

Management Letter

**Republic of the Marshall Islands
Education and Skills Strengthening Project - Grant
Number D760-MH**

(Financed by the International Development Association)

Year ended September 30, 2023



August 27, 2025

Honorable Minister David Paul
Ministry of Finance, Banking and Postal Services
Republic of the Marshall Islands

In planning and performing our audit of the financial statement of the Republic of the Marshall Islands (RMI) Education and Skills Strengthening Project (the Project) financed by the World Bank's International Development Association - Grant Number D760-MH for the year ended September 30, 2023 in accordance with auditing standards generally accepted in 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 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 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 deficiency in internal control (as described above):

Incorrect Recognition of Cash Disbursements

Condition: A cash disbursement for \$8,775 (check # 11514, dated October 17, 2023) was recorded in fiscal year 2023, although the actual payment was made in fiscal year 2024. This indicates a timing issue in the recognition of cash disbursements, which may result in a misstatement of financial activity and an inaccurate representation of financial position at year-end. As the amount was not considered material to the financial statement, no audit adjustment was proposed.

Recommendation: We recommend that management implement procedures to ensure that cash disbursements are recognized in the appropriate fiscal period based on when the payment is made.

This communication is intended solely for the information and use of the Project's management, the World Bank and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We commend management for their continuous effort to improve certain internal control procedures in the accounting and operations department.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Sincerely,

The signature is written in a cursive, handwritten style. It consists of the words "Ernst" and "Young" connected by a plus sign "+". The letters are fluid and connected, with a prominent loop at the end of the word "Young".