

Management Letter

Republic of the Marshall Islands
Marshall Islands Maritime Investment Project –
Grant Number D452-MH
(Financed by the International Development Association)

Year ended September 30, 2023



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November 14, 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) Marshall Islands Maritime Investment Project (the Project) financed by the World Bank's International Development Association - Grant Number D452-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 deficiencies in internal control (as described above) and other matters:

Double Recording of Cash Disbursements

Condition: During our audit, we noted certain instances where cash disbursements were recorded more than once in the general ledger, resulting in overstated expenditures:

1. One item pertaining to the purchase of office equipment and furniture in the amount of \$9,383 was recorded twice in the disbursements ledger in 2022. This error was identified by Project management in 2024 and subsequently reversed. This matter did not impact the 2023 financial statement. Accordingly, no audit adjustment was considered necessary.

Double Recording of Cash Disbursements, continued

Condition, continued:

2. One item pertaining to consultant fees in the amount of \$5,007 was recorded twice in the disbursements ledger in 2023. This error was identified by Project management in 2024 and subsequently reversed. This matter impacted the 2023 financial statement; however, no audit adjustment was proposed as the amount was not considered material to the financial statement.

Recommendation: We recommend that management strengthen review controls over cash disbursement entries, including periodic reconciliations and supervisory review of transaction listings to ensure that disbursements are recorded only once.

This communication is intended solely for the information and use of the Project's management, the World Bank, the Office of the Auditor-General, 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,

