

Management Letter

**Republic of the Marshall Islands Office of
Commerce, Investment and Tourism**
(A Component Unit of the Republic of the Marshall Islands)

Year ended September 30, 2024



**Shape the future
with confidence**

March 24, 2026

To the Board of Directors and Management
Republic of the Marshall Islands Office of Commerce,
Investment and Tourism

In planning and performing our audit of the financial statements of the business-type activities of Republic of the Marshall Islands Office of Commerce, Investment and Tourism (OCIT) as of and for the year ended September 30, 2024, 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 the OCIT's internal control. Accordingly, we do not express an opinion on the effectiveness of the OCIT'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:

Cash in Bank - Stale-dated Checks

Condition: At September 30, 2024, the bank reconciliation included outstanding checks in the amount of \$1,677 that were stale dated, some of which have been outstanding for an extended period. These items have not been investigated or cleared in a timely manner.

Recommendation: We recommend management review all outstanding checks on a regular basis, investigate those that remain uncleared for extended periods, and take appropriate action such as reissuance, cancellation, or escheatment as required by policy and applicable law.

Long Outstanding Payables

Condition: During our review of accounts payable records, we noted several amounts totaling \$2,469 that have remained outstanding for 3 to 6 years.

Recommendation: We recommend management perform a periodic review of the accounts payable aging report and investigate any balances that remain outstanding beyond a reasonable period. Management should determine whether these amounts represent valid liabilities, require payment, or should be adjusted or written off in accordance with applicable accounting policies.

Grant Revenue Recognition

Condition: During our review of Economic Development Administration (EDA) grant activity, we noted one instance where grant revenue in the amount of \$7,312 was recognized in fiscal year 2024, which did not correspond with the related expenses that were incurred in fiscal year 2023. Accordingly, grant revenues were recorded in the incorrect fiscal period. As this amount was not considered material to the financial statements, no audit adjustment was proposed.

Recommendation: We recommend management implement procedures to ensure that grant revenue is recognized in the proper accounting period including, but not limited to, reconciling grant expenses to revenues at period end, reviewing grant agreements to confirm eligibility requirements, and performing a cutoff review to ensure that revenue is recorded in the period in which the related costs are incurred.

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 OCIT 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.

Sincerely,

Ernst & Young