

Management Letter

Marshall Islands Health Fund

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

Year ended September 30, 2023



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October 20, 2025

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

Dear Ms. Wase-Jacklick:

In planning and performing our audit of the financial statements of the Marshall Islands Health Fund (MIHF) as of and for the year ended September 30, 2023 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MIHF's internal control. Accordingly, we do not express an opinion on the effectiveness of the MIHF's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we noted the following deficiencies in internal control (as described above) and other matters:

Bank Reconciliation Outstanding Checks

Condition: During our audit, we noted that certain checks amounting to \$69,194 were printed and recorded as issued prior to year-end; however, these checks had not been delivered to the payees as of year-end and remained in the MIHF's possession. As a result, these amounts were reported as outstanding checks, even though the payees had not yet received them. An audit adjustment was proposed to reclassify these amounts to accounts payable.

Bank Reconciliation Outstanding Checks, continued

Recommendation: We recommend that management strengthen controls to ensure that checks are considered issued only when they are delivered or mailed to the payee. Any checks not delivered by year-end should revert to accounts payable.

Health Care Revenue Fund (HCRF) Contributions

Condition: As of September 30, 2023, contributions to the HCRF and related payables were overstated by \$495,000. An audit adjustment was proposed to correct this misstatement.

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

Withholding Tax Remittances

Condition: During the year ended September 30, 2023, MIHF filed and paid income taxes withheld for payroll period ending Mar,2022 and Aug-2023 in a manner inconsistent with income tax Act of 1989. Such were paid 2 and 19 days after the due date, respectively.

Recommendation: We recommend management establish internal controls policies and procedures requiring compliance with the Income Tax Act 1989.

Uncollected Travel Advances

Condition: RepMar's Ministry of Finance, Banking and Postal Services memorandum on Travel Rules and Regulations requires travelers to submit Travel Voucher Claims 15 days after end of travel. The MIHF has issued travel advances to employees that have not been settled or reimbursed in a timely manner. As of September 30, 2023, outstanding advances totaling \$37,005 remain uncollected beyond the required settlement period. A corresponding allowance for uncollectible accounts has been established due to uncertainty in collection.

Recommendation: We recommend management strengthen monitoring controls over travel advances to ensure that employees submit travel voucher claims and settle outstanding amounts within the prescribed timeframe. Periodic reconciliations should be performed, and follow-up procedures should be implemented for long-outstanding balances.

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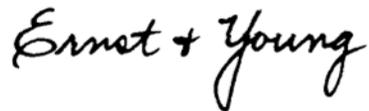
Ms. Francyne Wase-Jacklick
Secretary of Health and Human Services

October 20, 2025

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

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

Very truly yours,

The signature is written in a cursive, handwritten style. It reads "Ernst + Young" with a stylized plus sign between the two words. The ink is black and the signature is centered below the text "Very truly yours,".