Dear Mr. President & Mr. Governors:

The following is the report on the status of the 2006 Single Audit for FSM as of April 30, 2007.

**FSM NATIONAL GOVERNMENT:**

1. FSM National Government – It is about 83% complete. D&T is communicating with the Department of Finance & Administration concerning the remaining open items.

2. FSM Telecommunications Corporation – Done and final report has been issued.

3. The FSM Development Bank has received a draft report and it is estimated that this audit is 97% completed.

4. The FSM Coconut Development Authority fieldwork has been completed and the file is in partner review. It is estimated that this audit is 95% completed.

5. FSM National Fisheries Corporation. The 2004 and 2005 audit reports have been finalized and issued with copies posted on www.fsmpublicauditor.fm. The 2006 engagement is approximately 20% completed and the hired consultants are working to obtain requested information.

6. FSM Social Security: The entity has received the draft report and it is estimated that this audit is 97% completed.

7. MiCare - It is estimated that this audit is 75% completed.

8. COM FSM – It is estimated that this audit is 90% completed.
KOSRAE STATE GOVERNMENT

1. Kosrae State Government – The audit is about 98% completed. The draft report has been given to Kosrae State for review.

2. Kosrae Utility Authority - The audit is approximately 90% completed.

3. Micronesia Petroleum Corporation - The audit is approximately 90% completed.

POHNPÉI STATE GOVERNMENT

1. Pohnpei State Government – The audit is about 84% completed. The whole draft report will be given to Pohnpei State by Friday, May 11, 2007.

2. Pohnpei Port Authority – Done and final report has been issued.

3. Pohnpei Utilities Corporation – Done and final report has been issued.

4. Pohnpei Fisheries Corporation - This audit is approximately 80% completed.

5. Pohnpei State Housing Corporation - This audit is approximately 95% completed.

CHUUK STATE GOVERNMENT

1. Chuuk State Government – This audit is about 35% completed.

2. Chuuk Public Utility Corporation - A new controller has been brought on board and with the assistance of John Schnebly, we are hopeful that financial statements for this entity may be ready shortly.

3. Chuuk State Housing Authority - We are hopeful that financial statements for this entity will be available shortly.

4. Chuuk State Health Care Plan - This audit is scheduled to commence at the second week of May, at which time our requested information should be available.

YAP STATE GOVERNMENT

1. The State is still reconciling its trial balance and this process is supposed to continue through next week. The audit process at the State is supposed to commence next week. The audit status as of April 30 is the same as for March 31st, which is about 30% completed.

2. Diving Seagull, Inc. – Done and the final report has been issued.
3. Yap State Public Services Corporation – Done and the final report has been issued.

The open items for each of the five Government entities have already been sent to the Finance Directors directly by the auditors. The final audit reports for the entities whose FY-06 audits have already been completed are posted on the FSM Public Auditor’s website at www.fsmpublicauditor.fm. Should you have any questions concerning the above, please let us know.

Sincerely,

[Signature]

Haser Hainrick
National Public Auditor

Xc: FSM Vice President
Speaker of FSM Congress
Speaker of Pohnpei Legislature
Speaker and President of Chuuk Senate & House of Representatives
Speaker of Yap Legislature
Speaker of Kosrae Legislature
Director, Office of Compact Management
All Finance Secretary/Directors (I. Joseph, F. Perman, M. Laaw, & W. Bisalen)
All State Auditors (G. Gootinan, A. Leben & M. Tosie)