Introduction

1. The current two year appointment of the external auditor, Deloitte and Touche LLP of Guam (Deloitte), ends after the audit of the 2008 accounts is completed, about June 2009. The Commission’s Financial Regulation 12 sets out the requirements for the appointment of an external auditor and provides for reappointment. There are no other audit firms in Pohnpei, or currently servicing Pohnpei, that meet the requirements set out in the Financial Regulations. The Federated States of Micronesia Public Audit Office has not varied its advice that it is unable to provide annual audits of the Commission due to existing work commitments. It is considered desirable that the Commission have an external auditor on an ongoing basis.

Continuity

2. An obvious approach to ensuring that there is no lapse in the Commission’s appointment of an external auditor is to reappoint Deloitte. The performance and services provided by Deloitte have been satisfactory, the fees are reasonable and it has a comparative advantage in regard to its corporate knowledge of the Commission’s operations and systems. It is not at all clear that any other audit firm that meets the requirements of the Commission’s Financial Regulations would be able or willing to provide a comparable service for similar fees.

Recommendation

3. The Committee is invited to recommend to the Commission that Deloitte be reappointed for two years to undertake the audits of the 2009 and 2010 financial statements and accounts as well as provide external audit advice and oversight, subject to the negotiation of an acceptable fee structure by the Executive Director;

Or

provide alternative advice.