Management Letter

Health Care Revenue Fund

(A Governmental Fund of the Republic of the Marshall Islands)

Year ended September 30, 2022





Ernst & Young LLP 231 Ypao Road Suite 201 Ernst & Young Building Tamuning, Guam 96913 Tel: +1 671 649 3700 Fax: +1 671 649 3920 ey.com

June 25, 2024

Ms. Francyne Wase-Jacklick Secretary of Health and Human Services Republic of the Marshall Islands

Dear Ms. Wase-Jacklick:

In planning and performing our audit of the financial statements of the Health Care Revenue Fund (HCRF) 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 the HCRF's internal control. Accordingly, we do not express an opinion on the effectiveness of the HCRF'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:

Employee Receivables

Condition: RepMar's Ministry of Finance, Banking and Postal Services memorandum on Travel Rules and Regulations requires travelers to submit Travel Voucher Claims 15 days after end of travel. As of September 30, 2022, the HCRF recorded employee receivables of \$148,477, of which \$113,854 represent balances more than 90 days past due. Employee receivables include \$92,897 of travel advances and \$48,738 of payroll advances. No financial statement impact results as employee receivables are offset by corresponding contra clearing accounts.

<u>Recommendation</u>: We recommend management establish internal control policies and procedures over collection of employee receivable balances.

Grants Receivable

<u>Condition</u>: As of September 30, 2022, the HCRF recorded grants receivable of \$219,896, of which \$34,286 represents funds not yet reimbursed from grantors resulting in an understatement of the allowance for uncollectible accounts. As this amount is not considered material to the financial statements, no audit adjustment was proposed.

<u>Recommendation</u>: We recommend management establish internal control policies and procedures requiring timely collection of grants receivable.

Section 177 Health Program Receivables

<u>Condition</u>: As of September 30, 2022, the HCRF recorded receivables from the Section 177 Health Program of \$73,555 for related hospital user fees not yet reimbursed by the Section 177 Health Program resulting in an understatement of the allowance for uncollectible accounts. An audit adjustment was proposed to correct this misstatement.

<u>Recommendation</u>: We recommend management establish internal control policies and procedures requiring timely collection of Section 177 Health Program receivables.

Long Outstanding Accounts Payable

<u>Condition</u>: As of September 30, 2022, the HCRF recorded accounts payable of \$544,592, of which \$51,614 represents amounts outstanding and payable for more than 6 months but less than 1 year, and \$66,006 representing amounts outstanding and payable for more than 1 year. These outstanding and payable balances may no longer represent valid liabilities of the HCRF.

<u>Recommendation</u>: We recommend management establish internal control policies and procedures over the transaction review process and determine the validity of long outstanding accounts payable.

Marshall Islands Health Fund (MIHF) Contributions

<u>Condition</u>: As of September 30, 2022, contributions to the HCRF and related receivables from the MIHF were overstated by \$512,562. An audit adjustment was proposed to correct this misstatement.

<u>Recommendation</u>: We recommend management establish internal control policies and procedures requiring timely reconciliation of operational subsidies between the MIHF and the HCRF.

Office of the Auditor General (OAG) Contributions

Condition: The annual Appropriations Act requires the payment to RepMar's General Fund by the HCRF for the purpose of funding the operations of the OAG. For the year ended September 30, 2022, the amount of \$31,400 was required to be paid; however, such was not remitted to RepMar's General Fund and, as a result, an audit adjustment was proposed to recognize a corresponding liability.

<u>Recommendation</u>: We recommend management establish internal control policies and procedures requiring compliance by the HCRF with obligations legislated by the annual Appropriations Act.

Grant Revenues

<u>Condition</u>: During the year ended September 30, 2022, the HCRF received grant funds totaling \$91,995 relating to 2021 grant expenditures, and for which grants receivable and related grant revenue was not recorded in 2021.

<u>Recommendation</u>: We recommend management establish internal control policies and procedures requiring the recognition of grants revenue at the same time related grant expenditures are incurred.

* * * * * * * * * * * *

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

We will be pleased to discuss the attached comments with you and, if desired, to assist you in implementing any of the suggestions.

Very truly yours,

Ernst + Young LLP

The Auditor's Communication With Those Charged With Governance

Health Care Revenue Fund

(A Governmental Fund of the Republic of the Marshall Islands)

Year ended September 30, 2022





Ernst & Young LLP 231 Ypao Road Suite 201 Ernst & Young Building Tamuning, Guam 96913 Tel: +1 671 649 3700 Fax: +1 671 649 3920 ey.com

June 25, 2024

Honorable Ota Kisino Minister of Health and Human Services Republic of the Marshall Islands

We have performed an audit of the financial statements of the Health Care Revenue Fund (HCRF) 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 have issued our report thereon dated June 25, 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 HCRF management and the Office of the Auditor General, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ernst + Young LLP

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 HCRF'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 with management.

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 HCRF'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 has been included in footnote 2 of the financial statements.

We are not aware of any significant accounting policies used by the HCRF 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 the HCRF's operations. These budgets include determining how existing financial resources will be used in the HCRF's operations.
- Evaluating whether there are indications that the carrying value of the HCRF's long-lived assets is impaired.
- Determining the adequacy of the allowance for doubtful accounts.

Related party relationships and transactions

We noted no significant matters regarding the HCRF's relationships and transactions with related parties. A discussion of significant related party transactions has been included in footnote 4 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 the HCRF.

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 July 2023 meeting and various status meetings with management.

Independence matters

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

New accounting pronouncements

No issues have been identified with regard to management's planned application of new accounting pronouncements.

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 the HCRF'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 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.

Engagement team's involvement with preparation of the financial statements

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

- An engagement quality 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 the HCRF.
- The preparation of the financial statements is based on the HCRF's trial balance with the understanding that underlying books and records are maintained by the HCRF's accounting department and that the final trial balance prepared by the HCRF is complete.
- The HCRF's Chief Accountant has the skill set to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

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 HCRF 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.

Appendix

A - Management Representations Letter

Appendix A - Management Representation Letter



REPUBLIC OF THE MARSHALL ISLANDS OFFICE OF ADMINISTRATION, PROCUREMENT AND FINANCE



MINISTRY OF HEALTH & HUMAN SERVICES P.O. Box 16 ~ Majuro ~ Marshall Islands ~ 96960

Telephone No. (692) 625-5327 Ext: 2392/2388 Email: fjacklick@rmiheal.org

June 25, 2024

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

In connection with your audit of the financial statements of the Health Care Revenue Fund (HCRF) as of September 30, 2022 and 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 HCRF and the changes in financial position in conformity with US 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 the HCRF'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. 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 the HCRF 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 the HCRF'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.

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 and reclassification misstatements

We have reviewed and approved the adjustments and reclassifications, summarized in the accompanying schedules, and reflected these adjustments and reclassifications in the financial statements. Refer to the "Schedule of Corrected Misstatements" in Appendix A and to the "Schedule of Reclassification Misstatements" in Appendix R

Uncorrected misstatements

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix C), 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 are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

Minutes and contracts and internal audit reports

The dates of meetings of members, officers or summaries of actions of recent meetings held from October 1, 2021 to the date of this letter are as follows:

Date Meeting	Type
Nov 30, 2021	Regular Board Meeting
Dec 30, 2021	Regular Board Meeting
Feb 11, 2022	Special Board Meeting
Mar 10, 2022	Regular Board Meeting
Apr 13, 2022	Regular Board Meeting
June 01, 2022	Urgent Board Meeting
Aug 21, 2022	Special Board Meeting
Sep 20, 2022	Regular Board Meeting

Appendix A - Management Representation Letter, continued

THE RESERVE			
I	Feb 01, 2023	Special Board Meeting	
	Feb 08, 2023	Special Board Meeting	
	Feb 22, 2023	Regular Board Meeting	
1	Apr 10, 2023	Special Board Meeting	
1	Apr 17, 2023	Special Board Meeting	
	Apr 27, 2023	Special Board Meeting	
	Apr 28, 2023	Special Board Meeting	
J	un 28, 2023	Regular Board Meeting	
1	Aug 07, 2023	Special Board Meeting	
(Oct 11, 2023	Special Board Meeting	
(Oct 13, 2023	Special Board Meeting	
	Nov 07, 2023	Special Board Meeting	
	Nov 28, 2023	Special Board Meeting	
	Jan 25, 2024	Special Board Meeting	
	Mar 14, 2024	Special Board Meeting	
	Mar 15, 2024	Regular Board Meeting	
	Apr 09, 2024	Special Board Meeting	

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

We 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.

We have also made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

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

The HCRF has satisfactory title to all assets appearing in the balance sheet. 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 the HCRF has satisfactory title appear in the balance sheet.

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 expenditures that may be incurred subsequent to the balance sheet date in respect of any sales and services rendered prior to that date and for uncollectible accounts and allowances, etc., that may be incurred in the collection of receivables at that date.

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.

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 not consulted with outside 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, the HCRF had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at those dates.

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 the HCRF'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 the HCRF'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 the HCRF.

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 the HCRF's affiliates, officers and directors.

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

Conflicts of interest

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

Effects of new accounting principles

As discussed in Note 2 to 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

The HCRF 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

Management has omitted the Management's Discussion and Analysis that US GAAP requires to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

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.
- Components of Fund Balance are properly classified and, if applicable, approved.
- 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.
- As discussed in Note 1 to the financial statements, the financial statements of the HCRF present only the HCRF and are not intended to present fairly the financial position and results of operations of the Republic of the Marshall Islands in conformity with US GAAP.

Financial statements approval

We have received a draft copy of the financial statements of the HCRF 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 the HCRF.

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

- The HCRF's underlying books and records are maintained by the HCRF's accounting department and that
 the final trial balance prepared by the HCRF is complete; and
- Management of the HCRF has designated a competent representative to oversee your services and that
 there are the HCRF 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 the HCRF's affairs to require mention in a note to the financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable.

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 opinions on the financial statements of HCRF 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,

Chief Accountant, Marius Escarez

Assistant Secretary, Titus Bien

Appendix A – Schedule of Corrected Misstatements

ntity:		Health Care Revenue Fund			Period ended:	30-Sep-2022	Currency:	USD				
orrected	missta	ements			Analys	sis of misstateme	ents Debit/(Credi	t)				
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 effort 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		
AJE#1	UE1	Reversal of erroenous revenue entry										
WE#1	UET	Net Fund Balance					91,995					
		Grants		0.			31,333		(91,995)			
		Oranio							(01,000)			
\ IE # 2	VD.00	To record the travel expense of employees and close	the clearing acc	ount								
-WL # 2	VD.00	Travel Domestic-Daily Allowance	e the cleaning acc	ount					22.260			
		Other Charges & Expenses							2,000			
		AR Travel Advances - clearing	(24,260)									
AJE # 3	F 00	Reversal of erroneously recording of FY23 Transfer in revenue in FY22										
22 11 0		Transfer In	TOTORIGO III T TEE						512,562			
		Due from Basic Health Fund	(512,562)			i						
JE#4	N.00	To record the 0.8% of the appropriation Act.										
		Contribution to RepMar's GF							31,400			
		Due to MOF			(31,400)							
					7							
AJE # 5	F0120	To record the allowance for doubtful accounts for FY	22									
		Hospital User's Fee - 177							41,903			
		Allowance for Bad debts	(41,903)									

Appendix B- Schedule of Reclassification Misstatements

		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
No.	W/P ref.	(Reclassification misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)
		isstatement							
RJE#1	E.00	Reclassification of AR travel Advance Allowance from Allowance	Control of the Contro						
		Allowance for Bad Debts	35,160						
		AR Travel Advances - clearing	(35,160)						
DIE#2	VD.00	Reclassification of Domestic travel expense from other admin cha	race						
rwc # 2	VD.00	Travel Domestic-Airfare	ilges						27,300
		Other Charges & Expenses			 				(27,300)
		Other Oranges & Experience							(21,000)
					7				
RJE#3	VD.00	Reclassification of Boat Charter expense from other admin charge	es					7	
		Boat Charters							27,000
		Rentals							(27,000)
					j j				// - 1
RJE#4		Reclassification of Boat charter expense from Rentals		2			8		
		Boat Charters							54,504
		Rentals							(54,504)
Total u	ncorrected	reclassification misstatements	0	0	0	0	0	0	0

Appendix C- Schedule of Uncorrected Misstatements

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)							
No.	WIP ref.	Account (Note 1)	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income state effect of the period	current
		(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
Add new misstatement										
Factual mis	actual misstatements:									

PAJE #1	E.00	To record the uncollectibility of grants					
		Grant Revenue	10000			51,436	
		Due from Grantor	(51,436)				