

REPUBLIC OF THE MARSHALL ISLANDS  
**Office of the Auditor-General**



**Republic of the Marshall Islands**  
**Project for Improvement of Sea Transportation in Likiep Atoll**  
**(Financed by the Embassy of Japan in the Marshall Islands)**

**FINANCIAL STATEMENT AND**  
**INDEPENDENT AUDITOR'S REPORT**

*Period from December 1, 2020 through January 26, 2021*

Audit No.: 14/24 - 9999

January 17, 2025

**REPUBLIC OF THE MARSHALL ISLANDS  
PROJECT FOR IMPROVEMENT OF SEA TRANSPORTATION  
IN LIKIEP ATOLL  
(Financed by the Embassy of Japan in the Marshall Islands)**

**Period from December 1, 2020 through January 26, 2021**

TABLE OF CONTENTS

	<u>Page No.</u>
1. FINANCIAL STATEMENT:	
Independent Auditor's Report	1
Schedule of Receipts and Disbursements	3
Notes to Financial Statement	4
2. INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND ON COMPLIANCE:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of a Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	5



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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Nicholas deBrum  
Mayor  
Likiep Atoll Local Government  
Republic of the Marshall Islands

### **Report on the Financial Statement**

We have audited the accompanying cash basis financial statement of the Likiep Atoll Local Government (“the Likiep Government”) for the Project for Improvement of Sea Transportation in Likiep Atoll (“the Project”), which comprises the schedule of receipts and disbursements for the period from December 1, 2020 through January 26, 2021, and the related notes to the financial statement.

### **Management’s Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 2 to the financial statement; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis our audit opinion.

## **Opinion**

In our opinion, the cash basis financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Project for the period from December 1, 2020 through January 26, 2021, in accordance with the cash basis of accounting described in Note 2 to the financial statement.

## **Basis of Accounting**

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Emphasis-of-Matter**

### *Reporting Entity*

As discussed in Note 1 to the financial statement, the financial statement referred to above presents only the activities of the Project administered and implemented by the Likiep Government and is not intended to present fairly the results of other non-Project related operations of the Likiep Government in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matter**

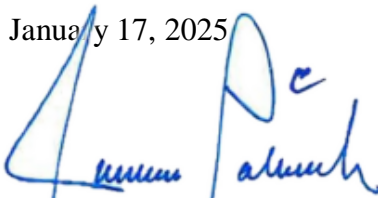
### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the financial statement. Such missing information, although not a part of the financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statement in an appropriate operational, economic, or historical context. Our opinion on the financial statement is not affected by this missing information.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Project's internal control over financial reporting and compliance.

January 17, 2025



Junior Patrick  
Auditor-General

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**PROJECT FOR IMPROVEMENT OF SEA TRANSPORTATION**  
**IN LIKIEP ATOLL**  
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Schedule of Receipts and Disbursements  
Period from December 1, 2020 through January 26, 2021

Receipts:	
Japan grant	<u>\$ 80,500</u>
Disbursements:	
Purchase of boats	68,000
Purchase of boat engines	<u>10,000</u>
	<u>78,000</u>
Excess of receipts over disbursements	<u>\$ 2,500</u>

See accompanying Notes to Schedule of Receipts and Disbursements.

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**PROJECT FOR IMPROVEMENT OF SEA TRANSPORTATION**  
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Notes to Financial Statement  
Period from December 1, 2020 through January 26, 2021

**(1) Organization**

The Likiep Atoll Local Government (“the Likiep Government”) was established pursuant to Public Law 1981-2, the Local Government Act of the Republic of the Marshall Islands and operates under the Constitution of the Likiep Government. The Likiep Government is governed by an elected mayor, council members and representatives.

The Likiep Government is the recipient of grant funds provided under a grant contract agreement dated December 1, 2020 between the Likiep Government and the Embassy of Japan in the Marshall Islands for the Project for Improvement of Sea Transportation in Likiep Atoll (“the Project”).

The accompanying financial statement relates solely to those accounting records maintained by the Likiep Government for the Project, and do not incorporate any accounts related to other operations of the Likiep Government that may be accounted for by the Likiep Government.

**(2) Basis of Accounting**

The schedule of receipts and disbursements has been prepared on the cash basis of accounting. Receipts have been recognized when received in cash and disbursements have been recognized when cash is disbursed. The cash basis differs from accounting principles generally accepted in the United States of America primarily because receipts/revenues are recognized when received, not when such are earned, and disbursements/expenses are recognized when paid rather than when the obligation is incurred.

**(3) Subsequent Event**

Management have considered subsequent events through January 17, 2025, upon which the financial statement was available to be used. There were no material subsequent events that would require recognition or disclosure in the financial statement for the period from December 1, 2020 through January 26, 2021.

**(4) Commitment**

The Project has yet to disburse audit fees in the amount of \$2,500 as of January 17, 2025, the date the financial statement was available to be used.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF A FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Nicholas deBrum  
Mayor  
Likiep Atoll Local Government  
Republic of the Marshall Islands

We have audited, in accordance with the 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, the cash basis financial statement of the Likiep Atoll Local Government ("the Likiep Government") for the Project for Improvement of Sea Transportation in Likiep Atoll ("the Project") for the period from December 1, 2020 through January 26, 2021, and the related notes to the financial statement and have issued our report thereon dated January 17, 2025.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Likiep Government's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Likiep Government's internal control. Accordingly, we do not express an opinion on the effectiveness of the Likiep Government'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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

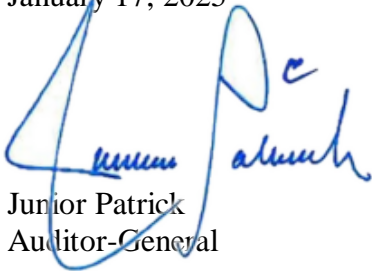
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of the engagement to audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 17, 2025

A handwritten signature in blue ink, appearing to read "Junior Patrick". The signature is stylized and written over the printed name below it.

Junior Patrick  
Auditor-General

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Majuro, MH 96960

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