



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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April 6, 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 March 31, 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 and requested documents are still forthcoming. A preliminary list of pending items was provided around the end of February and another in mid-March and clearing of such is still ongoing. DT is also awaiting final determination as to whether 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 substantially completed field work and has started drafting the reports.
3. National Fisheries Corporation – Preliminary trial balances were provided on January 29, 2011. DT commenced fieldwork and is 75% completed with such.
4. MiCare Plan, Inc.: The audit reports are presently being finalized.
5. FSM Coconut Development Authority: Final audit reports have been issued.
6. FSM Development Bank: DT commenced fieldwork of year-end balance testing.
7. FSM Social Security Administration: Fieldwork is in progress and should be completed by the end of the second week of April.

8. FSM Petroleum Corporation: The audit reports are presently being finalized.
9. Caroline Islands Air 2010 (CIA): The audit of Caroline Islands Air is 90% complete. Subsequent events are being performed and the report is being prepared.

CHUUK STATE GOVERNMENT AND COMPONENT UNITS:

1. Chuuk State Government: DT commenced compliance testing and is approximately 75% completed with such. DT also commenced year-end balance testing and is 70% completed with such.
2. Chuuk Public Utility Corporation: DT agreed with the final numbers and is awaiting the MD & A at which time the report will be ready for final review.
3. Chuuk State Health Care Plan: DT is about 75% 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 60% completed with such. DT also commenced year-end balance testing and is 60% completed with such.
2. Pohnpei State Housing Authority: DT is in the process of drafting reports.
3. Pohnpei Utilities Corporation: The final adjustment has been posted with open items cleared. Pending audit partner's review.
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 matters has been provided to PPA also.

KOSRAE STATE GOVERNMENT AND COMPONENT UNITS:

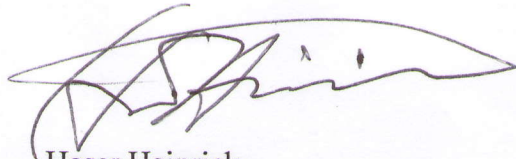
1. Kosrae State Government: DT commenced compliance testing and is approximately 85% completed with such. DT also commenced year-end balance testing and is 85% completed with such.
2. Kosrae Utilities Authority: DT is in the process of finalizing the audit reports for issuance.
3. Kosrae Port Authority: DT completed the fieldwork and has started drafting the reports.

YAP STATE GOVERNMENT AND COMPONENT UNITS:

1. Yap State 2010: The Audit of Yap State is 30% complete. The audit is awaiting field work stage. Yap State expects their final SEFA by the end of the week and closing of their financial books is 54% accomplished.
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 30% complete. The audit is awaiting field work stage. The YVB engagement will be performed partially in conjunction with the audit of Yap State. Therefore the timetable of the YVB audit will follow the timetable of Yap State to a great extent as the State handles the accounting for the Yap Visitors Bureau.
4. The Diving Seagull 2010: The audit of The Diving Seagull is 50% complete and is progressing. The books are closed and the trial audit and supporting schedules have been received. On-site field work is scheduled to resume in conjunction with the Yap State audit schedule while procedures are being completed off-site.

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. Let me know if you have questions about this report.

Respectfully submitted,



Haser Hainrick
National Public Auditor

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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, T.Reynold)
All State Auditors (R.Yow, A.Leben, S.Taulung)