

Republic of the Marshall Islands
Office of the Auditor-General



Seventy-Ninth (79th) Semi-Annual Report of the
Functions and Activities of the
Office of the Auditor-General

SUBMITTED TO THE NITIJELA DURING ITS 44TH CONSTITUTIONAL REGULAR SESSION
[PART II]

AUGUST 2023



REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL

P.O. Box 245

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August 11, 2023

The Honorable Kenneth A. Kedi
Speaker
Nitijela of the Marshall Islands
Majuro, MH 96960

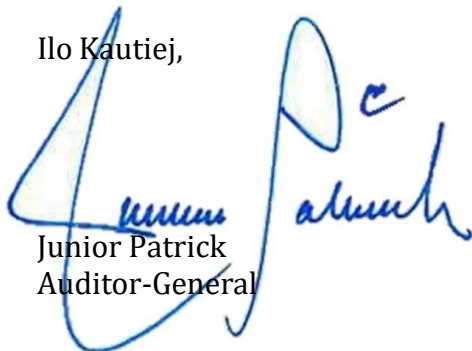
Dear Speaker Kedi:

I am pleased to submit herewith Thirty Six (36) copies of our Seventy-Ninth (79th) Semi-Annual Report of the Functions and Activities of the Office of the Auditor-General in accordance with Article VIII, Section 15(4) of the Constitution of the Republic of the Marshall Islands and Section 903(1) of the Auditor-General Act of 1986. This report covers activities of the Office during the period from January 1, 2023 thru June 30, 2023, and it included all activities as of the printing date of this report.

The electronic copies of each report completed and included in this Semi-Annual will also be available to Honorable Members of the Nitijela and other Stakeholders including the General Public via the Office website at www.rmioag.com.

Should you or any Member (s) of the Nitijela have question concerning this submission, please do not hesitate to contact this Office.

Ilo Kautiej,



Junior Patrick
Auditor-General

Enclosures: Thirty Six (36) copies of 79th Semi-Annual Report of the Functions and Activities of the Office of the Auditor-General

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REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL

P.O. Box 245
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**SEVENTY-NINTH (79TH) SEMI-ANNUAL REPORT OF THE FUNCTIONS
AND ACTIVITIES OF THE OFFICE OF THE AUDITOR-GENERAL
JANUARY 1, 2023 THRU JUNE 30, 2023 (AND INCLUDED ALL AUDITS
COMPLETED AS OF THE PRINTING DATE OF THIS REPORT)**

INTRODUCTION

The Auditor-General, under the Constitution of the Republic of the Marshall Islands, Article VIII, Section 15, is charged with the responsibility to audit *“Public funds and accounts of the Republic of the Marshall Islands including those of all Departments or offices of the legislative, executive and judicial branches of government and of any other public corporation or statutory authority constituted under the law of the Republic unless, in relation to any such public corporation or other statutory authority, provision is made by Act for audit by any other person”*.

In addition, the following legislations imposed other duties and responsibilities upon the Auditor-General:

1. Public Law 1986-25 (The Auditor-General’s Act of 1986) – *“The Auditor-General shall from time to time make such other audits of the government agencies, activities, contracts, or grants as are possible within the budget provided for him and as he deems to be in the public interest and consistent with this Act”*. This Act also imposes a responsibility upon the Office of the Auditor-General to *“prevent and detect fraud, abuse, and waste in the collection and expenditure of all public funds”*. In accordance with Section 6 (1) of the Act the *“Auditor-General may retain the services of independent certified public accountants, qualified management consultants, or other professional persons, as he deems necessary to assist him in carrying out his duties”*.
2. Public Law 1981-2 (Local Governments Act of 1980), designates the Auditor- General as auditor for local governments’ funds and accounts.

3. Public Law 1993-63 (Ethics in Government Acts of 1993). The Auditor-General is a member of the Government Ethics Board pursuant to provisions of this Act and, therefore, the Auditor-General has a responsibility to enforce the ethical conduct principles stipulated in the Act.

The Auditor-General is required under the Constitution to report, *“at least once annually to the Nitijela at its regular session”*. We have established a policy of preparing semi-annual reports in January and August. This is the Seventy-Ninth (79th) semi-annual report.

In the interest of maintaining organizational independence, Article VIII Section 15 (5) of the Constitution of the Republic of the Marshall Islands states, *“The Auditor-General shall not receive any direction from the Cabinet or from any other authority or person, but shall act independently”*. All reports submitted herein were performed and completed without known impairments to audit independence.

ORGANIZATIONAL STATUS

As of the reporting period, the Office of the Auditor-General (OAG) has 20 officers: 6 performance auditors; 4 financial auditors, 6 investigators, and 4 support staff. We lost our audit manager and a staff auditor in our financial auditing division during this reporting period. Both have resigned to accept other employment with much higher pay. Our Chief of Investigations is continuing his Master’s Degree in Cyber Security study at the Edith Cowan University in Perth, Australia, under an Australian Awards scholarship. The following positions are vacant as of this reporting period:

1. Audit Manager, Financial Auditing
2. Staff Auditor, Financial Auditing

We are proposing a new salary compensation structure for all OAG positions which is reflected in our budget submission for the next financial year (FY2024). In assessing our new compensation package, we took into consideration inflation, staff responsibilities, and current salaries for internal auditors in other government ministries and departments.

PROPOSED AMENDMENT TO AUDIT ACT

In addition, we are proposing an amendment to the Audit Act to add a provision related to increasing compensation of staff that have completed certain specialized trainings and attained professional credentials accredited by the respective accreditation institutions or bodies. Specifically, the Bill proposes an increment of 25% from the base salary to be added to accountants, auditors, investigators and other professionals within the OAG who have been certified in the followings fields:

- a) **Certified Public Accountants (CPA)** accredited by the American Institute of Certified Public Accountants (AICPA), Australia and New Zealand's equivalent of AICPA and other accreditation institutions from other countries as may be determined by the Auditor-General,
- b) **Certified Fraud Examiners (CFE)** accredited by the Association of Certified Fraud Examiners (ACFE),
- c) **Certified Government Auditing Professionals (CGAP)** accredited by The Institute of Internal Auditors in North America,
- d) **Certified Government Finance Manager (CGFM)** accredited by the respective Associations of Government Accountants in various U.S. jurisdictions; and
- e) **Certified Internal Auditor (CIA)** accredited by The Institute of Internal Auditors in North America.

Under the OAG's capacity-building programs, two Investigators have already been certified and attained the Certified Fraud Examiner (CFE) designation and credentials accredited by the CFE, the world's largest anti-fraud organization. CFEs are trained professionals who possess a unique set of diverse skills in preventing, detecting and investigating fraud and because of the skillsets and trainings they went through they are able to perform their duties exceptionally well. Similarly, OAG's training program includes training opportunities for other staff members to pursue other professional certifications and designations such as the CPA, CIA, CGAP, and CGFM credentials as accredited and conferred by the respective accreditation bodies.

While the OAG training programs have been proven to be effective, retaining qualified and professional staff has been a challenge. The lack of appropriate compensation is making it difficult for the OAG to retain its skilled employees. In the past few years, the OAG has lost several trained staffs due to a lack of appropriate compensation. A few years ago, the OAG lost one of its two CFEs who left the Office for other employment with much higher pay.

The Bill has two main purposes: 1) provide reward in the form of additional salary compensation to staffs that have completed certain specialized training and met specific education requirements and have been certified as trained professionals in their respective fields; and 2) encourage other staff members to pursue similar professional certifications and broaden their knowledge related to their duties which in turn will increase their competency level and overall improve quality of their work and services.

The Bill is consistent with the national policy objective to strengthen the capability of accountability and integrity institutions to improve accountability, integrity and discourage unethical practices in the government.

Exhibit I describes the updated organizational structure of the Office.

AUDIT ACTIVITIES

Exhibit II provides a status of audits that were commenced, ongoing, and completed during the reporting period. The following audits were completed during this reporting period (*See Attachment I through XII*).

- Review of RMI Embassy in Tokyo, Japan FY2016 thru FY2021
- Jaluit Atoll Local Government FY2014 thru FY2018
- Marshall Islands Health Fund FY2021
- Public Financial Management Project (ADB Project) FY2020
- Public Financial Management Project (ADB Project) FY2021
- Improving Quality of Education in the North Pacific (ADB Project) FY2020
- Improving Quality of Education in the North Pacific (ADB Project) FY2021
- Energy Security Project (ADB Project) From Inception to September 30, 2021
- Majuro Power Network Strengthening Project(ADB Project) FY2021
- Ebeye Water Supply Sanitation Project (ADB/Australia Government Project) FY2020
- Section 177 Health Plan CY2021
- Section 177 Health Plan CY2022

SINGLE AUDIT OF REPMAR FY2022

The Single Audit of the Government of the Republic of the Marshall Islands (RepMar) required by the Compact Treaty for the fiscal year ending September 30, 2022 (FY2022) is currently underway. A preliminary trial balance was provided on June 7, 2023 and preliminary risk assessment is currently in progress. Fieldwork commenced on July 5, 2023 and is currently in progress. In order for this audit to be completed, we are required also to audit RepMar's reporting entities or component units and include them in the RepMar reporting entity financial statements each year. As of July 31, 2022, the following component units have yet to submit their trial balances for the fiscal year ending September 30, 2022 for audit:

- Health Care Revenue Fund
- Kwajalein Atoll Utilities Resources, Inc.
- Majuro Water and Sewer Company, Inc.
- Marshall Islands Health Fund
- Marshall Islands Postal Services Authority
- Marshall Islands Scholarship, Grant and Loan Board

- Marshall Islands Shipping Corporation
- National Environmental Protection Authority
- Tobolar Copra Processing Authority

PENDING AUDITS FROM FY2021

The audits of the following RepMar component units have yet to be completed for the year ending September 30, 2021 and their status are summarized below. As we reported previously, the Single Audit of RepMar for the FY2021 was issued with an adverse audit opinion because it did not include the financial statements of the CMI, KAJUR, MWSC and MIMRA which are considered material component units of RepMar pursuant to the generally accepted accounting principles (GAAP) in the United States of America.

- **College of the Marshall Islands** - A preliminary trial balance was provided on April 17 and preliminary risk assessment has been performed. Fieldwork commenced on April 24 and is currently in progress.
- **Majuro Water and Sewer Company, Inc.** - A preliminary trial balance was provided on June 2; however, it was not fully reconciled and was returned to management. Estimated date of receipt of the reconciled trial balance is presently not determinable.
- **Marshall Islands Marine Resources Authority** - A preliminary trial balance was provided on April 5 and preliminary risk assessment has been performed. Fieldwork commenced on April 24 and is currently in progress.
- **Kwajalein Atoll Joint Utilities Resources, Inc.** - Fiscal year 2021 preliminary trial balance has not been provided to the auditors. Estimated date of receipt of preliminary trial balances is presently not determinable.
- **National Environmental Protection Authority** - Fiscal year 2021 preliminary trial balance has not been provided to the auditors. Estimated date of receipt of preliminary trial balances is presently not determinable.

We will continue to follow up with these component units of RepMar and remind them about their responsibility to ensure all accounting records are ready and available for audit.

INVESTIGATION ACTIVITIES

We continue reviewing all known allegations of fraud reported to us, including those we come across in our audit engagements. During this period, we recorded a total of 13 new complaints and allegations against public officials and government employees. The allegations relate to misappropriation and/or embezzlement of public funds and assets, theft, forgery and procurement irregularity.

During this reporting period, we completed 2 investigations: 1 involved a referral by another RMI authority requesting the OAG to conduct some investigation works as part of an investigation undertaken by this authority. The requested task has been completed and reported to the authority for further investigation. The other investigation involved allegations of misappropriation of public assets and misconduct in public office, which has been successfully concluded and referred for legal and administrative proceedings.

At present, we have 7 ongoing investigations: 1 investigation was referred previously to the relevant authorities but was sent back to us for purposes of gathering additional evidence before legal proceedings can commence. The remaining 6 investigations are in different phases and ongoing. In addition, 2 investigations from prior period are in the final stage of completion and are expected to be referred to both legal proceedings and administrative remedies soon.

Our investigations will extend to other recorded allegations and results will be referred directly to the Attorney-General when we have grounds to believe that criminal laws have been violated and other instances where civil recovery proceedings would be appropriate. Matters requiring administrative proceedings will be referred to the appropriate authorities in accordance with the revised Audit Act.

TRAINING AND CAPACITY BUILDING

We maintain training programs to increase staff proficiency. During this reporting period, we participated in the following training and capacity-building programs:

- From January 18, 2023 through July 18, 2023, the investigators received a series of in-person training in fraud detection and prevention. These training sessions were made possible through the support of a Fraud Advisor funded by the European Union (EU)'s Budget Support program.
- On January 18, 2023 two auditors attended a training on Cybersecurity Working Group delivered by Mr. Charles "Chuck" Mitchell, Director of Cybersecurity in the Office of the Audit and Evaluation at the U.S. Department of Commerce's Office of the Inspector General (OIG). Mr. Mitchell provided an overview of how to build and manage cybersecurity across organizations and shared examples from the OIG community. The training was sponsored by The Intergovernmental Audit Forums (IAF) which is comprised of audit executives from federal, state and local governments and it exists to improve coordination, communication, and cooperation among members, private sector firms and other accountability organizations worldwide.

- On February 15, 2023, a Deputy Chief Investigator participated in an in-person workshop led by Dr. Ramandeep Chhina, a consultant for the Asian Development Bank (ADB). The workshop's objective was to thoroughly comprehend the 40 recommendations established by the Financial Action Task Force (FATF) and the corresponding Mutual Evaluation (ME) process.
- An Audit Supervisor (financial auditing) is currently participating in a series of training on human resources management project called Human Resources Champions program. The purpose of the project is to build capabilities of a pool of resource people from the Pacific region with HR skills and processes as well as facilitation and coaching skills. From May 2-11, 2023, the Audit Supervisor attended the first Module under the program which was delivered in-person in Suva, Fiji. The project has a total of 6 Modules which will be delivered in a hybrid format (remote and in-person session) and is expected to be completed in June 2024. The HR Champions program is sponsored by the Pacific Association of Supreme Audit Institutions (PASAI) in collaboration with the Swedish National Audit Office.
- On April 6, 2023, the Office of the Banking Commission held a workshop to conduct a National Risk Assessment (NRA) with the objective of developing a comprehensive National Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) plan. The workshop included a presentation by two investigators who identified potential threats and vulnerabilities that could affect the work of the Office of the Auditor-General (OAG). The investigators' presentation highlighted the areas where the OAG may be susceptible to risks and provided recommendations on how these risks can be mitigated. Their findings were well-received and provided valuable insights for the Commission and other stakeholders.
- From April 17-19, 2023, two investigators attended an in-person workshop facilitated by experts from the American Bar Association Rule of Law Initiative (ABA ROLI). The workshop was funded by ABA ROLI and coordinated by the Office of the Banking Commission to help Pacific Island partners build capacity to reduce the risk of transnational crime and money laundering. ABA ROLI provided international expertise, capacity building, and networking to address problems of transnational money laundering and illicit financial flows in the Pacific Island region.

- From April 18 – 20, 2023, the Auditor General, the Audit Manager (financial auditing) and an Audit Supervisor (financial auditing) attended a sub-regional consultation and engagement with Micronesia audit offices on audit impact and effectiveness workshop titled “Harnessing Effective Audit Recommendation Tracking in the Pacific” in Pohnpei, Federated States of Micronesia. The objective of the workshop was to introduce to the auditors from the Micronesia region the latest research, international experience and latest tools to better track audit recommendations and impacts. The workshop was funded by the UNDP Pacific Office with support from the Office of the Public Auditor of the Federated States of Micronesia.

- On February 28, 2023 – Two Performance Auditors and several Members of the OAG management team attended with senior leaders of the government a workshop on *Communication Skills for Leaders*. The training was intended for supervisors and managers who directly or indirectly manage others and focused on how to overcome barriers to effective office communication, and strategies to increase your ability to be understood by identifying your own communication style and that of others. The training also looked at methods of interpreting verbal and nonverbal feedback and the use of appropriate media to communicate your message. The training was delivered virtually and sponsored by the Project to Strengthen Budget Execution and Financial Reporting System (PFM).

- From May 9 – 11, 2023 - the Auditor-General, Assistant Auditor-General and Performance auditing staff attended (virtually) the 11th meeting of the Regional Working Group on Environmental Auditing (RWGEA) which was hosted by the New South Wales Audit Office, in partnership with the Office of the Auditor-General New Zealand and the Pacific Association of Supreme Audit Institution in Sydney, Australia. Day two was dedicated to the Presentation on the Global Climate Change Cooperative Audit that INTOSAI Development Initiative (or IDI) is spearheading and supporting SAIs, especially in developing countries, to complete a performance audit related to climate change adaptation in any of the four thematic areas: disaster risk reduction, water resources management, sea level rise and coastal erosion and implementation of climate change adaptation plans or actions (SDG13). The OAG is among the 8 Pacific SAIs that have agreed to be part of the IDI audit and also presented on the topics of Pacific climate and its impacts.

- On June 22, 2023, the Investigators participated in a webinar (virtual) training hosted by the Pacific Islands Law Officers’ Network (PILON) Corruption Working

Group. The focus of the training was to assist policymakers, legislators, investigators, and prosecutors in distinguishing between gift-giving and corruption. The challenge of finding the line between these two actions is due to the cultural acceptance of gift-giving. The training aimed to address this challenge and provide guidance on appropriate actions for those in positions of power.

- During the week of August 28 - September 1, 2023, the OAG will host the 34th annual workshop of the Association of Pacific Islands Public Auditors (APIPA) meeting here in Majuro. This is the first in-person APIPA conference since the global pandemic hit us and APIPA resorted to virtual trainings in the last three years. The annual workshop is a training opportunity for auditors and accountants to improve their skills relevant to their roles, and enable them to perform to their full potential, and for auditors to maintain the continuing professional education (CPEs) required of auditors that are performing audits and attestations engagement that are guided by the *Government Auditing Standards*. The instructors and materials for APIPA Conference will be provided by Graduate School USA and funded by the U.S. Department of the Interior's Office of Insular Affairs. Other costs associated with hosting the annual APIPA conference will be covered by participants' registration fees and membership dues.

OTHER MATTERS

EXTERNAL QUALITY CONTROL REVIEW (PEER REVIEW) OF OAG

The *Government Auditing Standards* require all audit organizations that perform audits and attestation engagements in accordance with *Government Auditing Standards* to have an external quality control review or peer review performed by reviewers independent of the audit organization being reviewed at least once every three years. The objective of the peer review is to determine whether an audit organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with applicable *Government Auditing Standards* as issued by the Comptroller General of the United States as well as other relevant legal & regulatory requirements.

The peer review of the OAG was performed by a team of auditors from and under agreement with the Association of Pacific Islands Public Auditors (APIPA) and it covered

the period from January 1, 2018 to December 31, 2020¹. Under such arrangement, the OAG does not pay APIPA auditors' time; however, OAG commits its audit personnel to conduct similar reviews coordinated by APIPA. The APIPA auditors' travels are paid for by a technical assistance grant from the U.S. Department of the Interior, Office of Insular Affairs which is administered by the OAG.

A copy of the OAG peer review report is attached as Exhibit III to this report.

PEER REVIEW PERFORMED BY OAG

During the week of March 13 – 17, 2023 two teams of auditors from the OAG participated in the peer reviews of the Office of the National Public Auditor, Federated States of Micronesia and the Office of the Public Auditor, Pohnpei State.

Peer Review of Office of the Public Auditor of the FSM

The Assistant Auditor-General served as the team leader on the peer review of the Office of the Public Auditor of the Federated States of Micronesia and another auditor from the Guam Office of Public Accountability (Guam OPA) served as a team member. The two auditors made up the core members of the peer review team. The Assistant Auditor-General was assisted by a staff auditor (performance auditing) and an audit supervisor (financial auditing) from the OAG.



Assistant AG and peer review team with staff from the Office of the Public Auditor, FSM, after the peer review

The other team member from Guam OPA was also accompanied by two auditors from the Guam OPA. The core member of the peer review team's travels was paid for by the APIPA peer review grant while the support staffs' travels were born by the respective audit offices.

¹ The OAG peer review was initially scheduled for 2021. Due to travel restrictions associated with the Covid19, APIPA suspended all peer reviews and requested extension from the U.S. GAO for its members to complete their required peer reviews. GAO had granted APIPA extension to complete the required peer reviews.

Peer Review of Office of the Public Auditor of the Pohnpei State

The Audit Manager (performance auditing) served as a team member with an auditor from the CNMI Office of the Public Auditor serving as team leader on the peer review of the Office of the Public Auditor of the Pohnpei State. The Audit Manager was supported by two performance auditing staffs and the team leader was supported by an auditor from the CNMI OPA. The core members of the peer review team's travels was paid for by the APIPA peer review grant while the support staffs' travels were paid for by the respective audit offices.



Audit Manager and peer review team with staff from the Office of the Public Auditor, Pohnpei State after the peer review

AUDITOR-GENERAL ATTENDED THE 24TH PASAI CONGRESS IN PALAU

The Auditor-General attended the 24th Annual Congress of the Pacific Association of Supreme Audit Institutions (PASAI) in the Republic of Palau from February 27 through March 3, 2023 which was hosted by Palau's Public Auditor. PASAI is the official association of supreme audit institutions (government audit offices and similar organizations, known as SAIs) in the Pacific region. PASAI promotes transparent, accountable, effective, and efficient use of public sector resources in the Pacific.



Auditor-General at the 24th PASAI Congress in Palau

As the representative of Micronesia SAIs, the Auditor-General also attended the 33rd PASAI Governing Board meeting which was held before the start of the Congress. The purpose of holding Governing Body before the Congress was to agree on recommendations and brought those for the approval of the Congress (all SAIs) in accordance with the PASAI Charter. The Governing Board sets PASAI's direction and



Auditor-General during the 33rd PASAI Governing Meeting in Palau

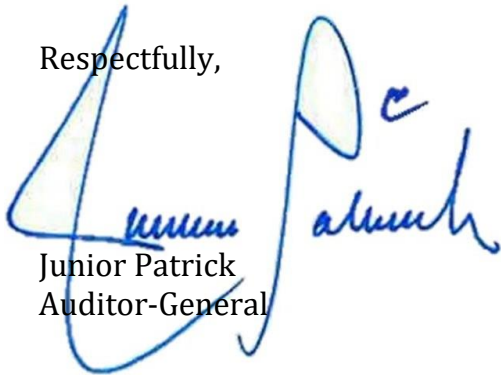
oversees the activities of its Secretariat. The Government Board is responsible for

formulating strategies and policies for the organization.

PUBLICATION OF AUDIT REPORTS SUBMITTED

In accordance with the Auditor-General Act of 1986 [P.L. 1986-25], all audits completed during this reporting period will also be made available to the Honorable Members of the Nitijela and other stakeholders including the general public via the official website of the OAG at www.rmioag.com.

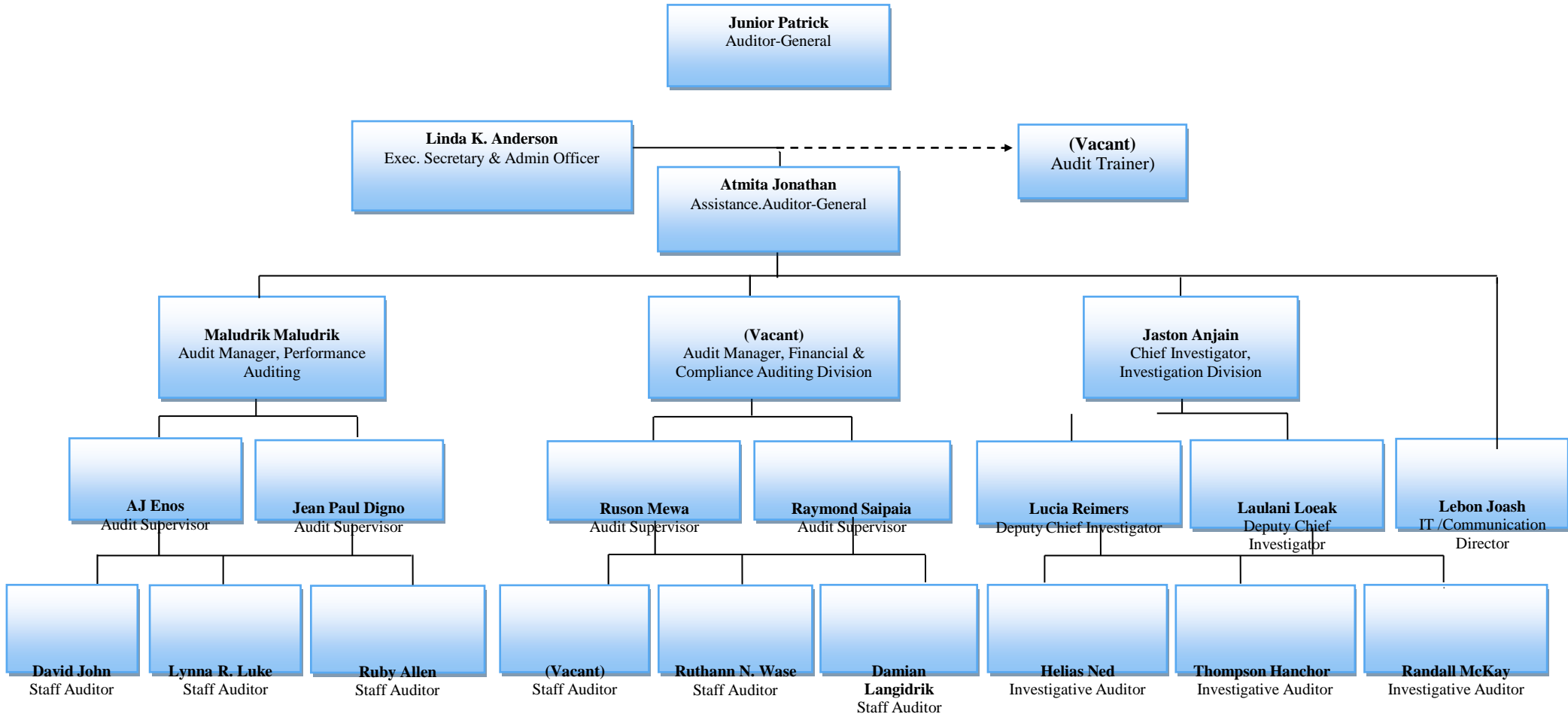
Respectfully,



Junior Patrick
Auditor-General

August 11, 2023

EXHIBIT I: UPDATED ORGANIZATIONAL CHART



**EXHIBIT II: AUDIT ACTIVITIES (JANUARY 1, 2023 THRU JUNE 30, 2023
(AND INCLUDED STATUS AS OF PRINTING DATE OF THIS REPORT))**

<u>AUDITEE</u>	<u>TYPE OF AUDIT</u>	<u>REMARKS</u>
1. Jaluit Local Government	Financial/Compliance [FY2014 thru FY2018]	Audit completed and included in this semi-annual report
2. RMI Embassy in Japan	Compliance Review	Audit completed and included in this semi-annual report
3. Aur Atoll Local Government	Financial/Compliance [FY2014 thru FY2021]	Audit in final review stage
4. ADB Project 6028 (Preparing Urban Service Improvement Projects)	Financial/Compliance [FY2021 & FY2022]	Audit in final review stage
5. Ebon Atoll Local Government	Financial/Compliance [Y2013 thru FY2018]	Audit in planning phase
6. Maloelap Atoll Local Government	Financial/Compliance [FY2017 thru FY2020]	Audit in planning and survey in progress
7. Mili Atoll Local Government	Financial/Compliance [FY2013 thru FY2017]	Audit planned for this year
8. Namdrik Atoll Local Government	Financial/Compliance [FY2014 thru FY2018]	Audit planned for this year
9. Wotje Atoll Local Government	Financial/Compliance [FY2015 thru FY2019]	Audit planned for this year
10. Likiep Atoll Local Government	Financial/Compliance	Audit planned for this year
11. RMI Embassy in Taiwan	Internal Control/Compliance [FY2011 thru FY2019]	Audit in planning phase
12. RMI Embassy in Fiji	Internal control/Compliance [FY2017 thru FY2020]	Audit in planning phase
13. RMI Consulate General Office HI	Internal Control/Compliance [FY2017 thru FY2020]	Audit planned for this year
14. Covid19 Relief Funds (National Treasury)	Compliance [FY2020 thru FY2021]	Audit in planning phase
15. Global Cooperative Audit on Climate Change Adaptation Actions (CCAA)	Performance [Scope to be determined]	Audit in Survey Phase



Association of Pacific Islands Public Auditors

June 16, 2023

His Excellency David Kabua
President
Republic of the Marshall Islands
Majuro, MH 96960

Dear President Kabua:

We completed a peer review of the Office of the Auditor General (OAG) of the Republic of the Marshall Islands for the period January 1, 2018 to December 31, 2020. In accordance with generally accepted government auditing standards peer review requirements, we followed the standards and guidelines contained in the *Peer Review Guide* by the Association of Pacific Islands Public Auditors (APIPA).

We reviewed the internal quality control system of the OAG and conducted tests in order to determine whether the OAG's internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. Our procedures included:

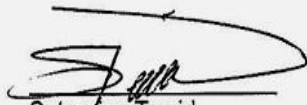
- Reviewing the audit office's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of performance and financial audit engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management to assess their understanding of, and compliance with, relevant quality control policies and procedures.

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. At the conclusion of a peer review, organizations can receive a rating of pass, pass with deficiencies, or fail. The OAG of the Republic of the Marshall Islands has received a rating of pass.

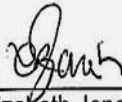
Further, based on the results of our review, it is our opinion that the Office of the Auditor General's internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for performance and financial audits during the period January 1, 2018 to December 31, 2020.

The Peer Review Team would like to thank the Auditor General and his staff for their cooperation and professional courtesy extended to us during the review.

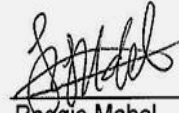
Sincerely,



Saturnino Tewid
Acting Public Auditor
Office of the Public
Auditor, Republic of
Palau
Team Leader



Elizabeth Jonah
Auditor II
Kosrae Office of the
Public Auditor
Team Member



Reggie Mabel
Junior Auditor III
Office of the Public
Auditor, Republic of
Palau
Team Member



Association of Pacific Islands Public Auditors

June 16, 2023

The Honorable Kenneth A. Kedi
Speaker
Nitijela of the Marshall Islands
Majuro, MH 96960

Dear Speaker Kedi:

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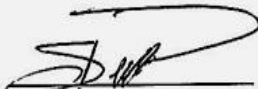
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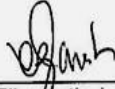
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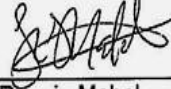
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Acting Public Auditor,
Office of the Public
Auditor, Republic of
Palau,
Team Leader



Elizabeth Jonah
Auditor II,
Kosrae Office of the
Public Auditor,
Team Member



Reggie Mabel
Junior Auditor III,
Office of the Public
Auditor, Republic of
Palau,
Team Member



External Quality Control Review

of the
Office of the Auditor General,
Republic of the Marshall Islands

Conducted in accordance with guidelines of the
**Association of Pacific Islands Public
Auditors**
for the period (January 1, 2018 to December 31, 2020)



Association of Pacific Islands Public Auditors

June 16, 2023

Junior Patrick
Auditor General
Office of the Auditor General
Republic of the Marshall Islands

Dear Auditor General Patrick:

We completed a peer review of the Office of the Auditor General (OAG) of the Republic of the Marshall Islands for the period January 1, 2018 to December 31, 2020. In accordance with generally accepted government auditing standards peer review requirements, we followed the standards and guidelines contained in the *Peer Review Guide* by the Association of Pacific Islands Public Auditors (APIPA).

We reviewed the internal quality control system of your audit office and conducted tests in order to determine whether your internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. Our procedures included:

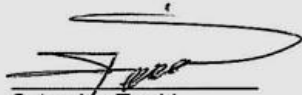
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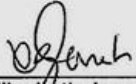
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The Peer Review Team would like to thank you and your staff for your cooperation and professional courtesy extended to us during the review.

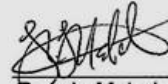
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Reggie Mabel
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Prevent Fraud, Waste and Abuse in the collection and expenditure of all public funds

HOTLINE

Telephone Line (692) 625-1155

[The Hotline is a telephone line available Monday through Sunday and you can call us anytime of the day. Calls to this number are anonymous and non-traceable]

You may also contact us by writing to:

Facsimile (Fax) (692) 625-1156

[Messages to our fax machine are also anonymous and non-traceable]

OR

Office of the Auditor-General

P.O. Box 245

Majuro, MH 96960

[If you do not want to reveal your identity, do not disclose a return address]

OR

Fill out the Complaint Form from our website www.rmioag.com