

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

**Marshall Islands Social Security Administration**  
(A Component Unit of the Republic of the Marshall Islands)

*Year ended September 30, 2023*



September 9, 2025

Board of Directors  
Marshall Islands Social Security Administration

We have performed an audit of the financial statements of the fiduciary activities of Marshall Islands Social Security Administration (MISSA), a component unit of the Republic of the Marshall Islands, 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, and have issued our report thereon dated September 9, 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 the Board of Directors (the Board) with additional information regarding the scope and results of the audit that may assist the Board in overseeing the financial reporting and disclosure processes which the management of MISSA 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 November 12, 2024, 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 statements, required supplementary information, and supplementary information are the responsibility of MISSA's management as prepared with the oversight of those charged with governance. Our audit was designed 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, to obtain reasonable, rather than absolute, assurance that the financial statements are 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 letter.

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

Our audit strategy is consistent with the plan communicated during the November 2024 meeting.

### **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 MISSA's ability to continue as a going concern.

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

- **Accounting policies**
- **Accounting estimates**

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 our views regarding significant accounting estimates and financial statement disclosures and related matters in Note 2 of the basic financial statements.

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.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor MISSA's operations. These budgets include determining how existing financial resources will be used in MISSA's operations.
- Evaluating whether there are indicators that the carrying value of MISSA's long-lived assets is impaired.
- Determining the adequacy of the allowance for doubtful accounts.
- Determining the reasonableness of economic useful lives assigned to depreciable assets.

**Related party relationships and transactions**

We noted no significant matters regarding MISSA's relationships and transactions with related parties other than disclosed in footnote 7 to the financial statements.

**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 carried out by MISSA.

**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 "Management Representations Letter" in Appendix A.

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

Refer to "Management Representations Letter" in Appendix A.

**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 September 9, 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 November 2024 meeting during the audit.

**Independence matters**

We are not aware of any matters that in our professional judgment would impair our independence.

### **New accounting pronouncements**

Management is still assessing the impact of adopting the following GASB statements:

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101
- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

### **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 material disagreements with MISSA's management on financial accounting and reporting matters during 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.

### **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 MISSA 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.

**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.

**Engagement team’s involvement with preparation of the financial statements**

Under GAS 2018 Revision, Chapter 3 Ethics, Independence and Professional Judgment, Paragraphs 3.73-74 explains that the audit team should make consideration of management’s ability to effectively oversee the non-audit services to be provided. The engagement team should determine that the audited entity has designated an individual who possesses suitable skill, knowledge or experience and that the individual understands 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.

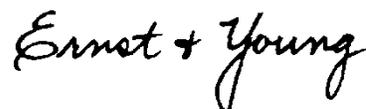
The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality control review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- The preparation of the financial statements is based on MISSA’s trial balance with our understanding that MISSA’s underlying books and records are maintained by MISSA’s accounting department and that the final trial balance prepared by MISSA is complete.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of MISSA.
- MISSA’s Chief Financial Officer has the skill sets to oversee and review the completeness and accuracy of the financial statements and footnote disclosure.

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

Very truly yours,

The logo for Ernst & Young, featuring the company name in a stylized, cursive script font.

## Appendix

A - Managements Representations Letter

A – Management Representations Letter



MARSHALL ISLANDS SOCIAL SECURITY ADMINISTRATION

**Head Office**

P.O. Box 175, Majuro, Marshall Islands MH 96960  
Phone: (692) 625-3101, Fax: (692) 625-4570

**Ebeye Branch**

P.O. Box 5850, Ebeye, Kwajalein, MH96970  
Phone: (692) 329-3788, Fax: 329-3902

September 9, 2025

Ernst & Young LLP  
Majuro, Marshall Islands  
P.O Box 1288, 96960

In connection with your audits of the financial statements of the Marshall Islands Social Security Administration (MISSA) as of September 30, 2023 and 2022 and for the years then ended, and the related notes to the financial statements, 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 statements present fairly, in all material respects, the financial position of the fiduciary activities of MISSA and the changes in fiduciary net position in conformity with 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 November 12, 2024, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding years except for the effects of adopting new accounting standards.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MISSA's ability to continue as a going concern for one year after the date that the financial statements are issued, 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 statements in accordance with the liquidation basis of accounting.

A – Management Representations Letter, continued

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 statements 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 MISSA from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From May 6, 2025 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 statements, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

***Governmental entities***

We recognize that we are responsible for MISSA's compliance with the laws, regulations, and provisions of contracts and grant agreements that are applicable to it. We have identified and disclosed to your representatives all laws and regulations 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.

There has been no noncompliance or possible noncompliance with provisions of contracts or grant agreements in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

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.

A – Management Representations Letter, continued

We have taken timely and appropriate steps to remedy fraud, and noncompliance with the provisions of laws, regulations, contracts or grant agreements, that you have reported.

***Corrected misstatements***

We have reviewed and approved the adjustments, summarized in the accompanying schedule, and reflected these adjustments in the financial statements. Refer to the “Schedule of Corrected Misstatements” in Appendix A.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule, accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

***Internal control***

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

***Minutes and contracts and internal audit reports***

The dates of meetings of members, officers or summaries of actions of recent meetings held from October 1, 2022, to the date of this letter are as follows:

<b><u>Date Meeting</u></b>	<b><u>Type</u></b>
October 05, 2022	Special Board Meeting
November 25, 2022	Special Board Meeting
December 09, 2022	Regular Board Meeting
January 18, 2023	Special Board Meeting
February 21, 2023	Regular Board Meeting
April 26, 2023	Special Board Meeting
August 21, 2023	Special Board Meeting
August 31, 2023	Special Board Meeting
September 06, 2023	Special Board Meeting
September 26, 2023	Special Board Meeting
October 12, 2023	Special Board Meeting
February 16, 2024	Regular Board Meeting
February 29, 2024	Special Board Meeting
August 02, 2024	Special Board Meeting
August 12, 2024	Special Board Meeting
September 18, 2024	Special Board Meeting
October 16, 2024	Special Board Meeting
January 10, 2025	Special Board Meeting
January 22, 2025	Special Board Meeting
January 27, 2025	Special Board Meeting
January 29, 2024	Special Board Meeting
February 19, 2025	Special Board Meeting
February 20, 2025	Special Board Meeting

A – Management Representations Letter, continued

We have made you available all the minutes of the meetings of the Members of the Board or summaries actions of recent meetings for which minutes have not yet been prepared.

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

We have also made available to you all internal audit reports (or reports from similar functions) that were issued to management during the year that address internal control over financial reporting.

***Methods, significant assumptions, and data used in making accounting estimates***

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

***Ownership and pledging of assets***

MISSA has satisfactory title to all assets appearing in the balance sheet. No security agreements have been executed under the provisions of any law, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which MISSA has satisfactory title appear in the balance sheet.

***Receivables and revenues***

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62 - as amended.

Adequate provision has been made for losses, costs and expenditures that may be incurred subsequent to the balance sheet date in respect of any sales and services rendered prior to that date and for uncollectible accounts and allowances, etc., that may be incurred in the collection of receivables at that date.

***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 as defined in GASB Statement No. 56 - as amended, has been considered and appropriate adjustments or disclosures are made in the financial statements, and information concerning these transactions and amounts have been made available to you.

A – Management Representations Letter, continued

***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 statements.

***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 accordance with GASB Statement No. 62 - as amended other than those disclosed in the financial statements.

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

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 statements other than those disclosed or accrued in the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62 - as amended, *Contingencies* other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statement of financial position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62 - as amended.

We have not consulted with outside legal counsel concerning litigation, claims or assessments.

***Oral or written guarantees***

There are no oral or written guarantees other than those reported in the financial statements, including guarantees of the debt of others.

***Purchase commitments***

At September 30, 2023 and 2022, MISSA 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, 2023 and 2022, as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

A – Management Representations Letter, continued

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

We acknowledge that we are responsible to determine that MISSA'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 statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in MISSA's internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of MISSA.

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

***Independence***

We have communicated to you the names of MISSA's affiliates, officers and directors.

We are not aware of any capital lease, material cooperative arrangement or other business relationship between MISSA 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 MISSA's audit.

***Conflicts of interest***

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

***Effects of new accounting principles***

As discussed in Note 2 to the financial statements, we have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB):

- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

A – Management Representations Letter, continued

- GASB Statement No. 102
- GASB Statement No. 103
- GASB Statement No. 104

MISSA is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such a statement is adopted.

***Going concern***

In preparing the financial statements, we evaluated the entity's ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on management's discussion and analysis which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement.

There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

***Supplementary information***

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

- Combining Statement of Fiduciary Net Position
- Combining Statement of Changes in Fiduciary Net Position

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 have identified and disclosed to you all the 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.

A – Management Representations Letter, continued

- We have identified and disclosed to you violations (and possible violations) of laws, regulations and provisions of contracts and grant agreements with effects that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- Components of net position are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and net position was properly recognized under the policy.
- Subsequent events have been evaluated and classified as recognized or nonrecognized through the date of this letter.
- As discussed in Note 1 to the financial statements, the financial statements of MISSA present only MISSA and are not intended to present fairly the financial position and results of operations of the Republic of the Marshall Islands in conformity with US GAAP.

***Financial statements approval***

We have received a draft copy of the financial statements of MISSA as of and for the years ended September 30, 2023 and 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are the responsibility of the management of MISSA.

You have assisted in the preparation of MISSA's financial statements based on the information in MISSA's trial balance and accounting records. It is our understanding that:

- MISSA's underlying books and records are maintained by MISSA's accounting department and that the final trial balance prepared by MISSA is complete;
- All adjusting journal entries posted to the trial balance have been approved by MISSA; and
- MISSA has designated a competent representative to oversee your services and that there are MISSA personnel with sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements.

We acknowledge that we have reviewed the draft financial statements for accuracy and completeness, and we take responsibility for them.

***Subsequent events***

Subsequent to September 30, 2023, no events or transactions have occurred or are pending that would have a material effect on the financial statements at that date or for the period then ended, or that are of such significance in relation to MISSA's affairs to require mention in a note to the financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable.

A – Management Representations Letter, continued

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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 opinions on the financial statements of MISSA 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,



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Finance Manager, Anelie Sarana



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Administrator, Bryan Edejer

A – Management Representations Letter, continued

Appendices

A – Schedule of Corrected Misstatement

B – Schedule of Uncorrected Misstatements

A – Management Representations Letter, continued

Appendix A – Schedule of Corrected Misstatement

Communication schedule for corrected misstatements

Entity: Marshall Islands Social Security Administration Period ended: 30-Sep-2022 Currency: USD

Corrected misstatements No.	W/P ref.	Account	Assets		Liabilities		Equity components		Income statement effect of the current period			
			Current	Non-current	Current	Non-current	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	OCI	Debit/(Credit)	Non-liable
(misstatements are recorded as journal entries with a description)												
AJE 1	H100	To record the interest income received	53,869									
		BOMI SPECIAL SAVINGS ACCOUNT	263,869									
		Time Certificate of Deposit	(317,738)									
		Accrued Interest TCD										
Total of corrected misstatements before income tax			0	0	0	0	0	0	0	0	0	0
Financial statement amounts			110,125,278	205,804	(1,263,217)	0	(109,087,893)					(13,861,865)
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.]

