

Management Letter

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

Year ended September 30, 2023





September 9, 2025

Management and the Board of Directors
Marshall Islands Social Security Administration

In planning and performing our 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 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 MISSA's internal control over financial reporting (internal control) 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 MISSA's internal control. Accordingly, we do not express an opinion on the effectiveness of MISSA'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:

Unclaimed Benefit Payments

Condition: We continue to note that benefit payments totaling \$39,716, originally disbursed to members or beneficiaries as far back as 2009, remain unclaimed or were returned as undeliverable. Despite this being highlighted in the prior year's management letter, these amounts have not been resolved and continue to be carried on MISSA's records. The prolonged retention of these unresolved balances raises concerns regarding the effectiveness of follow-up procedures.

Unclaimed Benefit Payments, continued

Recommendation: We recommend that management perform a comprehensive review of all returned benefit payments and assess their eligibility for escheatment in accordance with applicable unclaimed property regulations. Where possible, efforts should be made to contact the intended recipients. Additionally, management should consider implementing enhanced tracking and follow-up procedures to promptly resolve returned payments in the future.

Long Outstanding Receivables

Condition: Receivables relating to contributions, court judgments and promissory notes amounting to \$8,202,832, \$3,418,940 and \$1,329,565, respectively, included amounts deemed uncollectable as of September 30, 2023, resulting in a combined allowance for uncollectable accounts of \$6,513,812, which represents 48% of total receivables. Of the total deemed uncollectable, \$4,434,073 represented receivables aged more than five years dating back since.

Recommendation: We recommend management establish internal control policies and procedures requiring regular assessment of the collectability of accounts receivable. Furthermore, we recommend management establish a written policy governing receivable collections and write-offs.

This communication is intended solely for the information and use of management and the Board of Directors of MISSA, 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 would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst + Young