample selection will progress after such completeness testing is done. • Required confirmation of receivables is also pending due to the errors noted as discussed above. • EY will continue to communicate and send a list of outstanding requests to NFC every two weeks starting March until completion of the audit. 	
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> • Audit planning procedures commenced, and audit fieldwork took place from February 2 to 20, 2026. • A list of critical open schedules and information requests have been submitted to the entity on February 20, 2026. • Fieldwork will resume when requests have been substantially provided. 	<ul style="list-style-type: none"> • List of critical open schedules and information
8	FSM Social Security Administration		Audit completed and issued on December 12, 2025
9	Telecommunication Cable Corporation		Audit completed and issued on November 21, 2025
10	FSM Telecommunication Corporation		Audit completed and issued on January 8, 2025
11	Telecommunication Regulation Authority		Audit completed and issued on September 30, 2025
Chuuk State Government and Component Units			
1	Chuuk State Government	<ul style="list-style-type: none"> • Milestone submitted to the client on December 8, 2025. • What client submitted by milestone deadlines as of February 26, 2026: <ul style="list-style-type: none"> ○ Preliminary TB and GL report provided on December 5, 2025. ○ SEFA was provided on December 18, 2025, notes 	<ul style="list-style-type: none"> • Remaining grant awards and extension • Final reconciled TB and GL.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>to SEFA provided on January 20, 2026.</i></p> <ul style="list-style-type: none"> ○ <i>SPAF provided on January 22, 2026.</i> ○ <i>Some grant awards were provided on December 18, 2025.</i> ○ <i>CSG FMR provided on January 9, 2026.</i> ○ <i>Compact agreement and related amendments provided on January 16, 2026.</i> ○ <i>Copies of federal financial reports, SF-425 reports provide on January 22, 2026.</i> ○ <i>Walkthrough samples for direct cost, equipment, cash management, procurement and special testing requirements provided on February 4, 2026.</i> ○ <i>Bank reconciliations provided on December 23, 2025.</i> ○ <i>Schedule of ADB loan payable roll forward provided on December 23, 2025.</i> ○ <i>Listing of all bank wire transfer transactions provided on December 23, 2025.</i> ○ <i>Fixed asset register provided on January 13, 2026.</i> ○ <i>Schedule of FY24 revenue share provided on January 25, 2026.</i> ○ <i>Copy of latest physical inventory conducted for federally funded equipment provided on January 13, 2026.</i> ○ <i>Matching level effort, and earmarking</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>requirements, if any. Response provided on 2/20/2026.</i></p> <ul style="list-style-type: none"> ○ <i>Schedule of program income receipts and disbursements in FY2024, if any. Response provided 2/20/2026.</i> ○ <i>List of subrecipients in FY2024, including corresponding amounts passed through, if applicable. Response provided on 2/20/2026.</i> ○ <i>List of newly hired employees with FY2024 provided January 30, 2026.</i> ○ <i>List of program personnel and related contact information</i> ○ <i>Final fixed asset register sorted by funding source, department/location, acquisition date, tag number, location, useful life, original cost, accumulated depreciation, FY2024 depreciation expense, accumulated depreciation at 9/30/2024, net book value, and working condition. This schedule was provided on 2/16/2026.</i> <ul style="list-style-type: none"> • <i>EY comments/observations on what client provided above (meaning are schedules/documents acceptable “audit read” or not acceptable):</i> <ul style="list-style-type: none"> ○ <i>EY team identified several significant unreconciled accounts and returned them to the client.</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> ○ <i>The EY team noted transactions that appear to be charged to prior year grant awards and communicated to client on January 27, 2026.</i> ○ <i>Notes to SEFA was acceptable.</i> ○ <i>The SPAF in under EY's secondary review.</i> ○ <i>The grant awards provided were acceptable. Pending remaining grant awards and the related extensions.</i> ○ <i>The CSG FMR documents was acceptable.</i> ○ <i>Compact agreement and related amendments applicable to FY2024 was acceptable.</i> ○ <i>Some walkthrough samples have not been provided.</i> ○ <i>SF-425 report and its underlying accounts records were acceptable.</i> ○ <i>For bank reconciliations to copies of latest physical inventory, these schedules were not acceptable since EY is still waiting for the final and reconciled TB and GL. Team don't have the comfort to rely on the completeness of the schedule.</i> ○ <i>For matching level of effort to final fixed asset register responses and schedules were acceptable.</i> ● <i>What client has not submitted by milestone deadline as of February 26, 2026:</i> <ul style="list-style-type: none"> ○ <i>Final and reconciled TB and GL</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> ○ Copy of unaudited financial report as of 9/30/2024. ○ Copy of FY2024 estimated revenues. ○ Grantor (JEMCO) approved budget for FY24 compact sector grants. ○ Final copy of fund status report- revenue and expense for all funds (GLSTA) ○ Final copy of fund status report-revenue and expense summary (fund summary) ○ Final copy of CSACDTL ○ Final copy of GLTBONE ○ Schedule of revenue share received per revenue account as of 9/30/2024 include revenue share garnished or withheld by the national government and copies of bank statements showing bank deposits. ○ Schedule of federal programs (fund 20 & 21) cash received sorted by program as of 9/30/2024 and copies of bank statements showing bank deposits. ○ Photocopy of October 2024, November 2024, and December 2024 bank statements for all checking accounts. ○ Schedule of investment earnings from investment managed by the FSM National Government. ○ Aging schedule of general receivables sorted by invoice date, fund, customer, and amount. 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> ○ <i>Aging schedule of state sales taxes receivables sorted by invoice date, fund reference no., customer and amount.</i> ○ <i>Aging schedule of federal grants receivables- fund 20 & 21 sorted by date on the billing/invoice, program account, and amount.</i> ○ <i>Aging schedule of compact sector grants receivable sorted by grant year, fund, and amount.</i> ○ <i>Aging schedule of travel advance receivable (GL account 2210, 2250) sorted by billing/invoice/obligation date, fund, customer, and amount.</i> ○ <i>Detailed schedule of allowance for doubtful accounts (acct. 2211) sorted by fund, customer name, and amount.</i> ○ <i>A copy of the general ledger reconciliation of account 1999.</i> ○ <i>Detailed schedule of accounts payable (acct. 3111, 3210, 3240, 3245, 3246, 4250) sorted by date of vendor invoice, vendor name, obligation number, and amount.</i> ○ <i>Aging schedule of deferred revenue (acct. 3710) sorted by cash receipt date, fund, and amount.</i> ○ <i>Detailed fund ware report of all unliquidated obligations as of 9/30/2024; sorted by fund, obligation number, vendor name, amount, etc.</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> ○ Correspondence from the Grantor agency in FY2024 relative to the administration of the program, including waiver. • What is due from client per milestone by the following week ending March 6, 2026 (including anything that is late): <ul style="list-style-type: none"> ○ final and reconciled TB And GL ○ provide support for UG samples requested. ○ Schedules, documents, and reports that are not yet provided based on the listing above. • What EY is able to work on based on "audit ready" schedules: <ul style="list-style-type: none"> ○ Bank confirmations for all samples have already by received, along with the bank replies. ○ EY team was able to send the fraud inquiries to the management. ○ EY team was able to document and do procedures in relation to the schedule of prior audit findings. ○ EY team was able to send the walkthrough samples for direct cost, equipment, cash management, procurement and special testing requirements on February 4, 2026. ○ EY team already tested the federal financial reports, SF-425 reports, and other required reports applicable for FY2024. ○ EY team made an initial request for the 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p>walkthrough samples regarding equipment on January 29, 2026.</p> <ul style="list-style-type: none"> ○ EY team also made an initial request for the walkthrough samples regarding direct cost (nonpayroll) requirements on January 30, 2026. ○ EY team made an initial request for direct cost (payroll) requirement on February 23, 2026. ○ Based on responses from CSG, EY team was able to finalize all compliance requirements needed to be tested this fiscal year. ○ EY team made an initial request for the walkthrough of samples for special testing requirements on annual performance evaluations on February 23, 2026. ○ EY team was able to send out test of controls and compliance for the following requirements: procurement, special testing, direct cost (payroll and nonpayroll), and equipment. ○ EY team has not made any progress on the remaining schedules provided since EY is still waiting for the client to provide the final and reconciles TB and GL. 	
2	Chuuk Public Utilities Corporation		Audit completed and issued on December 17, 2025
3	Chuuk State Health Care Plan	<ul style="list-style-type: none"> • Preliminary trial balance has been received from CSHCP on February 6, 2026. 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • Upon review, Shinoda CPA noted that the FY2024 beginning net position appears to be overstated by \$238,751. • Shinoda CPA requested that manage resubmit a corrected trial balance after obtaining the final audited FY2023 balances from the predecessor auditor (EY) and making the necessary corrections. • Shinoda CPA has yet received the revised trial balance. 	
4	Chuuk State Housing	<ul style="list-style-type: none"> • Audit commencement date to be determined. 	
Kosrae State Government and Component Units			
1	Kosrae State Government	<ul style="list-style-type: none"> • During the month of February, a team of auditors was sent to Kosrae for a full week. • The team met with the heads of the agencies. • Numerous supporting documents were scanned for the sample items selected. • Testing sample items was being conducted all month. • The attached shows the pending items as of February 25, 2026. 	<ul style="list-style-type: none"> • Samples for continued testing.
2	Kosrae Port Authority	<ul style="list-style-type: none"> • Provided is various procedures as of February 13, 2026. 	<ul style="list-style-type: none"> • Bank statements • Investments • Prepaid insurance • Lease receivables • Accounts receivable aging schedule • Property and equipment • Accounts payable aging schedule • Revenues • Expenditures • Salaries and wages • Accrued vacation • Accrued payroll

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> • <i>Provided is various procedures as of February 13, 2026.</i> 	<ul style="list-style-type: none"> • Schedules and related documents.
4	Kosrae Utilities Authority	<ul style="list-style-type: none"> • <i>Provided is various procedures as of February 13, 2026.</i> 	<ul style="list-style-type: none"> • Bank confirmation • Time certificate of deposits confirmation letter • Confirmation letter for investments • Travel advance schedules • Other non-current assets • Salaries and wages supporting documents. • Payroll supporting documents.
Pohnpei State Government and Component Units			
1	Pohnpei State Government	<ul style="list-style-type: none"> • Fieldwork status: <ul style="list-style-type: none"> ○ <i>Single audit test items (excluding payroll) requested February 13, 2026; testing is ongoing.</i> ○ <i>Payroll sample determination (revised target; march 2, 2026)</i> ○ <i>Financial statement sample selections ongoing (target; March 2, 2026)</i> ○ <i>Bank reconciliation and investment testing ongoing</i> ○ <i>Revenue, long-term debt, accounts payable detailed testing ongoing.</i> ○ <i>General and revenue analytical procedures underway.</i> • Capital assets; <ul style="list-style-type: none"> ○ <i>Capital asset register expected by February 27,</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>2026. Federal and non-federal sample determination pending completeness review. Delay in capital asset register receipt may affect federal compliance testing and reporting timelines.</i></p> <ul style="list-style-type: none"> • Single audit compliance: <ul style="list-style-type: none"> ○ <i>Payroll compliance sampling remains the primary outstanding compliance driver. If payroll support schedules are delayed, completion timing may shift.</i> • Risk indicator: <ul style="list-style-type: none"> ○ <i>If payroll support schedules are delay, completion timing may shift.</i> • Financial statement preparation: <ul style="list-style-type: none"> ○ <i>Preliminary drafting of financial statements is ongoing and remains aligned with audit timelines.</i> 	
2	Pohnpei State Housing Authority	<ul style="list-style-type: none"> • Fieldwork status: <ul style="list-style-type: none"> ○ <i>Major loan testing completed.</i> ○ <i>Findings communicated to management; responses pending</i> ○ <i>Four loan files remain outstanding.</i> ○ <i>Journal entry and subsequent disbursement testing nearing closure.</i> ○ <i>Allowance and interest income analytics expected to generate proposed audit adjustments.</i> • Risk indicator: 	<ul style="list-style-type: none"> • Findings responses • State AG representation letter • One fraud risk response outstanding • Four missing loan files- if not provided, will be reported as findings

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> ○ <i>If the State AG representation letter is delayed, issuance may be impacted.</i> ● Financial statement preparation: <ul style="list-style-type: none"> ○ <i>Preliminary drafting is ongoing and aligned with audit timelines.</i> 	
3	Pohnpei State Port Authority	<ul style="list-style-type: none"> ● Fieldwork status: <ul style="list-style-type: none"> ○ <i>Onsite detailed testing is substantially completed.</i> ● Remaining procedures: <ul style="list-style-type: none"> ○ <i>Fixed assets- depreciation recalculation and fixed asset testing initial review completed; results under internal review</i> ○ <i>Leases- worksheet rollforward, review of management's proposed CAJE, and detailed assessment ongoing. Completion date to be determined. No significant pending items as of this time.</i> ○ <i>Accrued compensated absences- near completion, awaiting documentation of certain board decisions.</i> ○ <i>Retirement plan contributions- near completion, awaiting verification of administrative fees.</i> ○ <i>Contractual services- awaiting revised service schedule.</i> ● <i>Excluding the above areas, there are no significant pending items.</i> ● Financial statement preparation: <ul style="list-style-type: none"> ○ <i>Preliminary drafting is ongoing and currently</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>aligned with projected timelines.</i>	
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> • Fieldwork status: <ul style="list-style-type: none"> ○ <i>General preliminary analytical review procedures are ongoing.</i> ○ <i>Accounts receivable allowance substantive analytical procedures are ongoing.</i> ○ <i>Revenue substantive analytical procedures are ongoing.</i> ○ <i>Planning procedures and risk assessment activities are ongoing.</i> ○ <i>Walkthrough cycle updates are ongoing.</i> ○ <i>Six or ten financial audit test requests were sent on February 26, 2026. Remaining test determinations are in progress (one pending supporting schedule)</i> ○ <i>Fixed asset ledger received; review and completeness verification pending.</i> • Internal control documentation: <ul style="list-style-type: none"> ○ <i>Walkthroughs and control testing remain in early stages and require continued client coordination to meet planned audit milestones.</i> • Risk indicator: <ul style="list-style-type: none"> ○ <i>As testing is in earlier phases relative to other units, timely receipt of schedules is critical to maintaining timeline.</i> 	<ul style="list-style-type: none"> • <i>Timely receipt of requested schedules and supporting documentation.</i>

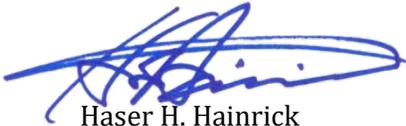
No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p>Over all audit timeline assessment:</p> <ul style="list-style-type: none"> • <i>Based on current progress, fieldwork across reporting units continues to advance. The primary risk factors related to:</i> <ul style="list-style-type: none"> ○ <i>Timely receipt of capital asset documentation (PSG and PUC)</i> ○ <i>Completion of single audit payroll sampling (PSG)</i> ○ <i>Receipt of remaining loan files (PSHA)</i> ○ <i>Finalization of lease accounting assessments (PPA)</i> ○ <i>Completion of fraud risk responses and State AG representation</i> <p>At this time, audit completion remains achievable within planned timelines, provided outstanding documentation is received and reviewed timely.</p>	
Yap State Government and Component Units			
1	Yap State Government	<ul style="list-style-type: none"> • <i>BCM recently re-issued the FY2023 audited financial statements for YSG.</i> • <i>Awaiting the Trial Balance</i> • <i>BCM was informed that the FY2024 TB can not be produced until the National Government proves three schedules to the YSG team.</i> 	<ul style="list-style-type: none"> • Trial balance • schedules
2	Yap Diving Seagull Inc.		Audit completed and issued on January 8, 2026.
3	Yap State Public Service Corporation	<ul style="list-style-type: none"> • <i>BCM re-issued the FY2023 audited financial statements.</i> • <i>For FY2024, year-end inventory was conducted.</i> • <i>BCM has completed the input of the TB, the preliminary analytical review, the risk assessment, the materiality calculation, and have been conducting testing of</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>sample items during the month of February.</i> <ul style="list-style-type: none"> • 	
4	Yap Visitors Bureau	<ul style="list-style-type: none"> • <i>TB was provided.</i> • <i>BCM is proceeding with input and preliminary analytical review and risk assessment and materiality calculation.</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 H. Hainrick
Acting National Public Auditor

JP

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