



# 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; E-mail: hhainrick@fsmopa.fm

March 3, 2011

Excellency Manny Mori, FSM President  
Honorable John Ehsa, Governor of Pohnpei State  
Honorable Wesley Simina, Governor of Chuuk State  
Honorable Sebastian Anefal, Governor of Yap State  
Honorable Lyndon H. Jackson, Governor of Kosrae State

Dear Mr. President and Mr. Governors:

The following is the report on the status of the 2011 Single Audit for FSM as of February 28, 2011 based on information received from Deloitte & Touche (DT) and Fortenberry & Ballard (FB).

### FSM NATIONAL GOVERNMENT AND COMPONENT UNITS:

1. FSM National Government: Field work is currently ongoing. DT is awaiting final determination if CFDA 93.959 and 93.958 will be audited as major programs. These two programs are Type B federal programs: however, such were requested by the Grantor Agency to be audited as major programs.
2. College of Micronesia-FSM: DT is performing compliance testing and substantive procedures based on preliminary trial balances and related supporting schedules. DT is about 75% complete with such audit procedures.
3. National Fisheries Corporation – Preliminary trial balances were provided to DT on January 31, 2011. DT commenced fieldwork and is 70% completed with such.
4. MiCare Plan, Inc.: DT has substantially completed fieldwork. A draft report has been provided to management for the preparation of the MD&A.
5. FSM Coconut Development Authority: Draft reports have been provided to ONPA for review.
6. FSM Development Bank: DT received trial balances and some related schedules. DT is working on audit planning and preparing for fieldwork to commence March 2011.

7. FSM Social Security Administration: Substantial amount of field work has been completed. Pending accrual adjustment for first quarter contribution collections (as their year-end is 12/31/2010). To be determined on 3/15/2011.
8. Caroline Islands Air 2010 (CIA)  
The audit of Caroline Islands Airline is 50% complete. The trial balance and the general ledger are closed. The audit is past the planning and risk assessment stage.

#### CHUUK STATE GOVERNMENT AND COMPONENT UNITS:

1. Chuuk State Government: DT commenced compliance testing and is approximately 70% completed with such. DT also commenced year-end balance testing and is 60% completed with such.
2. Chuuk Public Utility Corporation: The report has been drafted and is pending resolution of one matter between the State and PUC. All else is essentially complete.
3. Chuuk State Health Care Plan: DT is about 70% completed with fieldwork.
4. Chuuk Housing Authority: Commencement of fieldwork is pending the receipt of the September 30, 2010 financial statements and supporting schedules.

#### POHNPEI STATE GOVERNMENT AND COMPONENT UNITS:

1. Pohnpei State Government: DT commenced compliance testing and is approximately 50% completed with such. DT also commenced year-end balance testing and is 50% completed with such.
2. Pohnpei State Housing Authority: Fieldwork has been substantially completed. DT is in the process of drafting reports. The major pending item is the response from the Attorney General's Office regarding legal matters relating to PSHA.
3. Pohnpei Utilities Corporation: The audit procedures have been completed and gone through preliminary partner review. Financial statements and M&DA have been drafted. PUC is working to resolve 2 pending issues that may require adjustments to the financial statements.
4. Pohnpei Port Authority: The report has been drafted and provided to Pohnpei Port Authority for the preparation of the MD&A. A list of pending outstanding matters has been provided to PPA as well.

#### KOSRAE STATE GOVERNMENT AND COMPONENT UNITS:

1. Kosrae State Government: DT commenced compliance testing and is approximately 70% completed with such. DT also commenced year-end balance testing and is 70% completed with such.
2. Kosrae Utilities Authority: Fieldwork has been substantially completed. DT is in the process of drafting reports.
3. Kosrae Port Authority: DT received a trial balance and bank reconciliation on January 29, 2011. KPA has not provided other audit requests since then. Commencement of fieldwork depends on the availability of the requested documents.

#### YAP STATE GOVERNMENT AND COMPONENT UNITS:

1. Yap State 2010 - The Audit of Yap State is 20% complete. The audit is awaiting field work stage while Yap State expects their final SEFA and closing of the financial books to be accomplished by March 10th.
2. Yap State Public Service Corporation 2010 (YSPSC) - The audit of Yap State Public Service Corporation is 100% complete.
3. Yap Visitors Bureau 2010 (YVB) - The audit of Yap Visitors Bureau is 20% complete. The audit is awaiting field work stage. The YVB engagement will be performed partially in conjunction with the audit of Yap State as the Legislature has charged Yap State with the accounting functions of that entity. Therefore the timetable of the YVB audit will follow the timetable of Yap State to a great extent.
4. The Diving Seagull 2010 - The audit of The Diving Seagull is 20% complete. The audit is awaiting field work stage. The Diving Seagull is reconciling the bank statements in order to close out the books.

A copy of this status report and all completed audit reports 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.

Respectfully submitted,



Haser Hainrick  
National Public Auditor

NY

cc: FSM Vice President  
Speaker of FSM Congress  
Speaker of Pohnpei State Legislature  
Speaker and President of Chuuk Senate & House of Representatives  
Speaker of Yap State Legislature  
Speaker of Kosrae State Legislature  
Director, SBOC  
All Finance Secretary/Directors (R.Nakanaga – Acting, T.Pablo, M.Laaw, J.Mori,  
L.Wesley - Acting)  
All State Auditors (R.Yow, A.Leben, S.Taulung)