



# FEDERATED STATES OF MICRONESIA

## Office of The National Public Auditor

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Tuesday, August 19, 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 July 31, 2025, respectively. This report is based on information received from our contracted auditors, Ernst & Young LLP and Burger Comer Magliari CPAs (BCM). 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"><li>• Corporate tax receivable 1813, A/P not on subledger, sector drawdown payable to states have no changes.</li><li>• Detailed reconciliation of Due from FSM States.</li><li>• Detailed reconciliation of Due to FSM States.</li><li>• Schedule and reconciliation of deferred revenue.</li><li>• Aged receivable and payable schedules for accounts.</li><li>• Ongoing uniform guidance compliance procedures.</li></ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
			<ul style="list-style-type: none"> <li>Bank of China contact information.</li> <li>Bank confirmations: ANZ House Ranch Bank, Bank of America, Bank of China, Bank of Hawaii, Mizuho Bank.</li> <li>Aged advances receivable listing of accounts.</li> <li>Capital asset register.</li> </ul>
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> <li>Audit has been substantially completed with draft circulated for final review. Target to issue final report on August 8, 2025.</li> </ul>	<ul style="list-style-type: none"> <li>Receipt of signed management representation letter.</li> </ul>
3	College of Micronesia, FSM		Audit completed and issued on June 16, 2025
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"> <li>Pending confirmation replies are received on July 1, 2025.</li> <li>Preliminary draft was submitted to client on August 1, 2025 based on current balances to commence the preparation of MD&amp;A.</li> <li>Target is to finance around middle of August 2025.</li> </ul>	<ul style="list-style-type: none"> <li>Subsequent journal entries for November to December 2024</li> <li>Receivable samples supporting documents.</li> </ul>
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)		Audit completed and issued on August 5, 2025.
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



No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
<b>Chuuk State Government and Component Units</b>			
1	Chuuk State Government	<ul style="list-style-type: none"> <li>EY communicated a July 15 cut off date for the 158 samples to be provided to EY</li> <li>Samples not provided by July 15<sup>th</sup>, will result in findings and may result in a modified opinion.</li> </ul>	<ul style="list-style-type: none"> <li>MD&amp;A</li> <li>158 of samples are yet to be provided to EY for UG compliance audit.</li> </ul>
2	Chuuk Public Utilities Corporation		Audit completed and issued on October 18, 2024
3	Chuuk State Health Care Plan		Audit completed and issued on October 18, 2024
4	Chuuk State Housing		Audit completed and issued on May 15, 2025.
<b>Kosrae State Government and Component Units</b>			
1	Kosrae State Government	<ul style="list-style-type: none"> <li>Audit was completed and would be issued upon receipt of signed management representation letter.</li> </ul>	
2	Kosrae Port Authority		Audit completed and issued on April 30, 2025.
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> <li>EY targets to issue the final reports by August 15 contingent upon the receipt of pending items.</li> </ul>	<ul style="list-style-type: none"> <li>Board of Directors meeting minutes after February 2025</li> <li>Updated responses State Attorney General's office on the legal inquiry.</li> </ul>
4	Kosrae Utilities Authority		Audit completed and issued on July 17, 2024
<b>Pohnpei State Government and Component Units</b>			
1.	Pohnpei State Government	<ul style="list-style-type: none"> <li>Check register and bank statement review (duplicate check procedures) 2/3 completed.</li> <li>Ongoing lease worksheet procedures.</li> <li>Capital assets observations being performed and estimated to be completed by 8/1/2025.</li> <li>Review of State IT risk assessment and fund ware crash memorandum responses.</li> </ul>	<ul style="list-style-type: none"> <li>AG's general representation letter.</li> <li>Further information from FSMNG, that expands on the original 5-year sector reconciliation worksheet.</li> <li>Journal vouchers previously raised in May update where support cannot be found.</li> </ul>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> <li>• Review, collecting proposed client adjusting entry to FSMNG block grant receivables.</li> <li>• On track to close testing of non-grant receipts.</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Salary reconciliation entries.</li> <li>• Fund transfers</li> <li>• Identification of proper accounts to form adjustments for unreleased year-end checks.</li> <li>• FY22 TCD closing statements.</li> <li>• Cash management</li> <li>• Non-payroll disbursement findings are still open to management response.</li> <li>• Payroll testing remains ongoing</li> <li>• Special testing sliding fees</li> <li>• Reporting-all received except ALN 93.224 SF-425 requests.</li> </ul>
2	Pohnpei State Housing Authority		<b>Audit completed and issued on March 17, 2025</b>
3	Pohnpei State Port Authority		<b>Audit completed and issued on March 04, 2025</b>
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> <li>• Concluding payroll testing.</li> <li>• Testing of prepayment/inventory purchase.</li> <li>• Ongoing review of inventory CAJE.</li> <li>• Ongoing testing of inventory price selections.</li> <li>• Ongoing capital assets test.</li> <li>• Long term debt roll-forward work is near completion.</li> <li>• Ongoing bank reconciliation audit procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• Memorandum information for the disposal of old generator parts.</li> <li>• Outstanding confirmations (A/R and Deposit).</li> <li>• Determining necessary response procedures for certain ongoing litigation.</li> <li>• Accounts payable aging schedule.</li> </ul>
<b>Yap State Government and Component Units</b>			
1	Yap State Government	<ul style="list-style-type: none"> <li>• Completed compliance testing and all potential findings are submitted.</li> <li>• Selected a sample of revenues and expenditures for substantive testing.</li> </ul>	<ul style="list-style-type: none"> <li>• Finalizing the draft and providing to YSG to develop MD&amp;A.</li> <li>• Obtaining responses to all findings.</li> </ul>

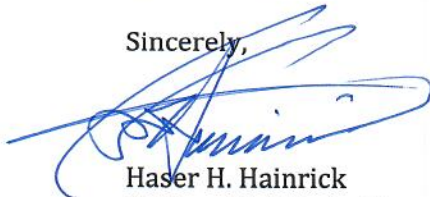


No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> <li>• A team was sent to Yap to complete fieldwork.</li> <li>• Revenues, expenses, cash, investments, payables were tested during the trip.</li> <li>• Follow up on compliance finding for FY22 and the sliding fee scale for medical services.</li> </ul>	<ul style="list-style-type: none"> <li>• Obtaining information necessary for footnote disclosure of the investments.</li> </ul>
2	Yap Diving Seagull, Inc.		Audit completed and issued on December 10, 2024.
3	Yap State Public Service Corporation		Audit completed and issued on May 2, 2025.
4	Yap Visitors Bureau	<ul style="list-style-type: none"> <li>• Team members went to Yap and performed fieldwork on YVB.</li> <li>• Findings were sent to YSG finance and awaiting their response.</li> <li>• Financial statements have been drafted and undergoing management review before submitted to YSG team for preparation of MD&amp;A.</li> </ul>	

A copy of this status report 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.

Sincerely,



Haser H. 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