FEDERATED STATES OF MICRONESIA
Office of The National Public Auditor
P.O. Box PS-05, Palikir, Pohnpei FSM 96941
Tel: (691) 320-2862/2863 Fax: (691) 320-5482
CID Hotline: (691) 320-6768; Website: www.fsmopa.fm
Facebook: FSM Office of the National Public Auditor; E-mail: info@fsmopa.fm

Wednesday, July 15, 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 June 30, 2026. 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	• *FS Audit procedures EY is working on (on going audit procedures) because EY has information/schedules:* ○ *Cash- testing of bank reconciliation, confirmation, and cut-off* ○ *Receivables- testing of subsequent collections, confirmation, cut-off, and allowance for*	• Remaining grant awards and related extensions • Final reconciled TB and GL • Capital assets- pending testing of additions, deletions, existing CIPs, CIP transfers, depreciation, and impairment due to pending provision of updated fixed asset register • Payroll-expenditures- pending testing of data points for newly hired and resigned employees due to

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		doubtful accounts. ○ *Prepayments and other assets- test of valuation* ○ *Leases- test of lease additions and amortization* ○ *Accounts payable- search for unrecorded liabilities and cut-off* ○ *Due to/from the States- confirmation and testing of post-closing adjustments to tie out the schedule and TB* ○ *Other liabilities and accruals- test of reasonableness of accruals and search for unrecorded liabilities* ○ *Deferred revenue- confirmation* ○ *Long term debt- confirmation, recalculation, and test of valuation* ○ *Revenue- analytics, cut-off, and test of details*	pending provision of schedule • Bank confirmation for Mizuho, UNFCU, ANZ, and Bank of America • Bank statements for remaining cash accounts. • Fraud inquiries & SPAF • Fraud inquiries- pending responses from various departments • Schedule of prior year findings • ALN 15.875 • Allowable cost- pending supporting documents for samples selected • ALN 15.875 & ALN 93.323 ○ Equipment and real property management- pending schedules of fixed assets ○ Employee listings- newly hired and resigned employees in FY24

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		○ *Nonpayroll expenditures- analytics and test of details* ○ *Payroll expenditures- analytics and test of details* • *FS audit procedures have not started because schedules/documents pending from client:* • *UG compliance audit procedures EY is working on (on going audit procedures) because EY has information/schedules:* • *UG compliance audit procedures have not started because schedules/documents pending from client:*	
2	Caroline Islands Air, Inc	• *New TB and GL details were provided on May 15. Audit samples and additional inquiries were submitted on May 20. EY sent follow-up emails on June 2, 12, and 26 and received partial items.* • *CIA is still working on completing the submission of supporting documents and responses to such requests/inquiries*	• Audit requests and supporting documents
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	• *MiCare submitted majority of preliminary audit request on the 3rd*	• Supporting documentation for one outstanding medical claim expense

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		week of January 2026. A status meeting with the entity Administrator and CFO was held on February 26, 2026 to discuss the list of pending schedules and documents and audit timeline. • *MiCare is still working on providing subsequent journal entries and remaining supporting documents for audit samples.* • *EY discussed all pending items during a status meeting with MiCare held on April 28, 2026.* • *EY sent follow-up emails to MiCare on May 7 & 29, 2026. EY estimates that the audit is approximately 90% complete as of June 30, 2026, with only one outstanding medical claims expense sample pending the submission of supporting documentation.*	
6	National Fisheries Corporation	• *EY resumed onsite fieldwork and sent samples for remaining significant accounts on April 7, 2026.* • *EY sent follow up emails on June 15, 18 & 26 and significant pending items are as follows as of July 3, 2026:* • *EY is ongoing testing on received supporting documents for payroll, other income and expense accounts.*	• Receivables confirmation, receivables reconciliations, and supporting documents for payroll

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		• *EY estimate that the audit is approximately 75% complete as of June 30, 2026.*	
7	FSM Petroleum Corporation (FSMPC) & Vital (VEI)	• *At present, the VEI audit is approximately 75% complete while the FSMPC audit stands at 65%.* • *The latest audit progress update, including a summarized list of outstanding items, was sent to the entity's accounting team on July 2, 2026*	• List of outstanding items
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**		**Audit completed and issued on June 30, 2026**
2	**Chuuk Public Utilities Corporation**		**Audit completed and issued on December 17, 2025**
3	**Chuuk State Health Care Plan**		**Audit completed and issued on June 26, 2026**
4	Chuuk State Housing		Audit completed and issued on June 30, 2026
Kosrae State Government and Component Units			
1	Kosrae State Government	• *BCM is finalizing the financial statements.* • *Draft will be submitted by the end of this week to produce the financial statements by July 31, 2026.* • *For any items that have not been provided will be treated as findings for*	

No.	Entity	Audit Phase & Percentage Completed	Outstanding Items to be provided by Entities
		lack of supporting documents.	
2	Kosrae Port Authority	• *Draft financial statements will be issued by 7/18/2026, so that KPA can prepare the MD&A* • *Any items that were not already provided will have to be treated as findings for lack of supporting documents.*	
3	Kosrae State Housing Authority	• *Recently an updated TB was provided.* • *Samples were selected and transmitted on June 15, 2026 and a response to that request has not been received.* • *BCM can prepare a draft by Saturday, July 18, 2026 and submit for preparation of the MD&A, but at this point BCM does not have sufficient audit evidence to express an opinion on the financial statements.*	
4	Kosrae Utilities Authority	• *BCM has received the MD&A and the responses to the findings.* • *Financial statements are expected to be issued by July 31, 2026.*	
Pohnpei State Government and Component Units			
1	Pohnpei State Government	• *Single audit procedures are expected to be completed by 7/14/2026, with the financial audit substantially completed by July 21, 2026.* • *Remaining work is concentrated in a limited number of complex areas, including cash, capital assets,*	

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		leases, investments, long-term debt, and final financial statement disclosures. • *Most substantive testing has been completed, with current efforts focused on resolving outstanding management inquiries, finalizing proposed audit adjustments, drafting findings, and completing the financial statements.*	
2	Pohnpei State Housing Authority	• *The audit is substantially complete.* • *BCM is waiting for management's corrective action plan and management representation letter*	• Management corrective action plan • Management representation letter
3	Pohnpei State Port Authority	• *The audit is substantially complete.* • *BCM is waiting for signed management representation letter*	• Signed management representation letter
4	Pohnpei Utilities Corporation	• *Financial audit procedures are expected to be completed by July 27, 2026. Remaining work primarily involves finalizing testing and adjustments related to cash, leases, fixed assets, accounts payable, long-term debt, payroll adjustments, and financial statement disclosures.* • *The majority of audit testing has been completed, with work now focused on closing*	

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		procedures and report drafting.	
Yap State Government and Component Units			
1	Yap State Government	• *TB for YFA has been received and BCM is compiling the information into financial statements so that it can be included in the YSG report.* • *Continue testing of samples* • *Drafting of financial statements are currently in draft to be email in the next 1-2 days so that MD&A can be done.*	
2	**Yap Diving Seagull Inc.**		**Audit completed and issued on January 8, 2026.**
3	Yap State Public Service Corporation	• *The draft financial statements were just developed on July 13, 2026. After BCM's review, it will be mailed to YSPSC for preparation of MD&A*	
4	Yap Visitors Bureau	• *Financial statements have been drafted; it will be submitted today so that MD&A can be done.*	

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,

Haser H. Hainrick
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