

*Management Letter*

**Marshall Islands Scholarship, Grant and Loan  
Board**

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

*Year ended September 30, 2023*



**Shape the future  
with confidence**



Shape the future  
with confidence

Ernst & Young (RMI), Inc.  
P.O. Box 1288  
Majuro, Republic of the Marshall  
Islands 96960

Tel: 692 625 7387  
ey.com

October 31, 2025

Ms. Elizabeth Jemwai  
Director  
Marshall Islands Scholarship, Grant and Loan Board

In planning and performing our audit of the financial statements of Marshall Islands Scholarship, Grant and Loan Board (MISGLB) as of and for the year ended September 30, 2023 in accordance with auditing standards generally accepted in the United States, 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 MISGLB's internal control. Accordingly, we do not express an opinion on the effectiveness of MISGLB'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 internal 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 Reconciliations**

Condition: During our audit, bank reconciliations included the following invalid items:

- a. Four loan disbursements (Check #s 5878, 6121, 6125 and 6126 for \$6,282, \$5,833, \$9,000 and \$6,000, respectively) were physically voided; however, such were not properly voided or cancelled in the accounting system. Such were corrected during the audit process.
- b. Stale dated checks totaling \$7,329 and various credits totaling \$6,975 that have been long outstanding from one (1) to six (6) years.
- c. Reconciling items recorded in GL Acct #s 1000 and 1101 totaling \$24,358 and \$40,451, respectively, that are aged more than one year.

## **Bank Reconciliations, continued**

Recommendation: We recommend management establish internal control policies and procedures over the bank reconciliation review process requiring all reconciling items be validated, properly supported, and promptly resolved in a timely manner.

### **Student Files**

Conditions: Tests of 66 student loan disbursements included the following exceptions:

- a. Student loan disbursements listed below did not meet certain specific requirements outlined in MISGLB's latest policy for new undergraduate student applicants:
  - (1) One (1) student loan disbursement did not have a copy of the letter of acceptance from the institution the applicant wishes to attend.
  - (2) Six (6) student loan disbursements did not have a copy or evidence of applicant's financial resources.
  - (3) Four (4) student loan disbursements did not have a copy of the applicant's health clearance from the Ministry of Health or other health care providers.
  - (4) One (1) student loan disbursement did not have a copy of the applicant's current and valid RMI Passport.
  - (5) Ten (10) student loan disbursements did not have a copy of the applicant's official certified birth certificate.
  - (6) Four (4) student loan disbursements did not have a copy of the applicant's rental agreement when residing off-campus.
  - (7) Nine (9) student loan disbursements did not have a copy of the applicant's passport size photo attached to the application.
  - (8) Nine (9) student loan disbursements did not have a copy or proof of the applicant's health insurance coverage.
- b. Student loan disbursements listed below did not meet certain specific requirements outlined in MISGLB's latest policy for new postgraduate student applicants (masteral and doctoral studies):
  - (1) One (1) student loan disbursement did not have a copy of the applicant's official and certified transcripts of both graduate and undergraduate courses completed.
  - (2) Five (5) student loan disbursements did not have a copy of the applicant's certified results of the Graduate Record Exam (GRE) or other generally accepted entrance examination scores.

## **Student Files, continued**

### Conditions, continued:

- (3) One (1) student loan disbursement did not have a copy of the essay explaining how the applicant's training will, in the long run, serve the interests of RMI.
  - (4) Four (4) student loan disbursements did not have a copy of the applicant's approved leave of absence or a copy of termination letter if employed by the RMI government.
  - (5) One (1) student loan disbursement did not have a copy or evidence of applicant's financial resources.
- c. Student loan disbursements listed below did not meet certain specific requirements outlined in MISGLB's latest policy for ongoing undergraduate or postgraduate student recipients:
- (1) Two (2) student loan disbursements did not meet the required CGPA and GPA of at least 2.50 (or) successfully completed of at least 12 credit hours / full-time status per term, quarter or semester, including summer sessions of at least 6 credit hours.
  - (2) Fourteen (14) student loan disbursements did not have a copy or evidence of applicant's financial resources.
  - (3) For juniors and seniors, ten (10) student loan disbursements did not have a copy of the official evaluation report or degree audit report from their schools to indicate remaining classes to take and expected date of graduation.
  - (4) For summer sessions, five (5) student loan disbursements did not have a copy of the Spring semester class schedule and Summer session registration for that current school year.
  - (5) Fourteen (14) student loan disbursements did not have a copy of the recipient's program of study indicating continuation in the same field of study or a MISGLB-approved change in the field of study.
  - (6) Fourteen (14) student loan disbursements did not have a copy of the applicant's rental agreement when residing off-campus.
- d. Ten (10) student loan disbursements for which we were unable to locate the related minutes of the meeting indicating Board approval.

Recommendation: We recommend management establish internal control policies and procedures requiring the completeness of student file document review and approval.

## Converted Scholarship Assistance Loans to Grants

Condition: Tests of 53 converted scholarship assistance loans included the following exceptions:

- a. Three (3) students had Verification of Employment which were incomplete/blank.
- b. Thirteen (13) students had no transcript of records and diploma on file evidencing completion of their studies.
- c. Twelve (12) students had discrepancies in the amount of converted scholarship assistance loans against the loan receivable balance per student subledgers and was corrected during the audit process.
- d. One (1) student did not meet the minimum required number of years to work in RMI.

Furthermore, per Student Loan Waiver Form, the following requirements must be provided by the students to MISGLB prior to approval of loan conversion: 1) a degree or certification that shows completion of studies; and 2) official transcripts from the school attended. The current practice of MISGLB is to obtain either one of the two requirements mentioned above, which is inconsistent with the established policies and procedures.

Recommendation: We recommend management establish internal control policies and procedures over scholarship assistance loan conversions to grants. Furthermore, we recommend management require current practices to be consistent with established policies and procedures.

\*\*\*\*\*

This communication is intended solely for the information and use of management, the Board of Directors, others within the organization, and the Office of the Auditor-General, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

At this time, we would like to thank all the staff and management of MISGLB for their cooperation extended to us during the course of our audit. We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

*Ernst + Young*