



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Monday, May 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 April 30, 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>• <i>EY requested audit information, schedules, account reconciliations, etc on December 2, 2024.</i>• <i>Emails regarding the pending requests were sent by EY from 4/13/2025 onwards, with no reply/resolution to date.</i>	<ul style="list-style-type: none">• Reconciled Trial Balance• Due To/Due From funds are out of balance• Depreciation is materiality understated• Revenue sharing tax receivables remains unreconciled• GASB-87 leases are not able to be located in the TB• Consolidated SEFA-determination of major programs• Unaudited financial statements• General ledger transaction details-CSLEDGER FY2023

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<ul style="list-style-type: none"> • Payroll reports- PYCHKHST and PYDISTA • Detailed schedule and reconciliation of Deferred revenue- 3710 • Detailed payable schedules
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> • <i>EY has received preliminary TB and general ledger detail report on January 21, 2025.</i> • <i>EY submitted their preliminary audit requests on February 27, 2025.</i> • <i>Audit fieldwork expected to begin upon receipt of requested preliminary schedules and information, which is pending as of April 30, 2025.</i> • <i>Entity has re-engaged its advisor on April 30, 2025, who will assist and start providing audit requests so that audit work can commence by early May.</i> 	<ul style="list-style-type: none"> • Preliminary schedules and information.
3	College of Micronesia, FSM	<ul style="list-style-type: none"> • <i>Target timeline to release the reports is on or before end of May 2025.</i> • <i>Financial statement is at 95% completion.</i> • <i>MD&A revision</i> • <i>EY's completion of conclusion procedures in relation to subsequent events, overall analytical review, journal entries, disclosure checklist, and financial statements tie-out</i> • <i>PIC and EQ review of the latest FS</i> • <i>UG is at 80% completion.</i> • <i>Compliance testing for research and development cluster</i> 	<ul style="list-style-type: none"> • Samples selected for the testing of (R&D) cluster.

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> Completion of PIC and EQR's review Conclusion procedures are in progress and will be finalized upon completion of all compliance testing. 	
4	FSM Development Bank		Audit completed and issued on May 13, 2024.
5	MiCare Plan		Audit completed and issued on April 28, 2025.
6	National Fisheries Corporation	<ul style="list-style-type: none"> Updated trial balance, general ledger/journal entries, and schedules were received from the client on April 25, 2025. EY has requested documents for all selected samples, and the audit team conducts weekly follow-ups, although there has been minimal progress. 	<ul style="list-style-type: none"> PPE accounts.
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> Audit work has been substantially completed. MD&A was submitted to client initial review and preparation on February 3, 2025 and MD&A is still pending as of April 30, 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		Audit completed and issued on April 16, 2025.
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. 	<ul style="list-style-type: none"> Compact and ADB retirement investment confirmation from FSMNG Confirmation on Revenue Sharing

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> EY is planning to provide an FS draft soon. For UG compliance audit, about 25% of the samples are yet to be provided to EY. 	<ul style="list-style-type: none"> Conclusion over proper recording of unearned revenue.
2	Chuuk Public Utilities Corporation		Audit completed and issued on October 18, 2024
3	Chuuk State Health Care Plan	<ul style="list-style-type: none"> Remaining pending items were provided last April 23, 2025. Estimated completion date is on second week of May 2025, contingent upon the receipt of MD&A. 	<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		Audit completed and issued on April 30, 2025.
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 related to grant revenue

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> <i>The last follow up was made on April 30, 2025 with a more detailed summary of pending items.</i> 	<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"> <i>70% of preliminary documents have been submitted.</i> <i>The Due To and Due From balances across all funds have been successfully reconciled.</i> <i>Procedures related to cut-off testing and bank reconciliations have been completed.</i> 	<ul style="list-style-type: none"> Sample selections for both payroll and non-payroll expenditures.
2	Pohnpei State Housing Authority		Audit completed and issued on March 17, 2025
3	Pohnpei State Port Authority	<ul style="list-style-type: none"> <i>Financial statements and compliance reports have been submitted to PPA for review and preparation of the MD&A.</i> 	<ul style="list-style-type: none"> Preparation of MD&A
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> <i>Continuing of detailed analysis of accounts receivable balances and aging</i> <i>Commenced review of journal entries to assess appropriateness and identify any unusual or high-risks items.</i> <i>Begun generating sample selections for both payroll and non-payroll disbursement, which are schedules to be sent to PUC during the week of May 5th to initiate substantive testing procedures.</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
Yap State Government and Component Units			
1	Yap State Government	<ul style="list-style-type: none"> • <i>Final trial balance has been received and entering into the audit software to perform analytical review procedures.</i> • <i>Sample items have been selected for testing compliance for federal expenditures, with the exception of payroll expenses, as the transaction listing received lists total payroll charged to each fund for the payroll period.</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>Draft was prepared and submitted to YSPSC.</i> • <i>Review was done on May 5 and audit report will be issued same week.</i> 	
4	Yap Visitors Bureau	<ul style="list-style-type: none"> • <i>TB has been received, and a list of schedules has been submitted to YVB.</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

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