

Management Letter

**Republic of the Marshall Islands Office of Commerce,
Investment and Tourism**

(A Component Unit of the Republic of the Marshall Islands)

Year Ended September 30, 2022





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February 5, 2024

Management and the Board of Directors
Republic of the Marshall Islands Office of Commerce,
Investment and Tourism

In planning and performing our audit of the financial statements of the Republic of the Marshall Islands Office of Commerce, Investment and Tourism (OCIT) as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States, 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 the OCIT's internal control. Accordingly, we do not express an opinion on the effectiveness of the OCIT'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 internal 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:

Cash in Bank - Stale-dated Checks

Condition:

At September 30, 2022, the bank reconciliation included outstanding checks of \$31,504, which included stale-dated checks amounting to \$4,063.

Recommendation:

We recommend management establish internal policies and procedures requiring timely resolution and follow-up of outstanding checks which have been outstanding for over six months.

Cash in Bank - Bank Reconciliations

Condition:

At September 30, 2022, the bank reconciliation for the Bank of Guam Account included an invalid \$17,750 reconciling item due to an erroneous entry. Accordingly, an audit adjustment was proposed to correct the erroneous entry.

Recommendation:

We recommend management establish internal policies and procedures requiring timely resolution of bank reconciling items.

Receivables - Hotel Taxes

Condition:

RepMar levies a Hotel and Resort Facilities tax of 8% of the daily room rate on hotels and resort facilities in the Marshall Islands, of which 1/8 is dedicated for OCIT. During the year ended September 30, 2022, OCIT did not record and collect FY2022 revenues associated with this tax, which amounted to \$10,358. Furthermore, OCIT recorded a \$6,716 hotel tax receivable that related to FY2021 revenues that was collected in FY2022; however, the receivable remained unadjusted at September 30, 2022. An audit adjustment was proposed to correct the hotel tax receivable balance.

Recommendation:

We recommend management establish internal policies and procedures requiring timely recording and collection of OCIT's share of hotel taxes from RepMar.

Receivables - Allowance for Doubtful Accounts

Condition:

Receivables amounting to \$22,914, which represent 77% of total receivables, were deemed uncollectible as of September 30, 2022, and were fully provided with an allowance for uncollectible accounts. Of the total deemed uncollectible, \$10,358 represented receivables relating to FY2022 hotel taxes not yet collected. An audit adjustment was proposed to recognize an allowance for doubtful accounts.

Recommendation:

We recommend management establish internal control policies and procedures requiring regular assessment of the collectability of accounts receivable. Furthermore, we recommend management establish a written policy governing receivable collections and write-offs.

Payroll Liabilities

Condition:

At September 30, 2022, OCIT did not recognize a year end accrual for salaries, wages and benefits in the amount of \$23,539. Accordingly, an audit adjustment was proposed to record related payroll liability.

Recommendation:

We recommend management establish internal control policies and procedures requiring timely recognition of year end accruals.

Board Sitting Fees

Condition:

During the year ended September 30, 2022, OCIT paid sitting fees of \$11,040 to Board members. These fees may constitute wages under the Income Tax Act 1989 and thus may be subject to withholding taxes. No withholding taxes were withheld by OCIT.

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.

Retirement Savings Plan

Condition:

During the year ended September 30, 2022, OCIT made employer contributions, totaling \$11,050, to employee retirement savings plan. 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 plan.

Republic of the Marshall Islands Office of Commerce,
Investment and Tourism
Management Letter

This communication is intended solely for the information and use of management, the Board of Directors, 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. However, this report is also a matter of public record.

At this time, we would like to thank all the staff and management of OCIT for their cooperation extended to us during the course of our audit. We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Sincerely,

Ernst + Young LLP

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

**Republic of the Marshall Islands Office of Commerce,
Investment and Tourism**

(A Component Unit of the Republic of the Marshall Islands)

Year Ended September 30, 2022





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February 5, 2024

To the Board of Directors of
Republic of the Marshall Islands Office of Commerce,
Investment and Tourism

We have performed an audit of the financial statements of the Republic of the Marshall Islands Office of Commerce, Investment and Tourism (OCIT), a component unit of the Republic of the Marshall Islands, as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States, 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 February 5, 2024.

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 the Board of Directors and management of OCIT 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 OCIT's financial statements as of and for the year ended September 30, 2022.

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 July 2023 meeting.

Matters relevant to our evaluation of the entity'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 OCIT's ability to continue as a going concern.

Our views about the qualitative aspects of the entity'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. A discussion of significant accounting policies and sensitive accounting estimates have been included in Note 2 of the financial statements.

We are not aware of any significant accounting policies used by OCIT in controversial or emerging areas or for which there is a lack of authoritative guidance.

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.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor OCIT's operations. These budgets include determining how existing financial resources will be used in OCIT's operations.
- Evaluating whether there are indications that the carrying value of OCIT's long-lived assets is impaired.
- Determining the adequacy of the allowance for doubtful accounts and inventory obsolescence.
- Determining the reasonableness of economic useful lives assigned to depreciable assets.

Related party relationships and transactions

A discussion of related party relationships and transactions is included in Note 4 of the financial statements. We noted no significant matters regarding OCIT's relationships and transactions with related parties.

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

We are not aware of any matters that require communication.

Significant unusual transactions

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

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

None.

Material corrected misstatements related to accounts and disclosures

Refer to "Management Representations Letter" in Appendix A.

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

Refer to "Management Representations Letter" in Appendix A.

Significant deficiencies and material weaknesses in internal control over financial reporting

No material weaknesses have been identified. We have identified certain deficiencies in the internal control during the course of our audit which have been included in our separately issued management letter dated February 5, 2024.

Fraud and noncompliance with laws and regulations (illegal acts)

Noncompliance with laws and regulations identified during the course of our audit have been included in our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated February 5, 2024.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the July 2023 meeting during the audit.

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. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

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

We are not aware of any matters that require communication.

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

There were no material disagreements with OCIT's management on financial accounting and reporting matters during the audit.

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 matters

There are no other matters 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.

Representations from management

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

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 the Company 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.

Engagement team's involvement with preparation of the financial statements

Under *Government Auditing Standards* 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.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of OCIT.
- The preparation of the financial statements is based on OCIT's trial balance with our understanding that OCIT's underlying books and records are maintained by OCIT's accounting department and that the final trial balance prepared by OCIT is complete.
- OCIT's Chief Financial Officer have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

The Board of Directors of
Republic of the Marshall Islands Office of Commerce,
Investment and Tourism

February 5, 2024

Appendix

A - Management Representations Letter

A - Management Representations Letter



February 5th, 2024

Ernst & Young LLP
Majuro, Marshall Islands
P.O Box 1288, 96960

In connection with your audit of the financial statements of the Republic of the Marshall Islands Office of Commerce, Investment and Tourism (OCIT), a component unit of the Republic of the Marshall Islands, which comprise the statement of net position as of September 30, 2022, and the related statements of revenues, expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, 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 OCIT 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 March 27, 2023, for the preparation and fair presentation of the financial statements (including disclosures) in accordance 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 OCIT'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.

A - Management Representations Letter, continued



Management's responsibilities, 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 OCIT 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, 2021 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, 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 OCIT'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.

A – Management Representations Letter, continued



Governmental entities, continued

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.

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.

Corrected misstatements

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to the OCIT's books.

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. In addition, to the extent that uncorrected misstatements have been subsequently identified in the current period that affect prior period financial statements, we have evaluated the effect of correcting prior period financial statements and believe that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to both the current and prior period financial statements.

Uncorrected misstatements in disclosures

We believe that the uncorrected misstatements in disclosures, summarized in the accompanying schedule (Appendix C), accumulated by you during the current and prior audit period, both individually and in the aggregate, do not materially affect the fair presentation of the (consolidated) financial statements in accordance with US GAAP.

Internal control

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

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

A – Management Representations Letter, continued



Minutes and contracts and internal audit reports

The dates of meetings of the Board of Directors from October 1, 2021 to the date of this letter are as follows:

<u>Date Meeting</u>	<u>Type</u>
Oct 27, 2021,	Special Board Meeting
Nov 2, 2021,	Special Board Meeting
Dec 6, 2021,	Regular Board Meeting
Feb 11, 2022,	Regular Board Meeting
Feb 21, 2022,	Special Board Meeting
Sep 16, 2022,	Special Board Meeting
Sep 29, 2022,	Special Board Meeting
Dec 22, 2022,	Regular Board Meeting
Mar 24, 2023,	Regular Board Meeting
Jun 30, 2023,	Regular Board Meeting
Oct 12, 2023,	Regular Board Meeting

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

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

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

A – Management Representations Letter, continued



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 any accrued contributions receivable rendered prior to that date and for uncollectible accounts and allowances, etc., that may be incurred in the collection of receivables at that date.

Leases

OCIT does not have any lease contracts that fall under the category of GASB Statement No. 87.

Long-lived assets to be held and used, including amortizable intangible assets

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets to be held and 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 basic 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.

A – Management Representations Letter, continued



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 other than those disclosed in the financial statements.

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 other than those disclosed in the financial statements.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements other than those disclosed or accrued in the financial statements.

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, *Contingencies* other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statement of financial 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, 2022, OCIT 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, 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

A – Management Representations Letter, continued



Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that OCIT'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 OCIT'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 OCIT.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

Independence

We have communicated to you the names of OCIT's affiliates, officers and directors.

We are not aware of any capital lease, material cooperative arrangement or other business relationship between OCIT and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of OCIT's audit.

Conflicts of interest

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

Effects of new accounting principles

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), as discussed in Note 2.

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99

A – Management Representations Letter, continued



- GASB Statement No. 100
- GASB Statement No. 101

A – Management Representations Letter, continued

Effects of new accounting principles, continued

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

Going concern

In preparing the financial statements, we evaluated the entity's ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

Required supplementary information

We acknowledge our responsibility for the required supplementary information on management's discussion and analysis, which have 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.

- 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.

A – Management Representations Letter, continued



- 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.

Financial statements approval

We have received a draft copy of the financial statements of OCIT as of and for the year ended September 30, 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of OCIT.

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

- OCIT's underlying books and records are maintained by OCIT's accounting department and that the final trial balance prepared by OCIT is complete; and
- Management of OCIT has designated a competent representative to oversee your services and that there are OCIT 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.

Subsequent events

Subsequent to September 30, 2022, no events or transactions have occurred or are pending that would have a material effect on the financial statements at that date or for the period then ended, or that are of such significance in relation to OCIT's affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable.

A – Management Representations Letter, continued



We understand that your audit was conducted in accordance with 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 an opinion on the financial statements of OCIT 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,

Executive Director, Francis Carlos Domnick

Rommel Qunit,
Chief Administrator

A – Management Representations Letter, continued

Appendices

- A – Schedule of Corrected Misstatements
- B – Schedule of Uncorrected Misstatements
- C – Schedule of Misstatements in Disclosure

A – Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatements

Summary of corrected misstatements											
Entity:		Office of Commerce, Investment and Tourism		Period ended: 30-Sep-2022		Currency: USD		Create communications			
		PM: 32,009		TE: 18,009		Nominal amount: 1,000					
No.	WIP ref.	Account <small>(misstatements are recorded as journal entries with a description)</small>	Analysis of misstatements Debit/(Credit)						Effect on the current period OCI	Income statement effect of the current period	Document your rationale for inclusion/non-inclusion into communications
			Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components				
Add new misstatement											
1	L0900 VD0960	Reversal of OCT-22 MISSA liability, wrongly recorded in Sep 22 Payroll Liability-MISSA MISSA TAX			3,048					(3,048)	<TE, see (Note 2)
2	UE1-0900 E0120	Reversal of wrongly credit revenue of FY21 OCIT Revenues Hotel Tax Receivable		(6,786)						6,786	<TE, see (Note 2)
3	E0120 UE1-0900	To record the hotel tax revenue for the FY-22 Hotel Tax Receivable OCIT Revenues	10,358							(10,358)	<TE, see (Note 2)
4	M0120 D0120	To record the payment of FY-21 payroll liabilities (i.e Salaries for last pay period Sep 21) Payroll Liabilities Main Checking Account-BOG			17,750					(17,750)	>>TE, see (Note 1)
5	M0120 VD0960	To record the reversal of incorrect amount of Accrued payroll liability FY22 Payroll Liabilities Salaries, Wages, & Benefits			5,872					(5,872)	<TE, see (Note 2)
6	VD0960 VD0960 VD0960 M0120 M0120 M0120	To record the accrued payroll liability for FY22 Salaries, Wages, & Benefits Pension Benefits MISSA TAX Payroll Liabilities Payroll Liability-MISSA Payroll Liability-Income Tax (MDF)								20,371 825 2,343 (6,767) (4,689) (2,987)	>>TE, see (Note 1)
7	UE1-0900 E0120	To record the allowance for hotel tax revenue Bad debt expense Allowance for doubtful accounts		(10,358)						10,358	<TE, see (Note 2)
Total of corrected misstatements before income tax			(6,786)	0	3,131	0	0	0	0	3,585	
Financial statement amounts			171,892	105,552	77,865	0	200,240			(22,023)	
Effect of corrected misstatements on FIS amounts			-3.9%	0.0%	4.1%	0.0%	0.0%			-16.3%	

A – Management Representations Letter, continued

Appendix B– Schedule of Uncorrected Misstatement

Summary of uncorrected misstatements										
Entity:		Office of Commerce, Investment and Tourism			Period Ended: 30-Sep-2022		Currency: USD		SAD consultation limit:	
					PM: 32,009		TE: 16,005		Nominal amount:	
No.	W/P ref.	Account (Note 1) <small>(misstatements are recorded as journal entries with a description)</small>	Analysis of misstatements Debit/(Credit)							
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Income statement effect of the current period Debit/(Credit)	Non taxable
Add new misstatement										
Factual misstatements:										
PAJE #1	OCIT lease inventory	To record the impact of GASB 87		11,639		(11,639)				
		ROUA								
		Lease liability								
PAJE #2	OCIT lease inventory	To record the income statement impact of GASB 87								7,606
		Dep exp								
		Acc Dep		(7,606)						
		Lease liability		6,798						
		Finance Cost								1,194
		Rental Expense								(7,992)
Total of uncorrected misstatements before income tax			0	10,831	0	(11,639)	0	0	0	808
Total of uncorrected misstatements			0	10,831	0	(11,639)	0	0	0	808
Financial statement amounts			171,852	105,552	77,165	0	209,248			(22,023)
Effect of uncorrected misstatements on F/S amounts			0.0%	10.3%	0.0%	0.0%	0.0%			-3.7%
Memo: Total of non-taxable items (marked 'X' above)										
Uncorrected misstatements before income tax									0.0%	808
Less: Tax effect of misstatements at current year marginal rate										0
Uncorrected misstatements in income tax										0
Cumulative effect of uncorrected misstatements after tax but before turnaround									-3.7%	808

A – Management Representations Letter, continued

Appendix C– Schedule of Misstatement in Disclosure

Schedule of misstatements in disclosures				
Entity: <input type="text" value="Office of Commerce, Investment and Tourism"/>		Period ended: <input type="text" value="30-Sep-2022"/>		PM: <input type="text" value="32,009"/>
		Currency: <input type="text" value="USD"/>		TE: <input type="text" value="16,005"/>
				Nominal amount: <input type="text" value="1,600"/>
We accumulate all misstatements in disclosures that merit the attention of those charged with governance. (Note 1)				
No.	FN reference	Description of misstatements in disclosures	Authoritative guidance reference	Evaluation of and conclusion on effect of the uncorrected misstatements in disclosures.
Uncorrected misstatements in disclosures:				
1		GASB 87 footnote disclosure is not included		Management didn't include the GASB 87 disclosure as the total impact was \$ 11,639 which is below our threshold.
Corrected misstatements in disclosures:				
		None		

(Note 1) We communicate misstatements in disclosures that merit the attention of those charged with governance based on our professional judgment. We include these items as an attachment to other misstatements communicated. An automated function to generate communications is not available on this tab as we need to consider how best to communicate each item.

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