

*Management Letter*

**Marshall Islands Marine Resources Authority**  
(A Component Unit of the Republic of the Marshall Islands)

*Year Ended September 30, 2021*





November 16, 2023

Management and the Board of Directors  
Marshall Islands Marine Resources Authority

In planning and performing our audit of the financial statements of the Marshall Islands Marine Resources Authority (MIMRA) as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MIMRA's internal control. Accordingly, we do not express an opinion on the effectiveness of MIMRA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we noted the following deficiencies in internal control (as described above) and other matters:

### Trade Receivables

#### Observation:

Of four receivable balances items tested, two items totaling \$302,500 and \$567,500 have been outstanding for seven and ten years, respectively. These receivable balances have been fully provided with an allowance for doubtful accounts since no subsequent collections have occurred.

#### Recommendation:

We recommend management evaluate collectability of long outstanding receivables and, upon approval by the Board of Directors, consider writing off such amounts deemed uncollectible.

## Capital Assets

### Observation:

Inadequate internal control over capital assets exist whereby MIMRA lacks proper procedures and safeguards to effectively manage and protect its tangible assets such as machinery and equipment. The following exceptions were noted:

- a. Capital assets are not properly tagged.
- b. The following capital assets could not be physically verified due to location of the asset, or lack of documentation (no recent photograph of the asset) to verify existence:
  - Two items (Ebeye boats) with a net book value of \$81,075.
  - One item (Coastal lab equipment and trailer) with a net book value of \$17,151.
  - Two items (FAD equipment) with a net book value of \$56,551.
- c. Two items (Global Communicator Aquapac and engine for Jolok 2) with a zero net book value were recorded in the capital asset register; however, such assets were previously disposed.
- d. FY2021 deposits of \$104,119 for various capital asset acquisitions were capitalized as capital assets prior to receipt for which depreciation expense of \$1,092 was recognized. As this amount was not considered material to the financial statements, no audit adjustment was proposed.

### Recommendation:

We recommend management establish internal control policies and procedures over capital assets to minimize asset mismanagement, theft, and inaccuracies in financial reporting.

## Spare Parts Inventory

### Observation:

Inadequate internal control over the recording of inventory exists whereby spare parts in the amount of \$147,784 associated with a boat received from Japan International Cooperation System (JICS) were expensed. As this amount was not considered material to the financial statements, no audit adjustment was proposed.

### Recommendation:

We recommend management establish internal control policies and procedures over inventory in order to maintain accurate and reliable records of spare parts and to minimize inaccuracies in financial reporting.

### Retirement Savings Plan

#### Observation:

During the year ended September 30, 2021, MIMRA made employer contributions, totaling \$77,628, to employee retirement savings plans. Taxes are not currently withheld and paid on the employer contributions.

#### Recommendation:

We recommend management obtain an interpretation from the Ministry of Finance, Banking and Postal Services Chief of Revenue and Taxation concerning the applicability of withholding taxes on employer contributions to employee retirement savings plans.

### MIMRA Observers Program

#### Observation:

Individuals employed by MIMRA under the Observers Program are not supported by formal employment contracts. Currently, MIMRA does not withhold income taxes from these observers; however, applicable social security and health taxes are withheld.

#### Recommendation:

We recommend management formalize terms and conditions of individuals employed by the MIMRA Observers Program to include the nature of the arrangement between MIMRA and the observer together with the responsibility for payment of withholding taxes.

### Board Sitting Fees

#### Observation:

During the year ended September 30, 2021, MIMRA paid sitting fees of \$5,600 to Board members. These fees may constitute wages under the Income Tax Act 1989 and thus be subject to withholding taxes. No withholding taxes were withheld by MIMRA.

#### Recommendation:

We recommend management obtain an interpretation from the Ministry of Finance, Banking and Postal Services Chief of Revenue and Taxation concerning the applicability of withholding taxes on sitting fees paid to Board members.

Marshall Islands Marine Resources Authority  
Management Letter

\* \* \* \* \*

This communication is intended solely for the information and use of management, the Board of Directors of MIMRA, others within the organization, and the Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matter or to respond to any questions, at your convenience.

*Ernst + Young LLP*

*The Auditor's Communication With Those  
Charged With Governance*

**Marshall Islands Marine Resources Authority**  
(A Component Unit of the Republic of the Marshall Islands)

*Year Ended September 30, 2021*





Ernst & Young LLP  
231 Ypao Road  
Suite 201 Ernst & Young Building  
Tamuning, Guam 96913

Tel: +1 671 649 3700  
Fax: +1 671 649 3920  
ey.com

November 16, 2023

Board of Directors  
Marshall Islands Marine Resources Authority

We have performed an audit of the financial statements of the Marshall Islands Marine Resources Authority (the MIMRA), a component unit of the Republic of the Marshall Islands, as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated November 16, 2023.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *“The Auditor’s Communication With Those Charged With Governance”*, and other applicable auditing standards.

This communication is intended solely for the information and use of MIMRA’s Board of Directors and management and the Office of the Auditor-General, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

## **REQUIRED COMMUNICATIONS**

### **Auditors' Responsibilities under GAAS, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable**

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on MIMRA's financial statements as of and for the year ended September 30, 2021.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

### **Changes to the audit strategy, timing of the audit and significant risks identified**

Our audit strategy is consistent with the plan communicated during the audit entrance meeting.

### **Matters relevant to our evaluation of MIMRA's ability to continue as a going concern**

We did not identify any events or conditions that led us to believe there was substantial doubt about MIMRA's ability to continue as a going concern.

### **Our views about the qualitative aspects of MIMRA's significant accounting practices, including:**

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year.

We have provided a discussion of significant accounting policies and our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 2 of the financial statements.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.



**Significant findings and issues arising during the audit relating to related parties**

We noted no significant matters regarding MIMRA's relationships and transactions with related parties.

**Changes to the terms of the audit with no reasonable justification for the change**

None.

**Significant unusual transactions**

We are not aware of any significant unusual transactions executed by MIMRA.

**Difficult or contentious matters subject to consultation outside of the audit team**

None.

**Material corrected misstatements, related to accounts and disclosures**

Refer to "*Summary of Corrected Misstatements*" in Appendix A.

**Uncorrected misstatements, related to accounts and disclosures, considered by management to be immaterial**

Certain uncorrected misstatement accumulated by us were identified during the audit and pertaining to the latest period presented, which were determined by MIMRA's management to be immaterial, both individually and in the aggregate, to the financial statements as a whole (see Appendix A – *Summary of Uncorrected Misstatements*).

**Significant deficiencies and material weaknesses in internal control over financial reporting**

We identified certain deficiencies in internal control that we considered to be significant deficiencies.

**Fraud and illegal acts**

We are not aware of any matters that require communication.

**Independence matters**

We are not aware of any matters that in our professional judgment would impair our independence.

### **New accounting pronouncements**

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 87
- GASB Statement No. 89
- GASB Statement No. 91
- GASB Statement No. 92
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 97

### **Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention**

None.

### **Disagreements with management and significant difficulties encountered in dealing with management when performing the audit**

None.

### **Management's consultations with other accountants**

We are not aware of any consultations made by management with other accountants or specialists.

### **Other material written communications with management**

None.

### **Other findings or issues regarding the oversight of the financial reporting process**

There are no other findings or issues arising from the audit that are, in our judgment, significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

### **AICPA ethics ruling regarding third-party service providers**

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with MIMRA or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

**Representations we are requesting from management**

See “*Management’s Representation Letters*” related to the audit in Appendix A.

**Engagement team’s involvement with preparation of the financial statements**

Under GAS 2018 Revisions, Chapter 3 General Standards, Paragraph 3.73 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit (or non-attest) services to be performed.

The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management’s ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.

The preparation of the financial statements is based on MIMRA’s trial balance with our understanding that MIMRA’s underlying books and records are maintained by MIMRA’s accounting department and that the final trial balance prepared by MIMRA is complete.

All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of MIMRA.

MIMRA’s Chief Finance Officer has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

\*\*\*\*\*

This report is intended solely for the use of MIMRA’s Board of Directors and management, and the Office of the Auditor-General, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

## Appendix

A - Management Representation Letter

A - Management Representation Letter



REPUBLIC OF THE MARSHALL ISLANDS  
MARSHALL ISLANDS MARINE RESOURCES AUTHORITY  
P.O. Box 860, Majuro, Marshall Islands, MH 96960

November 16, 2023

Ernst & Young (RMI) Inc.  
PO Box 1288, 96960,  
Majuro, Marshall Islands

In connection with your audit of the financial statements of the Marshall Islands Marine Resources Authority (MIMRA) as of September 30, 2021 and for the year then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the financial position of the business-type activities of MIMRA and the changes in financial position and cash flows thereof in conformity with U.S. generally accepted accounting principles (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

***Management's responsibilities***

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated January 16, 2023, for the preparation and fair presentation of the financial statements (including disclosures) in conformity with US GAAP applied on a basis consistent with that of the preceding years.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MIMRA's ability to continue as a going concern for one year after the date that the financial statements are issued, and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

Appendix A – Management Representation Letter, continued

We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. We have provided you with:

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation, and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within MIMRA from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From October 1, 2020 through the date of this letter, we have disclosed to you to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

***Governmental entities***

We recognize that we are responsible for MIMRA's compliance with laws, regulations, and provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives, all laws and regulations that have direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

We have identified to your representatives all previous audits, attestation engagements, and other studies related to the audit objectives and whether the related recommendations have been implemented.

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

We have informed you of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.

We have a process to track the status of audit findings and recommendations.

We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

Appendix A – Management Representation Letter, continued

We have taken timely and appropriate steps to remedy fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements, that you have reported.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix A), accumulated by you during the current audit and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

***Corrected misstatements***

We are in agreement with the audit adjustments you have proposed (Appendix B) and have posted the adjusting journal entries to MIMRA’s books.

***Internal control***

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We have communicated to you all significant deficiencies in the design or operation of internal control over financial reporting. There have been no significant changes in internal control since September 30, 2021.

***Minutes and contracts***

The dates of meetings of the Board of Directors from October 1, 2020, to the date of this letter are as follows:

Meeting type	Date	Meeting type	Date
Regular Board Meeting	October 13, 2020	Regular Board Meeting	February 23, 2022
Special Board Meeting	February 17, 2021	Regular Board Meeting	May 13, 2022
Continuance Board Meeting	February 18, 2021	Board Resolution	July 8, 2022
Regular Board Meeting	May 27, 2021	Regular Board Meeting	October 19, 2022
Special Board Meeting	June 03, 2021	Special Board Meeting	January 6, 2023
Regular Board Meeting	October 26, 2021	Regular Board Meeting	February 7, 2023
Regular Board Meeting	December 21, 2021	Board Resolution	April 19, 2023

We have made available to you all minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

Appendix A – Management Representation Letter, continued

***Minutes and contracts, continued***

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

***Methods, significant assumptions, and data used in making accounting estimates***

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

***Ownership and pledging of assets***

MIMRA has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which MIMRA has satisfactory title appear in the statement of net position.

***Receivables and revenues***

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62 - as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

***Investments***

The equity method is used to account for the MIMRA investment in the common stock of Marshall Islands Fishing Company, Ltd. (KFC), because MIMRA has the ability to exercise significant influence over the investee's operating and financial policies. The parties agreed that the joint venture will be operated by KFC and MIMRA will not be liable to the joint venture.

The investment in common stock of Marshall Islands National Telecommunications Authority is recorded at Net Asset Value, net of allowance for impairment, since MIMRA does not exercise significant influence over the operating and financial policies of the investee.

***Prepayments***

We believe that all material expenditures for which recognition has been deferred to future periods are recoverable.



Appendix A – Management Representation Letter, continued

***Long-lived assets used, including amortizable intangible assets***

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets used, including intangible assets that are subject to amortization, may not be recoverable.

***Related party relationships and transactions***

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56 - as amended, has been considered and appropriate adjustments or disclosures are made in the financial statements, and information concerning these transactions and amounts have been made available to you.

***Side agreements and other arrangements***

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

***Arrangements with financial institutions***

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

***Events of default under debt agreements***

No events of default have occurred with respect to any of MIMRA's debt agreements.

***Contingent liabilities***

There are no unasserted claims or assessments, including those our lawyers have advised us of that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62 - as amended.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

There have been no internal investigations or communications from regulatory agencies or government representatives concerning investigations or allegations of noncompliance with laws or regulations in any jurisdiction, noncompliance with or deficiencies in financial reporting practices, or other matters that could have a material effect on the financial statements.

Appendix A – Management Representation Letter, continued

***Contingent liabilities, continued***

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62 - as amended, nor are there any accruals for loss contingencies included in the statements of net position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62 - as amended.

We have consulted legal counsel concerning litigation, claims or assessments.

***Oral or written guarantees***

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

***Purchase commitments***

At September 30, 2021, MIMRA had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2021 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

***Non-compliance with laws and regulations, including fraud***

We acknowledge that we are responsible to determine that MIMRA's business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

We acknowledge our responsibility for the design, implementation, and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in MIMRA's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of MIMRA.

Appendix A – Management Representation Letter, continued

***Independence***

We have communicated to you the names of all MIMRA’s affiliates, officers, and directors.

We are not aware of any capital lease, material cooperative arrangement or other business relationship between MIMRA and Ernst & Young (RMI), Inc. or any other member firm of the global Ernst & Young organization

We are not aware of any reason that Ernst & Young (RMI), Inc. would not be considered to be independent for purposes of MIMRA’s audit.

***Conflicts of interest***

There are no instances where any officer or employee of MIMRA has an interest in a company with which MIMRA does business that would be considered a “conflict of interest.” Such an interest would be contrary to MIMRA’s policy.

***Effects of new accounting principles***

As discussed in Note 2, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 87
- GASB Statement No. 89
- GASB Statement No. 91
- GASB Statement No. 92
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 97

MIMRA is therefore unable to disclose the effects that adopting the amendments of the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such amendments are adopted.

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on management’s discussion and analysis, which has been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

## Appendix A – Management Representation Letter, continued

### *Government of Japan Grant in Aid*

In 2020, the Government of Japan and RepMar entered into a grant agreement for Grant Aid in the amount of JPY180,660,000 with MIMRA as the ultimate grantee. The purpose of the Grant is to support MIMRA's fish market operations. The Grant was paid directly by the Government of the Japan through an independent procurement agent to various vendors. During the year ended September 30, 2021, MIMRA received the equivalent in capital asset acquisitions in the amount of \$1,193,158.

### *World Bank*

During the year ended September 30, 2021, MIMRA received \$1,759,387 from the World Bank in the form of the financial support from IDA (Grant ID 0170) to support implementation of strengthening the shared management of selected Pacific Island oceanic and coastal fisheries, and the critical habitats upon which they depend. The grant closing date was originally September 30, 2020; however, the grant was extended to January 2022. Management is of the opinion that proceeds from this grant have been expended in accordance with the intended purposes as specified in the grant agreement.

### *The Nature Conservancy*

In 2019, MIMRA received a grant from The Nature Conservancy (TNC) to fund the implementation of the 2019 Joint-Conservancy-Grantee Workplan in order to support the shared objectives of exploring options to diversify and increase RMI's earnings from tuna resources, eliminating illegal unreported and unregulated fishing, marine spatial planning and assisting in the implementation of RMI National Oceans Policy. The grant closing date was originally February 21, 2021; however, due to cessation in the implementation of program objectives as a result of the COVID-19 pandemic, the grant remains open with grant extension being negotiated between MIMRA and TNC. Management is of the opinion that proceeds from this grant have been expended in accordance with the intended purposes as specified in the grant agreement.

### *Chinese Taipei Trust Fund*

In 2017, MIMRA received joint assistance from Pacific Community and Forum Fisheries Agency to improve data collection by the Observers and management. The purpose of the assistance is to build technical capacity at MIMRA for the efficiency of the National Observer Program. Management is of the opinion that proceeds from this grant have been expended in accordance with the intended purposes as specified in the grant agreement.

### *Protected Area Network*

During the year ended September 30, 2021, MIMRA received a \$239,107 grant from the Micronesia Conservation Trust for the purpose of funding Protected Area Network activities in the Marshall Islands. Management is of the opinion that proceeds from this grant have been expended in accordance with the intended purposes as specified in the grant agreement.

## Appendix A – Management Representation Letter, continued

### *Other representations*

- We have identified and disclosed to you all provisions of laws and regulations that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you violations (and possible violations) of laws, regulations and provisions of contracts and grant agreements with effects that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- We have followed all applicable laws and regulations in adopting, approving and amending budgets, tax or debt limits and covenants and secondary market disclosures, deposits and investments, including collateral requirements on depository accounts and investments and tax levies and refunds.
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- Expenses have been appropriately classified in or allocated to functions and programs in the statements of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of revenues, expenses and change in net position.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Capital assets, including infrastructure, are properly capitalized, reported and, if applicable, depreciated.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.
- Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.

### *Subsequent events*

Subsequent to September 30, 2021, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to MIMRA's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the net position, changes in net position and, where applicable, cash flows of MIMRA.

Appendix A – Management Representation Letter, continued

***Financial statements approval***

We have received a draft copy of the financial statements of MIMRA as of and for the year ended September 30, 2021. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of MIMRA.

You have assisted in the preparation of MIMRA's financial statements based on the information in MIMRA's trial balance and accounting records. It is our understanding that:

- MIMRA's underlying books and records are maintained by MIMRA's accounting department and that the final trial balance prepared by MIMRA is complete; and
- Management of MIMRA has designated a competent representative to oversee your services and that there are MIMRA personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

We acknowledge, that we have reviewed the draft financial statements for accuracy and completeness, and we take responsibility for them.

\*\*\*\*

We understand that your audit was conducted in accordance auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of MIMRA and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,

  
\_\_\_\_\_  
Glen Joseph, Executive Director

  
\_\_\_\_\_  
Jun Acibo, Chief of Finance

Appendix A – Management Representation Letter, continued

Appendices

- A – Schedule of Uncorrected Misstatements
- B – Schedule of Corrected Misstatements

Appendix A – Management Representation Letter, continued

Appendix A – Schedule of Uncorrected Misstatements:

Communication schedule for uncorrected misstatements		Entity: <u>MI Marine Resources Authority</u>	Period Ended: <u>30-Sep-2021</u>	Currency: <u>USD</u>					
No.	Wip ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)				Effect on the current period OCI	Income statement effect of the current period	Non issuable
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current			
			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	
<b>Uncorrected misstatements</b>									
<b>PAUER1 K0100</b> To correct misstatement of deposits for capital assets									
		KT10a-5 Deposit for capital Asset Acquisition	\$ 104,119.00						X
		Accumulated Depreciation	\$ 1,093.00						X
		Property and Equipment	\$ (104,119.00)						X
		Depreciation Expense					\$ (1,093.00)		X
<b>PAUER2 VB0100</b> To correct misstatement of beginning cash balances related to Fish Market operations									
		VB010a-2 Cash	\$ 94,731.00						X
		Revenue					\$ (94,731.00)		X
<b>PAUER3 V00110</b> To correct misstatement of inventory in-kind Japan contributions									
		Inventory	\$ 147,784.00						X
		Repairs and maintenance						\$ (147,784.00)	X
<b>PAUER4 VB0100</b> To correct misstatement of current year Fish Market operations									
		VB110a Cash	\$ 7,843.00						X
		Operating Expenses						\$ 316,490.00	X
		Operating Revenue						\$ (323,333.00)	X
<b>Total of uncorrected misstatements before income tax</b>			250,358	1,093	0	0	0	0	(251,431)
<b>Total of uncorrected misstatements</b>			250,358	1,093	0	0	0	0	(251,431)

Form 430GL (3 August 2022)



Appendix A – Management Representation Letter, continued

Appendix A – Schedule of Uncorrected Misstatements, continued

Communication schedule for uncorrected misstatements

Entity: MI Marine Resources Authority Period Ended: 30-Sep-2021 Currency: USD

No.	WIP ref.	Account (Note 1) (misstatements are recorded as journal entries with a description)	Assets		Liabilities		Equity		Effect on the	
			Current	Non-current	Current	Non-current	components	OCI	current period	income statement effect
			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)
			31,221,251	9,581,592	817,277	0	440,295,368			
			0.8%	0.0%	0.0%	0.0%	0.0%			7.6%
Memo: Total of non-taxable items (marked 'X' above)										
Uncorrected misstatements before income tax										
Less: Tax effect of misstatements at current year marginal rate										
Uncorrected misstatements in income tax										
Cumulative effect of uncorrected misstatements after tax but before turnaround										
Turnaround effect of prior period uncorrected misstatements										
Memo: Before tax										
Memo: After tax										
All factual and projected misstatements: judgmental misstatements (Note 3):										
Cumulative effect of uncorrected misstatements, after turnaround effect										
Current year income before tax										
Current year income after tax										

Appendix A – Management Representation Letter, continued

Appendix B -- Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Mi Marine Resources Authority      Period ended: 30-Sep-2021      Currency: USD

Corrected misstatements	Analysis of misstatements Debit/(Credit)									
	No. W/P ref.	Account (misstatements are recorded as journal entries with a description)	Assets Current Debit/(Credit)	Assets Non-current Debit/(Credit)	Liabilities Current Debit/(Credit)	Liabilities Non-current Debit/(Credit)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Income statement effect of the current period Debit/(Credit)	Non taxable
		Total of corrected misstatements before income tax	0	0	0	0	0	0	0	0
		Financial statement amounts	31,221,251	9,991,592	(917,277)	0	(40,295,568)		(3,617,008)	
		Effect of corrected misstatements on F/S amounts	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	

[For US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.]