

*Financial Statement, Supplementary and Other Information,
and Report on Internal Control and Compliance*

Republic of the Marshall Islands

**Improving the Quality of Basic Education in the North
Pacific Project**

(Financed by the Asian Development Bank's Special Fund -
Grant Number 0536 RMI (SF))

*Years ended September 30, 2024 and 2023
with Report of Independent Auditors*



Republic of the Marshall Islands
Improving the Quality of Basic Education in the North Pacific Project
(Financed by the Asian Development Bank's Special Fund -
Grant Number 0536 RMI (SF))

Years ended September 30, 2024 and 2023

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Report of Independent Auditors

Honorable Minister Gerald Zackios
Ministry of Education, Sports and Training
Republic of the Marshall Islands

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Republic of the Marshall Islands (RMI) Improving the Quality of Basic Education in the North Pacific Project (the Project) financed by the Asian Development Bank's Special Fund - Grant Number 0536 RMI (SF)), which comprises the statements of project account for the years ended September 30, 2024 and 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Project for the years ended September 30, 2024 and 2023 in accordance with the cash basis of accounting described in Note 2 to the financial statements.

Basis for Opinion

We conducted our audits 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Reporting Entity

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2 to the financial statements; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are 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.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information on pages 9 through 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

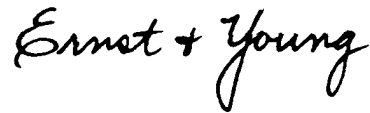
Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the Detailed Reconciliation of ADB Grant Funds Received By Grant on pages 12 through 14 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2025, on our consideration of the Project's internal control over financial reporting and 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* in considering the Project's internal control over financial reporting and compliance.

The logo for Ernst + Young, featuring the company name in a stylized, handwritten-style script.

July 18, 2025

Republic of the Marshall Islands
Improving the Quality of Basic Education in the North Pacific Project
(Financed by the Asian Development Bank's Special Fund -
Grant Number 0536 RMI (SF))

Statements of Project Account

	Year ended September 30,	
	2024	2023
Cash receipts:		
ADB grant drawdowns	\$ 1,080,015	\$ 849,312
Deposit from PSS	250	---
Total cash receipts	<u>1,080,265</u>	<u>849,312</u>
Cash disbursements:		
Investment costs:		
Training and capacity building	561,490	191,461
Consulting services	366,520	358,815
Teaching supplies and resources	29,381	96,613
Equipment	---	3,558
Recurrent costs:		
Project management costs	122,624	198,865
Reimbursement to PSS	250	15,371
Total cash disbursements	<u>1,080,265</u>	<u>864,683</u>
Net change	---	(15,371)
Imprest account balance - beginning of year	<u>50,000</u>	<u>65,371</u>
Imprest account balance - end of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>

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Notes to Financial Statements

Years ended September 30, 2024 and 2023

1. Organization

On July 7, 2017, the Republic of the Marshall Islands (RMI) entered into a grant agreement (Grant Number 0536 RMI (SF)) with the Asian Development Bank (ADB) in the amount of \$6,500,000 for the Improving the Quality of Basic Education in the North Pacific Project (the Project), with a grant closing date of January 31, 2024. The closing date was extended to January 31, 2026 as approved by the ADB on October 27, 2022. The objective of the Project is to: (1) address factors to improve the conditions for learning in the Marshall Islands; (2) to build on the successes and lessons learned under the Quality Primary Education in the North Pacific technical assistance; (3) and to allow for a more comprehensive and sustained approach required for effective reforms within the primary education sector.

The RMI Minister of Finance, Banking and Postal Services is designated as the representative of the RMI for the purposes of the grant regulations. The RMI Public School System (PSS), as the Project Implementation Agency, is responsible for carrying out the Project. PSS established the PSS Imprest Account to facilitate the implementation of the Project through timely release of funds and made \$50,000 of grant proceeds available for this purpose. PSS is required to operate and liquidate the PSS Imprest Account in accordance with ADB regulations. The accompanying statements of project account is prepared and solely incorporates the activities of the Project maintained by PSS and does not incorporate any accounts related to any other departments or agencies of the RMI or PSS.

The accompanying financial statements are prepared for and relate solely to those accounting records maintained by PSS associated with the Project and do not incorporate any accounts related to other non-Project activities of PSS or any other departments or agencies of the RMI Government.

2. Summary of Significant Accounting Principles

A. Basis of Accounting

The Project's policy is to maintain its accounts and prepare its financial statement on the cash basis of accounting. Cash basis of accounting is a special purpose framework, and similar to other bases such as tax, regulatory and contractual, use a definitive set of logical, reasonable criteria that is applied to all material items appearing in the financial statements. The cash, tax, regulatory, and other bases of accounting are commonly referred to as other comprehensive basis of accounting.

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Notes to Financial Statements, continued

2. Summary of Significant Accounting Principles, continued

A. Basis of Accounting, continued

The cash basis differs from accounting principles generally accepted in the United States of America (GAAP) primarily because receipts/revenues are recognized when received rather than when earned and disbursements/expenses are recognized when paid rather than when the obligation is incurred. The American Institute of Certified Public Accountants (AICPA) issues nonauthoritative guidance and best practices in the form of Practice Aids.

The financial statements are presented in US Dollars, which is the Project's functional and presentation currency.

B. Cash

For the purpose of the statements of project account, the Project considers cash to be cash in deposit accounts. As of September 30, 2024 and 2023, the carrying amount of the Project's total cash was \$16,532 and \$30,787, respectively, and the corresponding bank balance was \$16,622 and \$33,168, respectively, which was maintained in a financial institution subject to Federal Deposit Insurance Corporation insurance. The Project does not require collateralization of its cash deposits.

3. ADB Imprest Fund Account

For the years ended September 30, 2024 and 2023, the ADB made available grant proceeds in the amount of \$1,080,015 and \$849,312, respectively, for expenditures incurred under certain categories of the Project.

Reconciliation of the ADB Imprest Account to cash as of September 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
ADB Imprest Account balance end of year	\$ <u>50,000</u>	\$ <u>50,000</u>
Cash disbursements withdrawn from ADB Imprest Account:		
Claimed but not yet received	(33,279)	(16,737)
Not yet claimed for replenishment	(<u>189</u>)	(<u>2,476</u>)
	(33,468)	(19,213)
	\$ <u>16,532</u>	\$ <u>30,787</u>

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Notes to Financial Statements, continued

4. RMI Government Contributions

Under the provisions of the grant agreement, the RMI Government is required to provide counterpart in-kind contributions estimated at \$1,000,000 in the form of recurrent costs such as office space, utilities, administration and support staff, and taxes and duties exemption. The total actual amount of in-kind RMI Government contributions cannot be reliably measured and fully quantified. Management believes that the counterpart in-kind contributions from the RMI Government will be provided throughout the duration of the Project. For the years ended September 30, 2024 and 2023, the RMI Government made available counterpart in-kind contributions in the form of income taxes and other personnel benefits, such as social security services and health insurance of national consultants, in the amount of \$284,592 and \$115,080, respectively.

5. Commitments

The ADB has made grant proceeds of \$6,500,000 available to the RMI Government for the purpose of exclusively financing Project expenditures in accordance with grant agreement provisions. As of September 30, 2024, remaining commitments associated with unused grant proceeds amount to \$2,123,963.

6. Subsequent Event

PSS has evaluated subsequent events through July 18, 2025, which is also the date the Project's financial statements are available to be issued.

Supplementary and Other Information

Republic of the Marshall Islands
Improving the Quality of Basic Education in the North Pacific Project
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Combining Statement of Project Account

Year ended September 30, 2024

	<u>Imprest Account</u>	<u>ADB Direct Payments</u>	<u>Total</u>
Cash receipts:			
ADB Grant drawdowns	\$ 63,639	\$ 1,016,376	\$ 1,080,015
Deposit from PSS	<u>250</u>	<u>---</u>	<u>250</u>
Total cash receipts	<u>63,889</u>	<u>1,016,376</u>	<u>1,080,265</u>
Cash disbursements:			
Investment Costs:			
Training and capacity building	2,427	559,063	561,490
Consulting services	---	366,520	366,520
Teaching supplies and resources	27,230	2,151	29,381
Recurrent costs:			
Project management costs	33,982	88,642	122,624
Reimbursement to PSS	<u>250</u>	<u>---</u>	<u>250</u>
Total cash disbursements	<u>63,889</u>	<u>1,016,376</u>	<u>1,080,265</u>
Net change	---	---	---
Imprest account balance - beginning of year	<u>50,000</u>	<u>---</u>	<u>50,000</u>
Imprest account balance - end of year	<u><u>\$ 50,000</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 50,000</u></u>

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Combining Statement of Project Account

Year ended September 30, 2023

	<u>Imprest Account</u>	<u>ADB Direct Payments</u>	<u>Total</u>
Cash receipts:			
ADB Grant drawdowns	\$ 126,763	\$ 722,549	\$ 849,312
Total cash receipts	<u>126,763</u>	<u>722,549</u>	<u>849,312</u>
Cash disbursements:			
Investment Costs:			
Consulting services	---	358,815	358,815
Training and capacity building	7,901	183,560	191,461
Teaching supplies and resources	4,963	91,650	96,613
Equipment	3,558	---	3,558
Recurrent costs:			
Project management costs	110,341	88,524	198,865
Reimbursement to PSS	<u>15,371</u>	<u>---</u>	<u>15,371</u>
Total cash disbursements	<u>142,134</u>	<u>722,549</u>	<u>864,683</u>
Net change	(15,371)	---	(15,371)
Imprest account balance - beginning of year	<u>65,371</u>	<u>---</u>	<u>65,371</u>
Imprest account balance - end of year	<u>\$ 50,000</u>	<u>\$ ---</u>	<u>\$ 50,000</u>

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Schedule of Budgeted vs. Actual Expenditures

Period From Inception (July 7, 2017) through September 30, 2024

			Actual Expenditures				
	Original Budget	Adjustment	Adjusted Budget	Cumulative from July 7, 2017 to September 30, 2023	Year ended September 30, 2024	Cumulative from July 7, 2017 to September 30, 2024	Variance
Expenditures:							
Investment costs:							
Teaching supplies and resources	\$ 1,222,663	\$(60,000)	\$ 1,162,663	\$ 252,642	\$ 29,381	\$ 282,023	\$ 880,640
Training and capacity building	2,183,556	310,000	2,493,556	1,059,690	561,490	1,621,180	872,376
Equipment	124,769	66,000	190,769	129,443	---	129,443	61,326
Consulting services	1,140,000	405,212	1,545,212	1,114,122	366,520	1,480,642	64,570
	<u>4,670,988</u>	<u>721,212</u>	<u>5,392,200</u>	<u>2,555,897</u>	<u>957,391</u>	<u>3,513,288</u>	<u>1,878,912</u>
Recurrent costs:							
Project management costs	<u>907,800</u>	<u>200,000</u>	<u>1,107,800</u>	<u>740,125</u>	<u>122,624</u>	<u>862,749</u>	<u>245,051</u>
Contingencies:							
Physical	557,879	(557,879)	---	---	---	---	---
Price	<u>363,333</u>	<u>(363,333)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
	<u>921,212</u>	<u>(921,212)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total expenditures	\$ <u>6,500,000</u>	\$ <u>---</u>	\$ <u>6,500,000</u>	\$ <u>3,296,022</u>	\$ <u>1,080,015</u>	\$ <u>4,376,037</u>	\$ <u>2,123,963</u>

Republic of the Marshall Islands
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Detailed Reconciliation of ADB Grant Funds Received

September 30, 2024

WITHDRAWAL APPLICATION NOS. (WA)	DISBURSEMENT METHOD (Identify whether Reimbursement, Direct Payment, etc)	Per APFS (amount reported in the project financial statement as reimb, DP etc.) (A)				Per LFIS (actual paid per ADB LFS/GFIS system) (B)		DIFFERENCE and REASON (ie. timing, forex, pending, rejected) (C = A - B)	
		Date	In local currency (i)	Exchange Rate (ii)	USD Equivalent (i*ii) (A)	Value Date	In USD (B)	Amount (A - B)	Reason/ Justification
A0001	Initial Advance	1/29/2018	50,000.00	1.00	50,000.00	1/29/2018	50,000.00	-	
A0002	Direct Payment	2/15/2018	129,310.00	1.00	129,310.00	2/15/2018	129,310.00	-	
A0003	Direct Payment	2/15/2018	270,448.00	1.00	270,448.00	2/15/2018	270,448.00	-	
A0004	Liquidation & Replenishment	07/04/2018	10,953.40	1.00	10,953.40	07/04/2018	10,953.40	-	
A0005	Liquidation & Replenishment	08/15/2018	23,581.50	1.00	23,581.50	08/15/2018	23,581.50	-	
A0006	Liquidation & Replenishment	10/24/2018	40,307.57	1.00	40,307.57	10/24/2018	40,307.57	-	
A0007	Liquidation & Replenishment	11/28/2018	8,682.09	1.00	8,682.09	11/28/2018	8,682.09	-	
A0008	Liquidation & Replenishment	02/07/2019	14,877.46	1.00	14,877.46	02/07/2019	14,877.46	-	
A0009	Liquidation & Replenishment	03/04/2019	29,133.43	1.00	29,133.43	03/04/2019	29,133.43	-	
A0010	Reimbursement; Direct	03/04/2019	13,657.43	1.00	13,657.43	03/04/2019	13,657.43	-	
A0011	Liquidation & Replenishment	04/23/2019	17,388.48	1.00	17,388.48	04/23/2019	17,388.48	-	
A0012	Liquidation & Replenishment	05/03/2019	8,566.86	1.00	8,566.86	05/03/2019	8,566.86	-	
A0013	Direct Payment	05/28/2019	35,000.00	1.00	35,000.00	05/28/2019	35,000.00	-	
A0014			-	1.00	-		-	-	Returned
A0015	Liquidation & Replenishment	07/02/2019	22,288.60	1.00	22,288.60	07/02/2019	22,288.60	-	
A0016	Direct Payment	07/08/2019	45,000.00	1.00	45,000.00	07/08/2019	45,000.00	-	
A0017	Liquidation & Replenishment	09/04/2019	14,894.96	1.00	14,894.96	09/04/2019	14,894.96	-	
A0018	Liquidation & Replenishment	08/29/2019	25,752.90	1.00	25,752.90	08/29/2019	25,752.90	-	
A0019	Liquidation & Replenishment	10/24/2019	12,480.89	1.00	12,480.89	10/24/2019	12,480.89	-	
A0020	Liquidation & Replenishment	11/14/2019	9,096.17	1.00	9,096.17	11/14/2019	9,096.17	-	
A0021	Direct Payment	11/19/2019	180,525.08	1.00	180,525.08	11/19/2019	180,525.08	-	
A0022	Liquidation & Replenishment	01/06/2020	13,577.24	1.00	13,577.24	01/06/2020	13,577.24	-	
A0023	Direct Payment	01/14/2020	18,731.25	1.00	18,731.25	01/14/2020	18,731.25	-	
A0024	Direct Payment	12/17/2019	90,000.00	1.00	90,000.00	12/17/2019	90,000.00	-	
A0025				1.00				-	Returned
A0026	Direct Payment	1/27/2020	32,950.00	1.00	32,950.00	1/27/2020	32,950.00	-	
A0027	Liquidation & Replenishment	3/6/2020	22,639.68	1.00	22,639.68	3/6/2020	22,639.68	-	
A0028	Direct Payment	2/10/2020	5,500.00	1.00	5,500.00	2/10/2020	5,500.00	-	
A0029	Direct Payment	2/10/2020	6,243.75	1.00	6,243.75	2/10/2020	6,243.75	-	
A0030	Direct Payment	3/3/2020	23,739.75	1.00	23,739.75	3/3/2020	23,739.75	-	
A0031	Direct Payment	2/25/2020	5,000.00	1.00	5,000.00	2/25/2020	5,000.00	-	
A0032	Direct Payment	3/16/2020	6,400.00	1.00	6,400.00	3/16/2020	6,400.00	-	
A0033	Direct Payment	3/16/2020	7,500.00	1.00	7,500.00	3/16/2020	7,500.00	-	
A0034	Liquidation & Replenishment	6/18/2020	14,237.33	1.00	14,237.33	6/18/2020	14,237.33	-	
A0035	Direct Payment	4/17/2020	7,195.00	1.00	7,195.00	4/17/2020	7,195.00	-	
A0036	Direct Payment	4/17/2020	8,250.00	1.00	8,250.00	4/17/2020	8,250.00	-	
A0037	Direct Payment	5/20/2020	6,875.00	1.00	6,875.00	5/20/2020	6,875.00	-	
A0038	Direct Payment	5/20/2020	9,000.00	1.00	9,000.00	5/20/2020	9,000.00	-	
A0039	Liquidation & Replenishment	7/15/2020	29,947.39	1.00	29,947.39	7/15/2020	29,947.39	-	
A0040	Direct Payment	6/25/2020	6,875.00	1.00	6,875.00	6/25/2020	6,875.00	-	
A0041	Direct Payment	6/29/2020	8,625.00	1.00	8,625.00	6/29/2020	8,625.00	-	
A0042	Direct Payment	7/7/2020	7,913.25	1.00	7,913.25	7/7/2020	7,913.25	-	
A0043	Direct Payment	7/10/2020	9,000.00	1.00	9,000.00	7/10/2020	9,000.00	-	
A0044	Direct Payment	7/10/2020	2,375.00	1.00	2,375.00	7/10/2020	2,375.00	-	
A0045	Direct Payment	7/28/2020	7,515.00	1.00	7,515.00	7/28/2020	7,515.00	-	
A0046	Liquidation & Replenishment	8/10/2020	7,911.28	1.00	7,911.28	8/10/2020	7,911.28	-	
A0047	Direct Payment	8/10/2020	9,000.00	1.00	9,000.00	8/10/2020	9,000.00	-	
A0048	Direct Payment	8/17/2020	2,375.00	1.00	2,375.00	8/17/2020	2,375.00	-	
A0049	Direct Payment	8/17/2020	4,955.00	1.00	4,955.00	8/17/2020	4,955.00	-	
A0050	Direct Payment	8/25/2020	64,000.00	1.00	64,000.00	8/25/2020	64,000.00	-	
A0051	Liquidation & Replenishment	9/23/2020	7,023.80	1.00	7,023.80	9/23/2020	7,023.80	-	
A0052	Direct Payment	9/8/2020	4,875.00	1.00	4,875.00	9/8/2020	4,875.00	-	
A0053	Direct Payment	9/8/2020	9,000.00	1.00	9,000.00	9/8/2020	9,000.00	-	
A0054	Direct Payment	9/15/2020	7,026.40	1.00	7,026.40	9/15/2020	7,026.40	-	
A0055	Direct Payment	10/13/2020	160,872.87	1.00	160,872.87	10/13/2020	160,872.87	-	
A0056	Liquidation & Replenishment	10/3/2020	13,007.00	1.00	13,007.00	10/3/2020	13,007.00	-	
A0057	Direct Payment	10/20/2020	6,375.00	1.00	6,375.00	10/20/2020	6,375.00	-	
A0058	Direct Payment	10/20/2020	7,078.65	1.00	7,078.65	10/20/2020	7,078.65	-	
A0059	Direct Payment	10/28/2020	10,553.00	1.00	10,553.00	10/28/2020	10,553.00	-	
A0060	Liquidation & Replenishment	11/14/2020	3,811.19	1.00	3,811.19	11/14/2020	3,811.19	-	
A0061	Direct Payment	11/27/2020	6,375.00	1.00	6,375.00	11/27/2020	6,375.00	-	
A0062	Direct Payment	11/27/2020	7,790.00	1.00	7,790.00	11/27/2020	7,790.00	-	
A0063	Direct Payment	12/4/2020	11,395.00	1.00	11,395.00	12/4/2020	11,395.00	-	
A0064	Liquidation & Replenishment	12/7/2020	8,153.12	1.00	8,153.12	12/7/2020	8,153.12	-	
A0065	Direct Payment	12/8/2020	6,000.00	1.00	6,000.00	12/8/2020	6,000.00	-	
A0066	Direct Payment	12/8/2020	5,870.00	1.00	5,870.00	12/8/2020	5,870.00	-	
A0067	Direct Payment	12/11/2020	11,502.00	1.00	11,502.00	12/11/2020	11,502.00	-	
A0068	Direct Payment	1/11/2021	3,750.00	1.00	3,750.00	1/11/2021	3,750.00	-	
A0069	Direct Payment	1/11/2021	6,000.00	1.00	6,000.00	1/11/2021	6,000.00	-	
A0070	Direct Payment	1/29/2021	7,150.00	1.00	7,150.00	1/29/2021	7,150.00	-	
A0071	Liquidation & Replenishment	2/10/2021	4,937.76	1.00	4,937.76	2/10/2021	4,937.76	-	
A0072	Direct Payment	2/10/2021	6,375.00	1.00	6,375.00	2/10/2021	6,375.00	-	
A0073	Direct Payment	2/18/2021	8,250.00	1.00	8,250.00	2/18/2021	8,250.00	-	
A0074	Direct Payment	3/12/2021	6,510.00	1.00	6,510.00	3/12/2021	6,510.00	-	
A0075	Direct Payment	3/12/2021	6,000.00	1.00	6,000.00	3/12/2021	6,000.00	-	
A0076	Direct Payment	3/12/2021	9,668.00	1.00	9,668.00	3/12/2021	9,668.00	-	
A0077	Direct Payment	4/7/2021	21,250.00	1.00	21,250.00	4/7/2021	21,250.00	-	
A0078	Direct Payment	4/28/2021	23,000.00	1.00	23,000.00	4/28/2021	23,000.00	-	
A0079	Direct Payment	4/27/2021	7,125.00	1.00	7,125.00	4/27/2021	7,125.00	-	
A0080	Direct Payment	4/27/2021	8,625.00	1.00	8,625.00	4/27/2021	8,625.00	-	
A0081	Direct Payment	4/28/2021	7,150.00	1.00	7,150.00	4/28/2021	7,150.00	-	
A0082	Direct Payment	5/14/2021	6,750.00	1.00	6,750.00	5/14/2021	6,750.00	-	
A0083	Direct Payment	5/19/2021	7,790.00	1.00	7,790.00	5/19/2021	7,790.00	-	

Republic of the Marshall Islands
Improving the Quality of Basic Education in the North Pacific Project
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Detailed Reconciliation of ADB Grant Funds Received, Continued

WITHDRAWAL APPLICATION NOS. (WA)	DISBURSEMENT METHOD (Identify whether Reimbursement, Direct Payment, etc)	Per APFS (amount reported in the project financial statement as reimb, DP etc.) (A)				Per LFIS (actual paid per ADB LFS/GFIS system) (B)		DIFFERENCE and REASON (ic. timing, forex, pending, rejected) (C = A - B)	
		Date	In local currency (i)	Exchange Rate (ii)	USD Equivalent (i*ii) (A)	Value Date	In USD (B)	Amount (A - B)	Reason/ Justification
A0084	Liquidation & Replenishment	6/8/2021	10,642.05	1.00	10,642.05	6/8/2021	10,642.05	-	
A0085	Direct Payment	6/1/2021	10,312.50	1.00	10,312.50	6/1/2021	10,312.50	-	
A0086	Direct Payment	6/7/2021	7,150.00	1.00	7,150.00	6/7/2021	7,150.00	-	
A0087	Direct Payment	6/16/2021	6,750.00	1.00	6,750.00	6/16/2021	6,750.00	-	
A0088	Direct Payment	6/16/2021	5,625.00	1.00	5,625.00	6/16/2021	5,625.00	-	
A0089	Liquidation & Replenishment	7/3/2021	7,229.45	1.00	7,229.45	7/3/2021	7,229.45	-	
A0090	Direct Payment	7/8/2021	6,299.98	1.00	6,299.98	7/8/2021	6,299.98	-	
A0091	Direct Payment	8/11/2021	7,790.00	1.00	7,790.00	8/11/2021	7,790.00	-	
A0092	Direct Payment	7/7/2021	6,375.00	1.00	6,375.00	7/7/2021	6,375.00	-	
A0093	Direct Payment	7/8/2021	7,470.00	1.00	7,470.00	7/8/2021	7,470.00	-	
A0094	Direct Payment	7/23/2021	21,325.00	1.00	21,325.00	7/23/2021	21,325.00	-	
A0095	Direct Payment	7/28/2021	6,000.00	1.00	6,000.00	7/28/2021	6,000.00	-	
A0096	Direct Payment	8/5/2021	32,000.00	1.00	32,000.00	8/5/2021	32,000.00	-	
A0097	Direct Payment	8/6/2021	3,000.00	1.00	3,000.00	8/6/2021	3,000.00	-	
A0098	Direct Payment	8/23/2021	8,888.00	1.00	8,888.00	8/23/2021	8,888.00	-	
A0099	Direct Payment	8/25/2021	6,830.00	1.00	6,830.00	8/25/2021	6,830.00	-	
A0100	Direct Payment	9/17/2021	7,470.00	1.00	7,470.00	9/17/2021	7,470.00	-	
A0101	Direct Payment	9/30/2021	13,394.00	1.00	13,394.00	9/30/2021	13,394.00	-	
A0102	Direct Payment	9/28/2021	9,000.00	1.00	9,000.00	9/28/2021	9,000.00	-	
A0103	Direct Payment	10/8/2021	10,133.00	1.00	10,133.00	10/8/2021	10,133.00	-	
A0104	Direct Payment	10/12/2021	10,295.00	1.00	10,295.00	10/12/2021	10,295.00	-	
A0105	Liquidation & Replenishment	11/19/2021	23,802.86	1.00	23,802.86	11/19/2021	23,802.86	-	
A0106	Direct Payment	11/8/2021	11,053.70	1.00	11,053.70	11/8/2021	11,053.70	-	
A0107	Direct Payment	11/10/2021	10,575.50	1.00	10,575.50	11/10/2021	10,575.50	-	
A0108	Direct Payment	11/18/2021	45,000.00	1.00	45,000.00	11/18/2021	45,000.00	-	
A0109	Direct Payment	1/1/2022	89,945.68	1.00	89,945.68	1/1/2022	89,945.68	-	
A0110	Direct Payment	12/9/2022	10,295.00	1.00	10,295.00	12/9/2022	10,295.00	-	
A0111	Direct Payment	12/9/2022	10,295.00	1.00	10,295.00	12/9/2022	10,295.00	-	
A0112	Direct Payment	1/11/2022	8,625.00	1.00	8,625.00	1/11/2022	8,625.00	-	
A0113	Direct Payment	1/12/2022	8,250.00	1.00	8,250.00	1/12/2022	8,250.00	-	
A0114	Liquidation & Replenishment	2/4/2022	23,165.19	1.00	23,165.19	2/4/2022	23,165.19	-	
A0115	Direct Payment	2/9/2022	9,000.00	1.00	9,000.00	2/9/2022	9,000.00	-	
A0116	Direct Payment	2/9/2022	8,625.00	1.00	8,625.00	2/9/2022	8,625.00	-	
A0117	Direct Payment	3/9/2022	15,000.00	1.00	15,000.00	3/9/2022	15,000.00	-	
A0118	Direct Payment	4/5/2022	5,700.00	1.00	5,700.00	4/5/2022	5,700.00	-	
A0119	Direct Payment	4/6/2022	10,153.00	1.00	10,153.00	4/6/2022	10,153.00	-	
A0120	Direct Payment	4/6/2022	9,760.00	1.00	9,760.00	4/6/2022	9,760.00	-	
A0121	Liquidation & Replenishment	4/11/2022	15,511.11	1.00	15,511.11	4/11/2022	15,511.11	-	
A0122	Direct Payment	4/8/2022	10,060.60	1.00	10,060.60	4/8/2022	10,060.60	-	
A0123	Direct Payment	4/8/2022	10,045.00	1.00	10,045.00	4/8/2022	10,045.00	-	
A0124	Direct Payment	4/22/2022	6,510.00	1.00	6,510.00	4/22/2022	6,510.00	-	
A0125	Direct Payment	4/22/2022	7,790.00	1.00	7,790.00	4/22/2022	7,790.00	-	
A0126	Direct Payment	5/20/2022	10,513.85	1.00	10,513.85	5/20/2022	10,513.85	-	
A0127	Direct Payment	5/20/2022	10,665.15	1.00	10,665.15	5/20/2022	10,665.15	-	
A0128	Direct Payment	5/20/2022	8,878.00	1.00	8,878.00	5/20/2022	8,878.00	-	
A0129	Direct Payment	6/21/2022	9,000.00	1.00	9,000.00	6/21/2022	9,000.00	-	
A0130	Direct Payment	6/22/2022	7,470.00	1.00	7,470.00	6/22/2022	7,470.00	-	
A0131	Direct Payment	6/21/2022	8,625.00	1.00	8,625.00	6/21/2022	8,625.00	-	
A0132	Direct Payment	7/14/2022	9,000.00	1.00	9,000.00	7/14/2022	9,000.00	-	
A0133	Direct Payment	7/14/2022	7,790.00	1.00	7,790.00	7/14/2022	7,790.00	-	
A0134	Direct Payment	7/14/2022	4,125.00	1.00	4,125.00	7/14/2022	4,125.00	-	
A0135	Direct Payment	8/15/2022	5,230.00	1.00	5,230.00	8/15/2022	5,230.00	-	
A0136	Direct Payment	8/15/2022	4,125.00	1.00	4,125.00	8/15/2022	4,125.00	-	
A0137	Direct Payment	8/15/2022	7,500.00	1.00	7,500.00	8/15/2022	7,500.00	-	
A0138	Liquidation & Replenishment	10/20/2022	30,039.58	1.00	30,039.58	10/20/2022	30,039.58	-	
A0139	Direct Payment	10/11/2022	51,300.00	1.00	51,300.00	10/11/2022	51,300.00	-	
A0140	Direct Payment	9/13/2022	6,830.00	1.00	6,830.00	9/13/2022	6,830.00	-	
A0141	Direct Payment	9/13/2022	9,000.00	1.00	9,000.00	9/13/2022	9,000.00	-	
A0142	Direct Payment	9/13/2022	7,500.00	1.00	7,500.00	9/13/2022	7,500.00	-	
A0143	Liquidation & Replenishment	12/12/2022	14,282.73	1.00	14,282.73	12/12/2022	14,282.73	-	
A0144				1.00				-	Returned
A0145	Direct Payment	10/11/2022	7,150.00	1.00	7,150.00	10/11/2022	7,150.00	-	
A0146	Direct Payment	10/7/2022	7,500.00	1.00	7,500.00	10/7/2022	7,500.00	-	
A0147	Direct Payment	10/7/2022	8,250.00	1.00	8,250.00	10/7/2022	8,250.00	-	
A0148	Direct Payment	12/8/2022	6,299.98	1.00	6,299.98	12/8/2022	6,299.98	-	
A0149	Direct Payment	11/22/2022	7,470.00	1.00	7,470.00	11/22/2022	7,470.00	-	
A0150	Direct Payment	11/22/2022	9,000.00	1.00	9,000.00	11/22/2022	9,000.00	-	
A0151	Direct Payment	11/22/2022	8,625.00	1.00	8,625.00	11/22/2022	8,625.00	-	
A0152	Liquidation & Replenishment	12/14/2022	15,334.68	1.00	15,334.68	12/14/2022	15,334.68	-	
A0153	Direct Payment	12/16/2022	19,050.30	1.00	19,050.30	12/16/2022	19,050.30	-	
A0154	Direct Payment	1/4/2023	7,470.00	1.00	7,470.00	1/4/2023	7,470.00	-	
A0155	Direct Payment	1/4/2023	12,104.32	1.00	12,104.32	1/4/2023	12,104.32	-	
A0156	Direct Payment	1/4/2023	7,500.00	1.00	7,500.00	1/4/2023	7,500.00	-	
A0157	Liquidation & Replenishment	3/22/2023	29,303.08	1.00	29,303.08	3/22/2023	29,303.08	-	
A0158	Direct Payment	1/26/2023	6,510.00	1.00	6,510.00	1/26/2023	6,510.00	-	
A0159	Direct Payment	1/26/2023	6,375.00	1.00	6,375.00	1/26/2023	6,375.00	-	
A0160	Direct Payment	1/26/2023	5,250.00	1.00	5,250.00	1/26/2023	5,250.00	-	
A0161	Direct Payment	1/26/2023	15,000.00	1.00	15,000.00	1/26/2023	15,000.00	-	
A0162	Direct Payment	1/26/2023	65,383.54	1.00	65,383.54	1/26/2023	65,383.54	-	
A0163	Direct Payment	3/8/2023	7,448.90	1.00	7,448.90	3/8/2023	7,448.90	-	
A0164	Direct Payment	3/8/2023	8,409.85	1.00	8,409.85	3/8/2023	8,409.85	-	
A0165	Direct Payment	3/8/2023	6,720.00	1.00	6,720.00	3/8/2023	6,720.00	-	
A0166	Liquidation & Replenishment	4/18/2023	12,169.74	1.00	12,169.74	4/18/2023	12,169.74	-	

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Detailed Reconciliation of ADB Grant Funds Received, Continued

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		Date	In local currency (i)	Exchange Rate (ii)	USD Equivalent (i*ii) (A)	Value Date	In USD (B)	Amount (A - B)	Reason/ Justification
A0167	Direct Payment	3/14/2023	7,150.00	1.00	7,150.00	3/14/2023	7,150.00	-	
A0168	Direct Payment	3/14/2023	9,000.00	1.00	9,000.00	3/14/2023	9,000.00	-	
A0169	Direct Payment	3/14/2023	8,625.00	1.00	8,625.00	3/14/2023	8,625.00	-	
A0170	Direct Payment	4/26/2023	161,473.33	1.00	161,473.33	4/26/2023	161,473.33	-	
A0171	Direct Payment	4/28/2023	9,734.00	1.00	9,734.00	4/28/2023	9,734.00	-	
A0172	Direct Payment	4/14/2023	11,145.38	1.00	11,145.38	4/14/2023	11,145.38	-	
A0173	Direct Payment	4/28/2023	10,835.00	1.00	10,835.00	4/28/2023	10,835.00	-	
A0174	Direct Payment	5/16/2023	8,040.00	1.00	8,040.00	5/16/2023	8,040.00	-	
A0175	Direct Payment	5/16/2023	11,689.80	1.00	11,689.80	5/16/2023	11,689.80	-	
A0176	Direct Payment	5/16/2023	11,515.40	1.00	11,515.40	5/16/2023	11,515.40	-	
A0177	Direct Payment	5/23/2023	88,053.32	1.00	88,053.32	5/23/2023	88,053.32	-	
A0178	Liquidation & Replenishment	8/8/2023	13,730.61	1.00	13,730.61	8/8/2023	13,730.61	-	
A0179	Direct Payment	6/13/2023	7,790.00	1.00	7,790.00	6/13/2023	7,790.00	-	
A0180	Direct Payment	6/13/2023	9,000.00	1.00	9,000.00	6/13/2023	9,000.00	-	
A0181	Direct Payment	6/29/2023	22,086.18	1.00	22,086.18	6/29/2023	22,086.18	-	
A0182	Direct Payment	6/23/2023	10,350.70	1.00	10,350.70	6/23/2023	10,350.70	-	
A0183	Direct Payment	7/14/2023	7,790.00	1.00	7,790.00	7/14/2023	7,790.00	-	
A0184	Direct Payment	7/14/2023	5,250.00	1.00	5,250.00	7/14/2023	5,250.00	-	
A0185	Direct Payment	7/17/2023	5,250.00	1.00	5,250.00	7/17/2023	5,250.00	-	
A0186	Direct Payment	8/3/2023	5,230.00	1.00	5,230.00	8/3/2023	5,230.00	-	
A0187	Direct Payment	8/3/2023	8,250.00	1.00	8,250.00	8/3/2023	8,250.00	-	
A0188	Direct Payment	8/3/2023	5,804.03	1.00	5,804.03	8/3/2023	5,804.03	-	
A0189	Direct Payment	10/19/2023	2,151.00	1.00	2,151.00	10/19/2023	2,151.00	-	
A0190	Liquidation & Replenishment	9/20/2023	11,902.19	1.00	11,902.19	9/20/2023	11,902.19	-	
A0191	Direct Payment	9/28/2023	7,470.00	1.00	7,470.00	9/28/2023	7,470.00	-	
A0192	Direct Payment	9/28/2023	9,000.00	1.00	9,000.00	9/28/2023	9,000.00	-	
A0193	Direct Payment	9/28/2023	9,200.00	1.00	9,200.00	9/28/2023	9,200.00	-	
A0194	Direct Payment	10/16/2023	8,236.13	1.00	8,236.13	10/16/2023	8,236.13	-	
A0195	Direct Payment	10/16/2023	10,357.39	1.00	10,357.39	10/16/2023	10,357.39	-	
A0196	Direct Payment	10/16/2023	10,848.79	1.00	10,848.79	10/16/2023	10,848.79	-	
A0197	Liquidation & Replenishment	11/22/2023	11,344.65	1.00	11,344.65	11/22/2023	11,344.65	-	
A0198	Direct Payment	11/15/2023	7,790.00	1.00	7,790.00	11/15/2023	7,790.00	-	
A0199	Direct Payment	11/15/2023	9,000.00	1.00	9,000.00	11/15/2023	9,000.00	-	
A0200	Direct Payment	11/15/2023	9,250.00	1.00	9,250.00	11/15/2023	9,250.00	-	
A0201	Liquidation & Replenishment	12/13/2023	18,606.90	1.00	18,606.90	12/13/2023	18,606.90	-	
A0202	Direct Payment	12/12/2023	56,301.02	1.00	56,301.02	12/12/2023	56,301.02	-	
A0203	Direct Payment	12/11/2023	7,150.00	1.00	7,150.00	12/11/2023	7,150.00	-	
A0204	Direct Payment	12/11/2023	11,631.27	1.00	11,631.27	12/11/2023	11,631.27	-	
A0205	Direct Payment	12/11/2023	12,215.07	1.00	12,215.07	12/11/2023	12,215.07	-	
A0206								-	Returned
A0207								-	Returned
A0208	Direct Payment	12/18/2023	278,773.15	1.00	278,773.15	12/18/2023	278,773.15	-	
A0209	Direct Payment	1/25/2024	5,500.00	1.00	5,500.00	1/25/2024	5,500.00	-	
A0210	Direct Payment	1/25/2024	5,250.00	1.00	5,250.00	1/25/2024	5,250.00	-	
A0211	Direct Payment	1/31/2024	4,270.00	1.00	4,270.00	1/31/2024	4,270.00	-	
A0212	Direct Payment	2/14/2024	8,054.44	1.00	8,054.44	2/14/2024	8,054.44	-	
A0213	Direct Payment	2/14/2024	9,887.86	1.00	9,887.86	2/14/2024	9,887.86	-	
A0214	Direct Payment	3/1/2024	2,492.18	1.00	2,492.18	3/1/2024	2,492.18	-	
A0215	Direct Payment	3/15/2024	8,310.00	1.00	8,310.00	3/15/2024	8,310.00	-	
A0216	Direct Payment	3/14/2024	9,994.39	1.00	9,994.39	3/14/2024	9,994.39	-	
A0217	Direct Payment	3/14/2024	10,356.44	1.00	10,356.44	3/14/2024	10,356.44	-	
A0218	Liquidation & Replenishment	5/29/2024	12,980.80	1.00	12,980.80	5/29/2024	12,980.80	-	
A0219	Direct Payment	6/5/2024	55,917.82	1.00	55,917.82	6/5/2024	55,917.82	-	
A0220	Direct Payment	4/12/2024	7,950.00	1.00	7,950.00	4/12/2024	7,950.00	-	
A0221	Direct Payment	4/15/2024	9,918.00	1.00	9,918.00	4/15/2024	9,918.00	-	
A0222	Direct Payment	4/15/2024	10,266.20	1.00	10,266.20	4/15/2024	10,266.20	-	
A0223	Direct Payment	5/20/2024	10,647.00	1.00	10,647.00	5/20/2024	10,647.00	-	
A0224	Direct Payment	5/29/2024	10,885.00	1.00	10,885.00	5/29/2024	10,885.00	-	
A0225	Direct Payment	5/29/2024	10,305.00	1.00	10,305.00	5/29/2024	10,305.00	-	
A0226	Direct Payment	6/27/2024	13,000.00	1.00	13,000.00	6/27/2024	13,000.00	-	
A0227	Direct Payment	6/17/2024	8,670.00	1.00	8,670.00	6/17/2024	8,670.00	-	
A0228	Direct Payment	6/17/2024	9,943.70	1.00	9,943.70	6/17/2024	9,943.70	-	
A0229	Direct Payment	6/17/2024	9,806.70	1.00	9,806.70	6/17/2024	9,806.70	-	
A0230	Liquidation & Replenishment	9/5/2024	20,702.47	1.00	20,702.47	9/5/2024	20,702.47	-	
A0231	Direct Payment	7/3/2024	13,000.00	1.00	13,000.00	7/3/2024	13,000.00	-	
A0232	Direct Payment	7/16/2024	7,950.00	1.00	7,950.00	7/16/2024	7,950.00	-	
A0233	Direct Payment	7/16/2024	8,262.00	1.00	8,262.00	7/16/2024	8,262.00	-	
A0234	Direct Payment	7/16/2024	5,500.00	1.00	5,500.00	7/16/2024	5,500.00	-	
A0235	Direct Payment	7/19/2024	49,819.37	1.00	49,819.37	7/19/2024	49,819.37	-	
A0236	Direct Payment	8/20/2024	8,670.00	1.00	8,670.00	8/20/2024	8,670.00	-	
A0237	Direct Payment	8/20/2024	8,262.00	1.00	8,262.00	8/20/2024	8,262.00	-	
A0238	Direct Payment	8/20/2024	9,250.00	1.00	9,250.00	8/20/2024	9,250.00	-	
A0240	Direct Payment	9/27/2024	19,622.80	1.00	19,622.80	9/27/2024	19,622.80	-	
A0241								-	Returned
A0242	Direct Payment	9/12/2024	6,852.23	1.00	6,852.23	9/12/2024	6,852.23	-	
A0243	Direct Payment	9/12/2024	9,012.00	1.00	9,012.00	9/12/2024	9,012.00	-	
A0244	Direct Payment	9/12/2024	9,250.00	1.00	9,250.00	9/12/2024	9,250.00	-	
A0246	Direct Payment	9/16/2024	204,749.21	1.00	204,749.21	9/16/2024	204,749.21	-	
A0247	Direct Payment	9/16/2024	11,051.55	1.00	11,051.55	9/16/2024	11,051.55	-	
TOTAL			4,426,034.32		4,426,034.32		4,426,034.32	-	

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Minister Gerald Zackios
Ministry of Education, Sports and Training
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 financial statement of the Republic of the Marshall Islands Improving the Quality of Basic Education in the North Pacific Project (the Project) financed by the Asian Development Bank's Special Fund (Grant Number 0536 RMI (SF)), which comprises the statement of project account for the year ended September 30, 2024, and the related notes to the financial statement, and have issued our report thereon dated July 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Project'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 Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

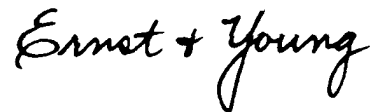
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statement is free from 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 determination of financial statement amounts. 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 this 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 an audit performed 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.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style script.

July 18, 2025

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

**Republic of the Marshall Islands
Improving the Quality of Basic Education in the
North Pacific Project**

(Financed by the Asian Development Bank's Special Fund -
Grant Number 0536 RMI (SF))

Year ended September 30, 2024



July 18, 2025

Honorable Minister Gerald Zackios
Ministry of Education, Sports and Training
Republic of the Marshall Islands

We have performed an audit of the financial statement of the Republic of the Marshall Islands (RMI) Improving the Quality of Basic Education in the North Pacific Project (the “Project”) financed by the Asian Development Bank’s Special Fund - Grant Number 0536 RMI (SF), which comprises the statement of project account for the year ended September 30, 2024, 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 (*Government Auditing Standards*), and have issued our report thereon dated July 18, 2025.

This report summarizes our communications with those charged with governance as required by our professional standards to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process.

REQUIRED COMMUNICATIONS

Professional standards require the auditor to provide those charged with governance with additional information regarding the scope and results of the audit that may assist those charged with governance in overseeing the financial reporting and disclosure processes which the management of the Project is responsible. We summarize these required communications as follows:

Overview of the planned scope and timing of the audit

Our audit scope and timing is consistent with the plan communicated in our engagement letter dated March 7, 2025 and at our audit planning meeting with management.

Auditors’ Responsibilities under Auditing Standards Generally Accepted in the United States (US GAAS) and Generally Accepted *Government Auditing Standards* (GAGAS)

The financial statement and supplementary information is the responsibility of the Project’s management as prepared with the oversight of those charged with governance. Our audit was designed in accordance with GAAS and *Government Auditing Standards* to obtain reasonable, rather than absolute, assurance that the financial statement is free of material misstatement.

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 express no such opinion.

An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Our responsibilities are included in our audit engagement agreement.

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

Our audit strategy is consistent with the plan communicated during the March 2025 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 Project's ability to continue as a going concern.

Our views about the qualitative aspects of the entity's significant accounting practices, including:

- **Accounting policies**

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

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

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.

Related party relationships and transactions

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

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

None.

Significant unusual transactions

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

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

There were no difficult or contentious matters that required consultation outside of the audit team.

Material corrected misstatements related to accounts and disclosures

Refer to the “Management Representations Letter” in Appendix A.

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

No uncorrected misstatements were identified in connection with our audit of the Project’s financial statement for the year ended September 30, 2024.

Significant deficiencies and material weaknesses in internal control over financial reporting

We have issued our Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated July 18, 2025. In that report, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 March 2025 meeting.

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 difficulties encountered in dealing with management in performing 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 Project 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.

July 18, 2025

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 the Project.
- The preparation of the financial statement is based on the Project's trial balance with our understanding that the Project's underlying books and records are maintained by the Project's accounting department and that the final trial balance prepared by the Project is complete.
- The Project's Accountant has the skill sets to oversee and review the completeness and accuracy of the financial statement and footnote disclosures.

This communication is intended solely for the information and use of the Minister of Education, Sports and Training and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ernst + Young

Honorable Minister Gerald Zackios
Ministry of Education, Sports and Training
RMI Improving the Quality of Basic Education in the North Pacific Project

July 18, 2025

Appendix

A - Management Representations Letter

July 18, 2025

A - Management Representations Letter



Republic of the Marshall Islands
Public School System
P.O. Box 3
Majuro, Marshall Islands 96960



Tel: 625-3656/5261/5262 · Fax: (692) 625-3861 · Email: info@pss.edu.mh

July 18, 2025

Ernst & Young LLP
Ernst & Young Building
231 Ypao Road, Suite 201
Tamuning, Guam 96931

In connection with your audit of the financial statement of the Republic of the Marshall Islands (RMI) Improving the Quality of Basic Education Project (the "Project") financed by the Asian Development Bank's Special Fund, which comprises the statement of project account for the year ended September 30, 2024, and the related notes to the financial statement, 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 statement presents fairly, in all material respects, the cash receipts and disbursements of the Project in conformity with the cash basis of accounting, which is a basis of accounting other than 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 18, 2025, for the preparation and fair presentation of the financial statement (including disclosures) in accordance with the cash basis of accounting, which is a basis of accounting other than US GAAP, applied on a basis consistent with that of the preceding years.

In preparing the financial statement, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for one year after the date that the financial statement is issued (or available to be issued, if applicable), 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 statement in accordance with the liquidation basis of accounting.

July 18, 2025

A - Management Representations Letter, continued



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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 statement 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 Project from whom you determined it necessary to obtain evidence.

From October 1, 2023 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 statement, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

Corrected misstatements

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

Uncorrected misstatements

There are no uncorrected misstatements (including the effects of correcting or reversing prior period uncorrected misstatements), or uncorrected misstatements in disclosures relating to the current period financial statement.

Internal control

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

Internal control, continued

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

A – Management Representations Letter, continued



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Significant Contracts

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 statement in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

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 has been considered and appropriate adjustments or disclosures are made in the financial statement, 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 statement.

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 the financial statement. For the year ended September 30, 2024, the Project did not consult with legal counsel concerning any matters relative to litigation, claims or assessments made against the Project.

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 statement or as a basis for recording a loss contingency other than those disclosed in the financial statement.

A – Management Representations Letter, continued



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Contingent liabilities, continued

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 statement other than those disclosed in the financial statement.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be disclosed in the financial statement.

Oral or written guarantees

There are no oral or written guarantees, including guarantees of the debt of others.

Purchase commitments

At September 30, 2024, the Project 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, 2024 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 Project'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 statement may be materially misstated as a result of fraud.

We have disclosed to you all significant facts relating to any frauds or suspected frauds, or allegations of fraud known to us that may have affected the Project (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), whether involving management or employees who have significant roles in internal control. Similarly, we have disclosed to you our knowledge of frauds or suspected frauds affecting the entity involving others where the fraud could have a material effect on the financial statement. We have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by

A – Management Representations Letter, continued



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employees, former employees, analysts, regulators or others, that could affect the financial statement.

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

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

Independence

We have communicated to you the names of the Project's affiliates, officers and directors, or individuals who serve in such capacity for the Project.

We are not aware of any business relationship between the Project 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 Project's audit.

Conflicts of interest

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

Going concern

In preparing the financial statement, we evaluated the entity's ability to continue as a going concern for twelve months after the date that the financial statement is issued and provide appropriate financial statement disclosure.

Supplementary information

We are responsible for the preparation and fair presentation of the following schedules (the "Supplementary Information"):

- Combining Statement of Project Account
- Schedule of Budgeted v Actual Expenditures
- Detailed Reconciliation of ADB Grant Funds Received By Grant

A – Management Representations Letter, continued



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We believe the supplementary information, including its form and content, is fairly stated in all material respects.

There have been no changes in the methods of measurement or presentation of the 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 recognize that we are responsible for the Project's compliance with the laws, regulations, provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives all laws, regulations, provisions of contracts and grant agreements that have a 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.
- 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 noncompliance with provisions of laws, regulations, and contracts or grant agreements, that you have reported.
- 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, all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements where the noncompliance could have a direct and material effect on the financial statements.

July 18, 2025

A – Management Representations Letter, continued



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- We have followed all applicable laws and regulations in adopting, approving and amending budgets, deposits and investments, including collateral requirements on depository accounts and investments.
- There have been no instances of abuse that have occurred or are likely to have occurred that could be quantitatively or qualitatively material to the financial statement.
- The Project has obligated, expended, received and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Marshall Islands or federal law. Such obligation, expenditure, receipt or use of public funds was in accordance with any limitations, conditions or mandatory directions imposed by Marshall Islands or federal law.

Additional representations, continued

- Money or similar assets handled by the Project have been properly and legally administered and the accounting and recordkeeping related thereto is proper, accurate and in accordance with law.
- Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.

Other matters

We have received a draft copy of our financial statement as of and for the year ended September 30, 2024. The accuracy and completeness of the financial statement, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statement 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.
- All adjusting journal entries posted to the trial balance have been approved by us.
- 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 statement, including footnote disclosures.

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

July 18, 2025

A – Management Representations Letter, continued



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We acknowledge that we have reviewed them and taken responsibility for them.

Subsequent events

Subsequent to September 30, 2024, no events or transactions have occurred or are pending that would have a material effect on the financial statement at that date or for the period then ended, or that are of such significance in relation to the Project's affairs to require mention in a note to the financial statement in order to make them not misleading.

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and was, therefore, designed primarily for the purpose of expressing an opinion on the financial statement of the Project 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,

Loretta J. Case
Project Director, IQBE

Matthew Di Loreto
Project Manager, IQB

A – Management Representations Letter, continued

A— Schedule of Corrected Misstatements

July 18, 2025

A – Management Representations Letter, continued

Communication schedule for corrected misstatements

Entity: Improving the Quality of Basic Education Project			Period ended: 30-Sep-2024		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)
AJE#1 UE1VE< Title of the misstatement>									2,151
Teaching supplies and resources									(2,151)
AOB Grant Drawdowns									
Total of corrected misstatements before income tax			0	0	0	0	0	0	0
Financial statement amounts			50,000	0	0	0	(50,000)		0
Effect of corrected misstatements on F/S amounts			0.0%	0.0%	0.0%	0.0%	0.0%		0.0%

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

*Report of Independent Accountants on the Schedule of
Project Expenditures*

**Republic of the Marshall Islands
Improving the Quality of Basic Education in the
North Pacific Project**

(Financed by the Asian Development Bank Grant Number
0536 RMI (SF))

Year ended September 30, 2024



Republic of the Marshall Islands
Improving the Quality of Basic Education in the North Pacific Project
(Financed by the Asian Development Bank Grant Number 0536 RMI (SF))

Schedule of Project Expenditures

Year ended September 30, 2024

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Report of Independent Accountants

Honorable Minister Gerald Zackios
Ministry of Education, Sports and Training
Republic of the Marshall Islands

We have examined the Republic of the Marshall Islands (the RMI) Ministry of Education, Sports and Training's compliance with appropriate use of Improving the Quality of Basic Education in the North Pacific Project (the Project) grant proceeds as set forth in the terms, covenants, provisions and conditions of Articles III and IV of the grant agreement dated July 7, 2017 in the accompanying schedule (Schedule of Project Expenditures) during the year ended September 30 2024. The RMI Ministry of Education, Sports and Training's management is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the RMI Ministry of Education, Sports and Training's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA"). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the RMI Ministry of Education, Sports and Training complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the RMI Ministry of Education, Sports and Training complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the RMI Ministry of Education, Sports and Training and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our examination engagement.

Our examination does not provide a legal determination on the RMI Ministry of Education, Sports and Training's compliance with specified requirements.

Our examination was limited to compliance with the specified sections of the respective grant agreement. Because of the nature and inherent limitations, controls may not prevent, or detect and correct, all errors or fraud that may be considered relevant.

In our opinion, the RMI Ministry of Education, Sports and Training complied, in all material respects, with appropriate use of Improving the Quality of Basic Education in the North Pacific Project grant proceeds as set forth in the terms, covenants, provisions and conditions of Articles III and IV of the grant agreement requirements during year ended September 30, 2024.

This report is intended solely for the information and use of the RMI Ministry of Education, Sports and Training and the Asian Development Bank for assessing the RMI Ministry of Education, Sports and Training's compliance with appropriate use of Improving the Quality of Basic Education in the North Pacific Project grant proceeds as set forth in the terms, covenants, provisions and conditions of Articles III and IV of the grant agreement and is not intended to be and should not be used by anyone other than the specified parties.

Ernst + Young

July 18, 2025

Republic of the Marshall Islands
Improving the Quality of Basic Education in the North Pacific Project
(Financed by the Asian Development Bank's Special Fund -
Grant Number 0536 RMI (SF))

Schedule of Project Expenditures

Year ended September 30, 2024
(See accompanying Report of Independent Accountants)

Project expenditures:

Investment costs:

Training and capacity building	\$ 561,490
Consulting services	366,520
Teaching supplies and resources	<u>29,381</u>
	957,391

Recurrent costs:

Project management costs	<u>122,624</u>
Total project expenditures	<u><u>\$ 1,080,015</u></u>