



March 9, 2015

His Excellency Christopher Jorebon Loek
President, Office of the President
Republic of the Marshall Islands
P. O. Box 2
Majuro, MH 96960

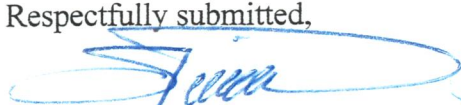
Dear President Loek:

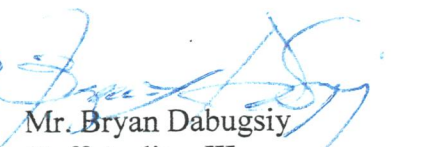
Attached for your reference is the final report on the Republic of the Marshall Islands, Office of the Auditor-General pursuant to a Peer Review (external quality control review) conducted by our team of auditors from the Association of Pacific Islands Public Auditors (APIPA). A Peer Review of all audit offices issuing audit and attestation reports guided by Government Auditing Standards is required at least every three years. Because of this requirement, your Auditor-General initiated and contracted with APIPA.


Your Auditor-General's Office was determined to be in compliance with Government Auditing Standards for the period October 1, 2011 through February 11, 2015. The report now becomes public information and may be made accessible to any interested person(s). The working papers and other supporting documentation accumulated during our review will be maintained by the Auditor-General's Office.

It was a privilege working with the staff of the Auditor-General's Office, most especially Mr. Junior Patrick, the Auditor-General. Each member of Mr. Patrick's Office was most cooperative and helpful to the team and exemplifies the highest standards of the auditing profession.

Respectfully submitted,


Mr. Satrunino Tewid
Palau Public Auditor
Office of the Public Auditor
Republic of Palau


Mr. Bryan Dabugsiy
Staff Auditor III
Office of the Public Auditor
Yap State Government
Federated States of Micronesia


Mr. Charles W. Hester
APIPA Peer Review
Consultant

Attachment

CC: Mr. Junior Patrick, Auditor-General



March 9, 2015

The Honorable Donald F. Capalle
Speaker, Nitijela of the Marshall Islands
Republic of the Marshall Islands
P. O. Box 24
Majuro, MH 96960

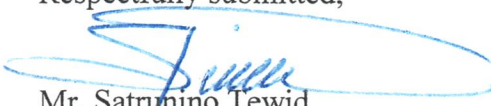
Dear Speaker Capalle:

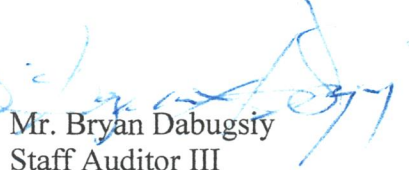
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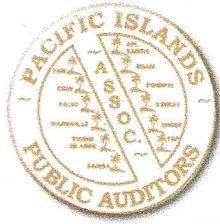

Mr. Satrunino Tewid
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Office of the Public Auditor
Republic of Palau


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Yap State Government
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Attachment

CC: Mr. Junior Patrick, Auditor-General



March 6, 2015

Mr. Junior Patrick, Auditor-General
Office of the Auditor General
Republic of the Marshall Islands
P. O. Box 245
Majuro, MH 96960

Dear Mr. Patrick:

We have completed a peer review of the Office of the Auditor-General for the Republic of the Marshall Islands for the period October 1, 2011 through February 11, 2015. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* approved by the Association of Pacific Islands Public Auditors (APIPA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Office of the Auditor-General's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period October 1, 2011 through February 11, 2015.

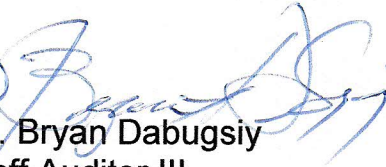
A separate letter to management has been prepared, which offers a suggestion for further strengthening the internal quality control system. The management letter should be considered an integral part of the report.

The report should be made available to the public.


Respectfully submitted,



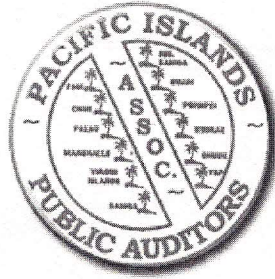
Mr. Satrunino Tewid
Public Auditor
Office of the Public
Auditor
Republic of Palau



Mr. Bryan Dabugsiy
Staff Auditor III
Office of the Public Auditor
Yap State Government
Federated States of
Micronesia



Mr. Charles W. Hester
APIPA Peer Review
Consultant



March 6, 2015

Mr. Junior Patrick, Auditor-General
Office of the Auditor General
Republic of the Marshall Islands
P. O. Box 245
Majuro, MH 96960

Dear Mr. Patrick:

The external peer review of the Office of the Auditor-General for the Republic of the Marshall Islands has been completed for audits issued during the period October 1, 2011 through February 11, 2015. A report has been issued dated March 6, 2015 stating the organization's overall level of compliance with government auditing standards. This letter to management is to offer our observation and suggestion stemming from the peer review. This letter is to be read in conjunction with the opinion report.

Continuing Professional Education (CPE). Auditors performing work in accordance with Government Auditing Standards (§3.76) including planning, directing, performing audit procedures, and reporting should maintain their professional competence through continuing professional education. Therefore, auditors performing work under Government Auditing Standards are required to document the completion every 2 years of at least 80 hours of CPE that directly enhance their professional proficiency. Auditors should complete at least 20 hours of CPE in each of the 2-year period. These requirements are fully and adequately spelled out in Section II of the OAG's 2014 Audit Manual.

Two of the professional audit staff did not meet the 80 hours of CPE every 2 years requirement. One of which was routinely involved in all phases of an audit from planning through reporting during the two year cycle. In addition, certificates of completion of CPE was not maintained in some of the files provided. The OAG's Audit Manual requires that for each training program attended staff must submit a certificate of completion.

We suggest that the Auditor-General emphasize to the audit staff the need to fully comply with all of the Continuing Professional Education (CPE) attendance and documentation requirements contained in Government Auditing Standards and in the Office's Audit Manual.

The above suggestion has been discussed with the Auditor-General and his staff during the exit conference conducted on March 6, 2015. The Auditor-General concurred with our suggestion and has agreed to take appropriate action. In order to provide the reader with a fair and balanced discussion of the issue, the Auditor-General's comments are attached to this letter and should be read in conjunction with our suggestion.

In closing we would like to thank you and your staff for the hospitality and cooperation extended to us during our review.

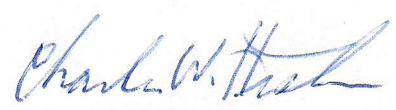
Respectfully Submitted,



Mr. Satrunino Tewid
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Staff Auditor III
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Federated States of Micronesia



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