



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Friday, January 08, 2010

His 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 Robert Weilbacher, Governor of Kosrae State

Dear Mr. President and Mr. Governors:

The following is the report on the status of the 2009 Single Audit for FSM as of December 31, 2009 based on information received from Deloitte & Touche (DT) and Fortenberry & Ballard (FB).

FSM NATIONAL GOVERNMENT

1. **FSM National Government:** DT has sent out 7 audit requests in total. DT has received most of the items in Request 2009-01, except for the List of Terminated Employees, Unreleased Checks and FY09 Chart of Accounts. DT has received portion of Request 2009-02, pertaining to the project listing and is still waiting for Finance Office for additional information on it. For requests 2009-02 onwards, except for the item mentioned above, DT is still waiting for feedback from the Finance Office. DT has forwarded the non-payroll samples for the major programs and general fund, and other compliance related documentary necessary. The major programs determined are AIP, Compact Sector and Special Education and Deloitte is still waiting for the List of Personnel to select payroll samples for testing for the major programs. DT is still waiting for feedback from Finance on the ARRA (American Recovery and Reinvestment Act) Funding received by the FSM (as a whole) to determine whether the funding was received in FY'09 or FY'10. In the ARRA website updated as of 11/18/09, the FSM received \$3.6M.
2. **National Fisheries Corporation:** Fieldwork is substantially complete and DT is in the process of drafting the audit report.
3. **College of Micronesia-FSM:** DT has commenced compliance testing and 80% is completed on this. For year-end balance testing, DT has requested trial balances

and related supporting schedules. Commencement of fieldwork for year-end balance testing is pending the receipt of the requested documents.

4. MiCare Plan, Inc.: The draft report was provided to Micare on December 10, 2009 for their review and the preparation of their Management Discussion and Analysis.
5. FSM Coconut Development Authority: Fieldwork is approximately 50% complete.
6. FSM Telecommunications Corporation: Final audit reports were issued on December 11, 2009.
7. FSM Development Bank: DT is scheduled to commence interim audit procedures as of November 30, 2009 in January of 2010.
8. FSM Social Security Administration: Interim audit procedures as of October 31, 2009 were performed. Year-end audit procedures are expected to commence in February 2010.
9. FSM Petroleum Corporation: For the interim audit, DT has requested revenue and expenditures details and the tests of revenue is about 80% complete.

CHUUK STATE GOVERNMENT

1. Chuuk State Government: DT has commenced compliance testing and has completed 80% of this task. Dt will commence year-end balance testing upon receipt of final trial balances, supporting ledgers, analysis on reconciliations and schedules from the Chuuk State Government Finance Office.
2. Chuuk Health Care Plan: DT has requested a trial balance as of September 30, 2009 and related schedules. Commencement of fieldwork is pending the receipt of the requested documents.
3. Chuuk Housing Authority: DT has requested a tial balance as of September 30, 2009 and related schedules. Commencement of fieldwork is pending the receipt of the requested documents.
4. Chuuk Public Utility Corporation: DT has requested a trial balance as of September 30, 2009 and related schedules. Commencement of fieldwork is pending the receipt of the requested documents.

KOSRAE STATE GOVERNMENT

1. Kosrae State Government: DT has commenced the compliance testing is 90% complete with this task. DT will commence year-end balance testing upon receipt of trial balances, supporting ledgers, analysis on reconciliations and schedules from the Kosrae State Government Finance Office.

2. Kosrae Utilities Authority: DT requested a trial balance as of September 30, 2009 and related schedules. Commencement of fieldwork is pending the receipt of the requested documents.
3. Kosrae Port Authority: DT has requested a trial balance as of September 30, 2009 and related schedules. Commencement of fieldwork is pending the receipt of the requested documents.

POHNPEI STATE GOVERNMENT

1. Pohnpei State Government: DT has commenced compliance testing and has completed 80% of this task. DT will commence year-end balance testing upon receipt of final trial balances, supporting ledgers, analysis on reconciliations and schedules from the Pohnpei State Government Finance Office.
2. Pohnpei Fisheries Corporation: Pohnpei State Finance is in the process of putting PFC financial statements on its books. DT will commence the audit upon receipt of the trial balance and related schedules.
3. Pohnpei Housing Authority: DT has completed approximately 95% of fieldwork.
4. Pohnpei Utilities Corporation: DT has completed 85% of fieldwork.
5. Pohnpei Port Authority: DT has just received authorization by the ONPA to commence this audit so the planning process is just commencing.

YAP STATE GOVERNMENT

1. Yap State Government: The audit of Yap State is 10% complete. The entrance conference has been held and the audit is in the planning and risk assessment stage while Yap State is progressing on their SEFA and bank reconciliations. The general banking account is current with the need to identify and possibly reclassify only a couple of transactions. The payroll clearing account is reconciled to December 2008 and there is attention being put on this. The SEFA schedule is being reconciled.
2. Yap State Public Service Corporation: The final audit report was issued on December 31, 2009. The audit reports mailed along with the electronic copy of the audit workpapers.
3. Yap Diving Seagull, Inc.: The audit is 20% complete. The entrance conference has been held and the audit fieldwork team I arriving at the DSI office January 3rd, 2010.
4. Yap Visitors' Bureau: The audit is 10% complete. The entrance conference has been held and the audit is in the planning and risk assessment stage. The YVB has closed out their fiscal year end and is ready for their audit.

The completed audit reports for fiscal year 2009 for FSM Telecommunications Corporation, Caroline Islands Air (CIA) and the Yap State Public Service Corporation can be accessed at the FSM Public Auditor's website at www.fsmopa.fm. Let me know if you have questions about this report.

Respectfully submitted,



Sophia Pretrick
Acting Public Auditor

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xc: FSM Vice President
Speaker of FSM Congress
Speaker of Pohnpei State Legislature
Speaker and President of Chuuk Senate & House of Representative
Speaker of Yap State Legislature
Speaker of Kosrae State Legislature
Director, SBOC
All Finance Secretary/Directors (T. Pablo, M. Laaw, R. Mori, T. Reynolds)
All State Auditors (R. Yow, A. Leben, S. Taulung)