



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Tuesday, February 17, 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 January 31, 2025. 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"> • Milestone was initially submitted to the client on December 8, 2025 and revised milestone was submitted on January 26, 2026. • Client has submitted as of February 5, 2026: <ul style="list-style-type: none"> ○ Preliminary TB and general ledger report ○ SEFA ○ Appropriation laws and supplemental appropriations ○ Bank reconciliation for GAF and 	<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>DAEF and sector bank statements</i></p> <ul style="list-style-type: none"> ○ <i>Fixed income schedules categorized by investment</i> ○ <i>Detailed schedule of revenue share payable to the FSM, along with detailed schedule of revenue share</i> ○ <i>Independent auditor's report and compact trust investment schedule</i> ○ <i>Fishing rights fees</i> ○ <i>Compact trust fund earnings distribution statement</i> ○ <i>Lease schedule</i> ○ <i>Budgetary statement and schedule of open encumbrances-OTENFUND report</i> ○ <i>Deferred revenue</i> ○ <i>Listing of time certificates of deposit and outstanding checks for the bank checking account</i> ○ <i>Payroll report</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • <i>Schedules/documents are acceptable and audit ready</i> • <i>Several significant unreconciled accounts have been identified and returned</i> • <i>Communication have been made to client regarding transactions that appear to be charged to prior year grant awards</i> • <i>SPAF is under secondary review</i> • <i>For items from bank reconciliation to fixed asset register were not acceptable since EY is waiting for the final and reconciled TB and GL</i> 	
2	Caroline Islands Air, Inc	<ul style="list-style-type: none"> • <i>Management submitted a preliminary TB and GL report on January 14, 2026.</i> • <i>Upon perusal, there are significant issues noted that indicate that the financial statement closing process may not have been completed.</i> • <i>List of preliminary questions/issues were provided to CIA management and financial advisor on the same day to verify if this is the final submission and EY will proceed based on the information, which will result in the same disclaimer opinion.</i> • <i>Entity informed EY that it would like to do further</i> 	<ul style="list-style-type: none"> • Revised TB

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>work and will revert as revised set at a later date.</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>Per follow up made on September 29, 2025, October 28, 2025, December 4, 2025, and January 5, 2026, entity is still working on the audit requests.</i> • <i>Entity submitted majority of preliminary audit requests on the 3rd week of January 2026.</i> • <i>EY to check audit schedules, select samples and request supporting documents.</i> 	<ul style="list-style-type: none"> • <i>Audit requests supporting documents</i>
6	National Fisheries Corporation	<ul style="list-style-type: none"> • <i>Audit team is working closely with the entity on the open items to commence the audit.</i> • <i>JEs are necessary to sample transactions for testing.</i> • <i>AR and fixed assets were received in January 2026 but with differences.</i> <ul style="list-style-type: none"> ○ <i>Seems to be related to previous year's issues that are unrecorded in the current TB provided.</i> • <i>EY has raised other requests for samples to test and letters needed to be send out for confirmation.</i> • <i>EY continuously raise requests and test whatever available</i> 	<ul style="list-style-type: none"> • <i>Journal entries</i> • <i>Receivable schedules and fixed asset register.</i>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<i>support the client can provide at this stage and conduct meeting this February 2026 with client CEO and CFO.</i>	
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	<ul style="list-style-type: none"> • Preliminary TB was received on August 18, 2025. • Preliminary audit requests submitted on August 25, 2025. • Client planning meeting was held on December 4, 2025. • Audit fieldwork is expected to take place through March and April 2026. 	
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. • Client has submitted as of February 5, 2026: <ul style="list-style-type: none"> ○ Preliminary TB and GL report ○ SEFA ○ SPAF ○ Some grant awards ○ CSG FMR ○ Compact agreement and related amendments ○ Copies of federal financial reports, SF-425 reports 	<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
		<ul style="list-style-type: none"> ○ <i>Bank reconciliations</i> ○ <i>Schedule of ADB loan payable roll forward</i> ○ <i>Listing of all bank wire transfer transactions</i> ○ <i>Fixed asset register</i> ○ <i>Schedule of revenue share</i> ○ <i>Copy of latest physical inventory conducted for federally funded equipment</i> • <i>Schedules/documents are acceptable and audit ready.</i> • <i>EY team identified several significant unreconciled accounts and returned to client.</i> • <i>Transactions appeared to be charged to prior year grant awards communicated to client.</i> • <i>SPAF is under second review.</i> • <i>Pending remaining gran awards and related extensions.</i> • <i>Schedule is still under second review.</i> • <i>From bank reconciliations to fixed asset register were not acceptable since EY is still waiting for final reconciled TB and GL.</i> 	
2	Chuuk Public Utilities Corporation		Audit completed and issued on December 17, 2025

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"> <i>FY2024 Trial Balance and related schedules have been received.</i> <i>Audit planning has begun based on the schedules provided.</i> 	
4	Chuuk State Housing	<ul style="list-style-type: none"> <i>Audit commencement date to be determined.</i> 	
Kosrae State Government and Component Units			
1	Kosrae State Government	<ul style="list-style-type: none"> <i>Continued testing of fixed assets and general fund accounts.</i> <i>BCA did send additional sample items for compliance testing.</i> <i>A team will be sent out to Kosrae in the last week of this month to continue testing.</i> 	<ul style="list-style-type: none"> Samples for compliance testing.
2	Kosrae Port Authority	<ul style="list-style-type: none"> <i>Received revised TB.</i> <i>Testing of internal controls.</i> 	<ul style="list-style-type: none"> Cash, investment, lease receivables, accounts receivable Fixed assets and aging schedule Salaries and wages, accrued vacation, accrued payroll, and travel
3	Kosrae State Housing Authority	<ul style="list-style-type: none"> <i>A revised TB has not been received.</i> <i>Majority of schedules and documents have not been received.</i> 	<ul style="list-style-type: none"> Schedules and related documents.
4	Kosrae Utilities Authority	<ul style="list-style-type: none"> <i>TB and General Ledgers have been received</i> <i>Testing of internal controls in progress, prepayment, inventory, accounts receivable, capital assets, accounts payable accrued taxes and others</i> 	<ul style="list-style-type: none"> Schedules on travel advance Schedules for noncurrent assets Salaries and wages Payroll
Pohnpei State Government and Component Units			
1	Pohnpei State Government	<ul style="list-style-type: none"> <i>Updated general ledger account mapping and initiated drafting of</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p><i>preliminary financial statements</i></p> <ul style="list-style-type: none"> • <i>Established materiality threshold for each opinion unit</i> • <i>Received majority of the single audit documentation; major programs selected an materiality determined</i> • <i>Updated audit procedures related to testing internal control over compliance federal programs</i> • <i>Performing risk assessments and developing sample selections for major programs</i> • <i>Capital asset testing is in progress with more than 50% of documentation received.</i> • <i>Walkthrough updates and preliminary procedures are ongoing</i> • <i>Single audit control and compliance samples targeted for release on February 6, 2026</i> • <i>Non-payroll testing in progress</i> • <i>Payroll testing in progress</i> • <i>Reporting and cash management compliance testing estimated completion is February 6, 2026</i> • <i>Bank reconciliation testing and investment testing remain ongoing</i> • <i>Financial statement sample selections targeted to be released by February 13, 2026</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • <i>Capital documentation is approximately 50% of requested documentation has been received.</i> • <i>Federal program compliance documentation testing depends on timely completion of walkthrough updates and control validation</i> • <i>Financial statement preparation is in preliminary drafting and is underway and currently aligned with audit timelines</i> 	
2	Pohnpei State Housing Authority	<ul style="list-style-type: none"> • <i>Major loan testing is approximately 80% completed</i> • <i>Initial testing completed for 35 of 40 loan files; four loan files remain outstanding</i> • <i>Loan disbursement testing is 90% completed</i> • <i>Receipt and subsequent collection testing is estimated to be completed by February 6, 2026</i> • <i>Subsequent disbursement review is ongoing</i> • <i>Cash, capital asset, and payroll analysis is estimated to be completed by February 6, 2026</i> • <i>Loans receivable, allowance for credit losses, and revenue testing is estimated to be completed by February 13, 2026</i> 	<ul style="list-style-type: none"> • <i>Outstanding loan files</i> • <i>Fraud risk inquiry responses and GL reconciliation</i>

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • <i>Comment and findings consolidation is ongoing</i> <p><i>Audit completion remains achievable within planned timelines, provided outstanding documentation is received timely.</i></p>	
3	Pohnpei State Port Authority	<ul style="list-style-type: none"> • <i>Cash testing estimated completion is February 6, 2026</i> • <i>Investment testing is completed</i> • <i>Capital asset testing commenced following receipt of documentation on January 23, 2026 and January 30, 2026</i> • <i>Other current assets, other assets, and accounts payable testing estimated completion is February 6, 2026</i> • <i>Accrued compensated absences review in progress</i> • <i>Nonstatistical cash receipts testing is 56% completed</i> • <i>Nonstatistical cash disbursement testing is 96% completed</i> • <i>Key item cash disbursement testing is completed</i> • <i>Revenue testing is 94% completed</i> • <i>Repairs and maintenance testing is completed</i> • <i>Subsequent disbursement testing is ongoing</i> 	<ul style="list-style-type: none"> • General journal entries • Bank statements for reconciliation testing • Accounts receivable aging reports for subsequent collections testing • Payroll analytical procedures and testing • Lease agreements and GASB 87 related adjustments • Fraud risk questionnaire responses
4	Pohnpei Utilities Corporation	<ul style="list-style-type: none"> • TB has been received and uploaded into audit software • Verified posting of FY2023 audit 	<ul style="list-style-type: none"> • Supporting schedules and sampling documentation

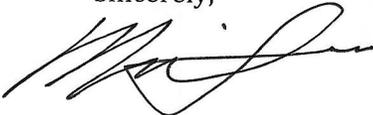
No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<p>adjustments to the general ledger</p> <ul style="list-style-type: none"> • Preliminary analytical review and procedures have commenced • Planning procedures and risk assessment activities are ongoing • Requested supporting schedules and documentation for sampling and control testing • Developing sample selections for substantive testing and compliance testing • Various schedules were received January 31st <p>At this time, audit completion remains achievable within planned timelines, provided outstanding documentation is received timely</p>	
Yap State Government and Component Units			
1	Yap State Government	<ul style="list-style-type: none"> • <i>TB will be provided by January 31, 2026.</i> • <i>BCA has been working on the final version of the FY2023 report after receiving review comments from the YSG team.</i> • <i>BCA was informed that the FY2024 trial balance cannot be produced until National Government provides the three schedules to the YSG team.</i> 	<ul style="list-style-type: none"> • Trial balance
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>Year-end inventory was conducted.</i> 	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		<ul style="list-style-type: none"> • <i>Trial balance has been received.</i> • <i>Continued audit fieldwork.</i> 	
4	Yap Visitors Bureau	<ul style="list-style-type: none"> • <i>Awaiting the trial balance for FY2024</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,



Midson Tom
Acting 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