

Management Letter

**Marshall Islands National Telecommunications
Authority**

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

Year ended September 30, 2022



June 11, 2024

Management and the Board of Directors
Marshall Islands National Telecommunications Authority

In planning and performing our audit of the financial statements of the business-type activities of Marshall Islands National Telecommunications Authority (MINTA) as of and for the year ended September 30, 2022 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 MINTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the MINTA'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:

Dormant Bank Account

Condition:

As of September 30, 2022, MINTA maintained a dormant bank account with the Bank of Marshall Islands in the amount of \$1,632, which was previously utilized for payroll transactions.

Recommendation:

We recommend management determine the necessity for this bank account and consider closing such to minimize the need for regular account reconciliation and monitoring and reduce the risk of fraud or misuse.

Bank Reconciliations

Condition:

The Accounting Manager manually prepares monthly bank reconciliations for MINTA's bank accounts.

Recommendation:

Given the significant volume of daily transactions, we recommend management consider utilizing the automated bank reconciliation feature to streamline the reconciliation process.

Telecommunication Receivables

Condition:

As of September 30, 2022, MINTA's current billing system is unable to produce an accurate aging report for analysis. Instead, management manually creates an aging report based on system generated invoices and collection details.

Recommendation:

We recommend management collaborate and work with the software company to prioritize a solution to this recurring issue.

Allowance for Doubtful Accounts

Condition:

As of September 30, 2022, MINTA recorded a \$1,279,015 allowance for doubtful debts. Additional telecommunication receivable balances of \$175,854 were considered uncollectible; however, no audit adjustment was proposed as management determined that such was not material to the financial statements.

Recommendation:

We recommend management perform periodic monitoring of long outstanding past due receivables balances and consider whether the deterioration in aging is indicative of a larger exposure to bad debts provisioning.

Materials and Supplies Inventory

Condition:

As of September 30, 2022, the following items below with unusual inventory codes, quantities with no equivalent costs and negative quantity and/or costs were still included in the current year inventory valuation report:

<u>Inventory Code</u>	<u>Item Description</u>	<u>Quantity</u>	<u>Total Cost</u>
CELL247A	GOOGLE PIXEL 2 XL, 64GB ANDROID BLK CLEARITY WHT	6	5,334
TELEP0000014	TELEP SPEAKER PHONE 958	(24)	113
TELEP0000113	AT&T TRIMLINE 1909-wht	8	90
REGULATOR	REGULATOR	1	35
CELL092A	A321 MOBILE PHONE (SPARE PARTS)	4	—
CELL153	NOKIA 1280 GSM MOBILE PHONE	1	—
POWERSUP002	SOL PWR SUP 75WATT	1	—
TELEP0000012	M7310 BLACK(NT8B20AF03)	(2)	(82)
TELE0000112	SPEAKER PHONE AT&T959	(40)	(860)
TELEP0000111	CELLULAR/PANASONIC A100SER	(397)	(34,936)

No audit adjustment was proposed as management determined that such was not material to the financial statements.

Recommendation:

We recommend management investigate and appropriately adjust discrepancies between inventory balances and related financial records. We also recommend management collaborate and work with the software company to prioritize a solution to this issue.

Related Party Transactions Disclosures

Condition:

MINTA is unable to identify and appropriately categorize related party transactions related to revenues for financial statement disclosure purposes.

Recommendation:

We recommend management establish a process to proactively identify all related parties and related party transactions for revenues throughout the year. Management should document their conclusions, including a description of the nature of transactions with related parties.

Capital Assets

Condition:

- Of 27 capital assets selected from the capital asset register for existence verification, 5 items with a zero net book value were unable to be physically inspected or verified for existence.
- Total accumulated depreciation of capital assets per the capital asset register did not agree with the general ledger account balances resulting in a \$2,335,350 restatement of prior year financial statements.

Recommendation:

We recommend management establish internal control policies and procedures requiring: (1) timely updating of the capital asset register through periodic physical asset counts, and (2) reconciliation of capital asset cost and related accumulated depreciation general ledger balances to the underlying capital asset register.

Payroll Allotments

Condition:

During the year ended September 30, 2022, MINTA recorded remittance made to allottees amounting to \$970,255 in GL code no. 412020 – ‘Other Accrued Liabilities’, instead of the GL code no. 401100 – ‘Accts Payable – Payroll Allotments’.

Recommendation:

We recommend management establish internal control policies and procedures requiring remittances made to allottees be properly recorded in the correct general ledger accounts timely and accurately.

Manual Journal Entries

Condition:

- a. Management has access to post journal entries directly into the general ledger without approval. Consequently, these entries do not follow the same review and approval process expected for all journal entries. This increases the risk of management override of controls and manipulation of financial data.
- b. Majority of the manual journal entries were not supported by supporting calculations and/or related attachments and included vague or general descriptions of the entry.

Manual Journal Entries, continued

Recommendation:

- a. We recommend management reconsider access to posting journal entries directly into the general ledger to help establish proper segregation of duties. Additionally, all journal entries posted should be appropriately reviewed and approved.
- b. We recommend management that a journal book or an electronic filing system should be maintained so that a copy of each manual journal entry in the series is filed together with appropriate supporting documentation and the related approval for the manual journal entry.

RMI Procurement Code

Condition:

MINTA does not have a formal written procurement policies and procedures. All purchases did not evidence quotations from qualified vendors to facilitate the competitive procurement process.

Recommendation:

We recommend management implement written procurement policies and procedures to facilitate competitive procurement processes and require that documentation be adequate to comply with applicable procurement requirements.

Board Sitting Fees

Condition:

During the year ended September 30, 2022, MINTA paid sitting fees of \$11,200 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 MINTA.

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.

Minutes of Board Meetings

Condition:

Complete Board minutes of meetings held up to the audit report date were not available for inspection.

Recommendation:

We recommend management require meetings to be formally documented by the Board Secretary documenting all discussions, decisions and actions taken by the Board of Directors.

Retirement Savings Plan

Condition:

During the year ended September 30, 2022, MINTA made employer contributions, totaling \$65,859, 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.

* * * * *

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 MINTA 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.

Ernst + Young LLP

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

Marshall Islands National Telecommunications Authority
(A Component Unit of the Republic of the Marshall Islands)

Year ended September 30, 2022



June 11, 2024

To the Board of Directors of
Marshall Islands National Telecommunications Authority

We have performed an audit of the financial statements of the Marshall Islands National Telecommunications Authority (MINTA), 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 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 June 11, 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 MINTA 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 the MINTA'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 September 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 the MINTA's ability to continue as a going concern.

Our views about the qualitative aspects of the Authority'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 MINTA 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 MINTA's operations. These budgets include determining how existing financial resources will be used in MINTA's operations.
- Evaluating whether there are indications that the carrying value of MINTA'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

We noted no significant matters regarding MINTA's relationships and transactions with related parties. A discussion of related party relationships and transactions is included in Note 8 of the financial statements.

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 MINTA.

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.

Fraud and noncompliance with laws and regulations (illegal acts)

We are not aware of any matters that require communication.

Obtain information relevant to the audit

Inquiries regarding matters relevant to the audit were performed during the September 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 MINTA'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 MINTA.
- The preparation of the financial statements is based on MINTA's trial balance with our understanding that MINTA's underlying books and records are maintained by MINTA's accounting department and that the final trial balance prepared by MINTA is complete.
- MINTA's Chief Financial Officer have the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

Appendix

A - Management's Representations Letter

A - Management's Representations Letter



Marshall Islands
National Telecommunications Authority
P.O. Box 1169
Majuro, Marshall Islands MH 96960
Telephone: + (692) 625-3852 | Facsimile +(692) 625-3952

June 11, 2024

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

In connection with your audit of the basic financial statements of Marshall Islands National Telecommunications Authority (MINTA), 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 MINTA 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 February 6, 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 MINTA'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.

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.

A - Management Representations Letter, continued

Management's responsibilities, continued

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 MINTA 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, 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 MINTA'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.

A - Management Representations Letter, continued

Corrected misstatements

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

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, 2022.

Minutes and contracts

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

Date of Meeting	Meeting Type
November 10, 2021	Regular Board Meeting
December 17, 2021	Regular Board Meeting
February 23, 2022	Regular Board Meeting
June 6, 2022	Regular Board Meeting
June 30, 2022	Regular Board Meeting
July 8, 2022	Regular Board Meeting
September 23, 2022	Regular Board Meeting
October 4, 2022	Regular Board Meeting
November 28, 2022	Regular Board Meeting
January 13, 2023	Inaugural Board Meeting
January 18, 2023	Regular Board Meeting
August 11, 2023	Regular Board Meeting
November 3, 2023	Special Board Meeting
December 28, 2023	Regular Board Meeting
April 8, 2024	Regular Board Meeting

A - Management Representations Letter, continued

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.

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

Except for right-to-use another entity's nonfinancial asset (the underlying asset), MINTA 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 MINTA 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.

Leases

Our calculation of the cumulative effect of initially applying GASB Statement No. 87 - as amended that is reported did not result on restatement of beginning net position for the earliest period restated that is in accordance with our accounting policies established under GASB Statement No. 87 - as amended.

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87 - as amended. We have appropriately considered any modifications, termination, or purchase options in the contract.

To measure the lease liability, we used the rate the lessor charges to us or the rate implicit in the lease. When the interest rate could not be readily determined, we then estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of

A - Management Representations Letter, continued

Leases, continued

the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Prepayments and deposits

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

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 MINTA'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.

A - Management Representations Letter, continued

Contingent liabilities, continued

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.

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, 2022, MINTA 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.

Non-compliance with laws and regulations, including fraud

We acknowledge that we are responsible to determine that MINTA'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 MINTA's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud

A - Management Representations Letter, continued

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

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 MINTA.

Independence

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

We are not aware of any capital lease, material cooperative arrangement or other business relationship between MINTA 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 MINTA’s audit.

Conflicts of interest

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

Effects of new accounting principles

As discussed in Note 2 of the financial statements, 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. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

MINTA 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.

A - Management Representations Letter, continued

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.

Additional 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 and unrestricted) are properly classified and, if applicable, approved.
- Expenses have been appropriately classified in or allocated to functions in the statement of revenues, expenses and change in net position, 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.
- MINTA is liable for certain advances from RepMar in the amount of \$700,000. MINTA does not expect that RepMar will pursue collection of these advances prior to September 30, 2023. Accordingly, such have been presented as long-term liabilities within the statement of net position.

A - Management Representations Letter, continued

Other matters

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

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

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

We have reviewed the draft financial statements for accuracy and completeness.

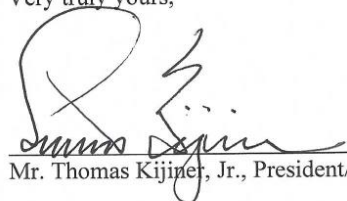
Subsequent events

Subsequent to September 30, 2022, 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 MINTA'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 MINTA.

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 MINTA and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

A - Management Representations Letter, continued

Very truly yours,



Mr. Thomas Kijiner, Jr., President/CEO

Mrs. Asenaca Tikoca, Chief Financial Officer

A - Management Representations Letter, continued

Appendices

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

A - Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatements

Communication schedule for corrected misstatements

Entity: Marshall Islands National Telecommunications Authority

Period ended: 30-Sep-2022

Currency: USD

Corrected misstatements			Analysis of misstatements Debit/(Credit)							
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable
		Buried Cable Metallic Expense							3,950	X
		Plant Operation Admin Expense							1,524	X
		Sales Expense							1,519	X
		Call Completion Services							4,040	X
		Customer Services							4,170	X
		Executive Expense							3,048	X
		Accounting And Finance							3,446	X
		Wireless TV Expenses							676	X
		Acct Payable - Payroll			(36,271)					
VB-RJE-01	VB-hx-C-03	To reclass proper expense accounts for the MISSA employer's share quarter ended June 2022							56,655	X
		Operating Taxes							(56,655)	X
		Other General & Admin Expense								
VB-RJE-02	VB-hx-C-03	To reclass payroll allotment payments								
		Other Accrued Liabilities			970,255					
		Accts Payable - Payroll Allotments			(970,255)					
VE-AJE-01	VE0311	To adjust overstatement recorded equipment cost for Intelsat for the month October 2021								
		Contracts Payable			13,783					
		Outstand 2/3G VSAT Broadband- work in progress		(13,783)						
VE-AJE-02	VE0311	To adjust overstatement recorded bandwidth cost for Intelsat for the month of September 2022								
		Acct Payable - Other			15,162					
		Network Access & Storage							(15,162)	X
VE-RJE-01	VE0311	To reclass transactions from TE Subcom Connectivity recorded in 621210 for FS presentation consistency								
		Deep Sea Cable Nonmet Expense							90,854	X
		Network Access & Storage							(90,854)	X
LRE-AJE-01	LRE0110	To record initial lease asset and liability upon adoption of GASB87 for leaseases								
		Intangible ROU asset		531,446						
		Prepaid Rents	(7,576)							

Form 430GL (3 August 2022)

A - Management Representations Letter, continued

Communication schedule for corrected misstatements

Entity: Marshall Islands National Telecommunications Authority

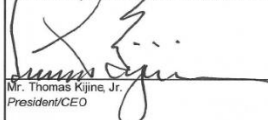
Period ended: 30-Sep-2022

Currency: USD

Corrected misstatements		Analysis of misstatements Debit/(Credit)								
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable
		Other Long Term Liabilities-Lease				(523,870)				
LRE-AJE-02	RE0110	To amortize lease asset and reduce liability at year-end under GASB87 for landleases								
		Amortization Expense							22,977	X
		Interest Expense							10,340	X
		Other Long Term Liabilities-Lease				18,417				
		Intangible ROU asset		(22,977)						
		Land and Building Expense							(28,757)	X
LRE-RJE-01	RE0110	To reclassify from noncurrent to current lease liabilities for landleases								
		Other Long Term Liabilities-Lease				11,100				
		Other Long Term Liabilities-Lease			(11,100)					
T-CAJE-01	D120	To record client adjustment for dividends declared in June 2022 based on FY2021 profits								
		Retained Earnings - Dividends					359,532			
		Acct Payable - Dividends			(359,532)					
Total of corrected misstatements before income tax			302,282	2,770,715	(621,081)	(494,354)	(1,975,818)	0	18,255	
Financial statement amounts			4,010,942	28,316,378	(5,761,113)	(14,430,732)	(12,135,475)		(23,636)	
Effect of corrected misstatements on F/S amounts			7.5%	9.8%	10.8%	3.4%	16.3%		-77.2%	

Concurrence:

The above adjustments have been discussed with us and we agree to record them.


Mr. Thomas Kijine, Jr.
President/CEO

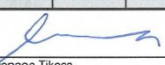
A - Management Representations Letter, continued

Communication schedule for corrected misstatements

Entity: Marshall Islands National Telecommunications Authority

Period ended: 30-Sep-2022

Currency: USD

Corrected misstatements			Analysis of misstatements Debit/(Credit)							
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable
 Mrs. Aenaca Tikoca Chief Financial Officer										

A - Management Representations Letter, continued

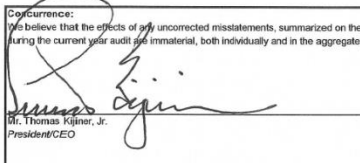
Appendix B – Schedule of Uncorrected Misstatements

Communication schedule for uncorrected misstatements

Entity: Marshall Islands National Telecommunications Authority Period Ended: 30-Sep-2022 Currency: USD

Uncorrected misstatements		Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	W/P ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period	Prior period Debit/(Credit)	Non-taxable
(misstatements are recorded as journal entries with a description)			Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		
Factual misstatements:											
EI-AJE-01	E10110	To record additional provision for doubtful debts									
		Uncollectible Revenue Telecom							175,854	X	
		A/C Receive Allowance Telecom	(175,854)								
Total of uncorrected misstatements before income tax			(175,854)	0	0	0	0	0	175,854		0
Total of uncorrected misstatements			(175,854)	0	0	0	0	0	175,854		0
Financial statement amounts			4,010,942	28,310,378	(5,761,113)	(14,430,732)	(12,111,839)		(23,636)		(2,017,817)
Effect of uncorrected misstatements on F/S amounts			-4.4%	0.0%	0.0%	0.0%	0.0%		-744.0%		0.0%
Memo: Total of non-taxable items (marked 'X' above)									175,854		0
Uncorrected misstatements before income tax								-744.0%	175,854		0
Less: Tax effect of misstatements at current year marginal rate								0%	0		0
Uncorrected misstatements in income tax									0		0
Cumulative effect of uncorrected misstatements after tax but before turnaround								-744.0%	175,854		0
Turnaround effect of prior period uncorrected misstatements											
All factual and projected misstatements:									0		0
Judgmental misstatements (Note 3):									0		0
Cumulative effect of uncorrected misstatements, after turnaround effect								-744.0%	175,854		0
Current year income before tax									(23,636)		
Current year income after tax									(23,636)		

Concurrence:
I believe that the effects of any uncorrected misstatements, summarized on the accompanying schedule, accumulated by you, during the current year audit are immaterial, both individually and in the aggregate, to the financial statements.


Mr. Thomas Kujner, Jr.
President/CEO

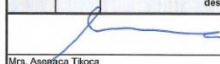
A - Management Representations Letter, continued

Communication schedule for uncorrected misstatements

Entity: Marshall Islands National Telecommunications Authority

Period Ended: 30-Sep-2022

Currency: USD

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)								Income statement effect o the prior period	
No.	WP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit) (Note 2)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
 Mrs. Aggelica Tloca Chief Financial Officer												