

REPUBLIC OF THE MARSHALL ISLANDS
Office of the Auditor-General



Eighty-Fifth (85TH) Semi-Annual Report of the Functions and
Activities of the Office of the Auditor-General

Volume I, II, & III



REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL

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July 23, 2026

The Honorable Brenson S. Wase
Speaker
Nitijela of the Marshall Islands
Majuro, MH 96960

Dear Speaker Wase:

I am pleased to submit herewith Thirty-Six (36) copies of our Eighty-Fifth (85th) Semi-Annual Report of the Functions and Activities of the Office of the Auditor-General in accordance with Article VIII, Section 15(4) of the Constitution of the Republic of the Marshall Islands and Section 903(1) of the Auditor-General Act of 1986. This report covers activities of the Office during the period from January 1, 2026 thru June 30, 2026, and it includes all activities as of the printing date of this report.

The electronic copies of each report completed and included in this Semi-Annual will also be available to Honorable Members of the Nitijela and other Stakeholders including the General Public via the Office website at www.rmioag.com.

Should you or any Member (s) of the Nitijela have questions concerning this submission, please do not hesitate to contact this Office.

Ilo Kautiej,



Junior Patrick
Auditor-General

Enclosures: Thirty-Six (36) copies of 85th Semi-Annual Report of the Functions and Activities of the Office of the Auditor-General

Table of Contents

INTRODUCTION	1
ORGANIZATIONAL STATUS.....	2
FINANCIAL AUDIT ACTIVITIES.....	3
PERFORMANCE AUDIT ACTIVITIES.....	9
INVESTIGATION ACTIVITIES.....	10
GOVERNMENT ETHICS BOARD ACTIVITIES.....	10
TRAINING AND CAPACITY BUILDING	11
OTHER MATTERS	13
PUBLICATION OF AUDIT REPORTS SUBMITTED	15
EXHIBIT I: UPDATED ORGANIZATIONAL CHART	16
EXHIBIT II: STATUS REPORT OF SINGLE AUDITS OF REPMAR FOR FY2025, FY2024 AND FY2023 AS OF JULY 15, 2026	16

Volume I

ATTACHMENTS

Ebon Atoll Local Government

Financial Statements and Independent Auditor's Report
Period from October 1, 2018 thru September 30, 2023

Ebon Atoll Local Government

Independent Auditor's Report on Internal Control and Compliance
Period from October 1, 2018 thru September 30, 2023

Ebon Atoll Local Government

The Auditor's Communication With Those Charged With Governance
Period from October 1, 2018 thru September 30, 2023

Attachment I

Project for the Procurement of Equipment for Dried Coconut Logistics in Lib Island

Financial Statements and Independent Auditor's Report
Period from March 14, 2024 through March 30, 2024

Project for the Procurement of Equipment for Dried Coconut Logistics in Lib Island

Independent Auditor's Report on Internal Control and Compliance
Period from March 14, 2024 through March 30, 2024

Table of Contents

ATTACHMENTS

Project for the Procurement of Equipment for Dried Coconut Logistics in Lib Island

The Auditor's Communication With Those Charged With Governance

Period from March 14, 2024 through March 30, 2024

Project for the Procurement of Equipment for Dried Coconut Logistics in Lib Island

Independent Auditor's Management Letter Report

Period from March 14, 2024 through March 30, 2024

Attachment II

Majuro Atoll Local Government

Financial Statements and Independent Auditor's Report

Year ended September 30, 2017

Majuro Atoll Local Government

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2017

Majuro Atoll Local Government

The Auditor's Communication With Those Charged With Governance

Year ended September 30, 2017

Attachment III

Kili/Bikini/Ejit Local Government

Financial Statement, Supplementary Information and Independent Auditor's Report

Year ended September 30, 2023

Kili/Bikini/Ejit Local Government

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2023

Kili/Bikini/Ejit Local Government

The Auditor's Communication With Those Charged With Governance

Year ended September 30, 2023

Kili/Bikini/Ejit Local Government

Independent Auditor's Management Letter Report

Year ended September 30, 2023

Attachment IV

Kili/Bikini/Ejit Local Government

Financial Statement, Supplementary Information and Independent Auditor's Report

Year ended September 30, 2022

Kili/Bikini/Ejit Local Government

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2022

Table of Contents

ATTACHMENTS

Kili/Bikini/Ejit Local Government

The Auditor's Communication With Those Charged With Governance
Year ended September 30, 2022

Kili/Bikini/Ejit Local Government

Independent Auditor's Management Letter Report
Year ended September 30, 2022

Attachment V

Kili/Bikini/Ejit Local Government

Financial Statement, Supplementary Information and Independent Auditor's Report
Year ended September 30, 2021

Kili/Bikini/Ejit Local Government

Independent Auditor's Report on Internal Control and Compliance
Year ended September 30, 2021

Kili/Bikini/Ejit Local Government

The Auditor's Communication With Those Charged With Governance
Year ended September 30, 2021

Kili/Bikini/Ejit Local Government

Independent Auditor's Management Letter Report
Year ended September 30, 2021

Attachment VI

Kili/Bikini/Ejit Local Government

Financial Statement, Supplementary Information and Independent Auditor's Report
Year ended September 30, 2020

Kili/Bikini/Ejit Local Government

Independent Auditor's Report on Internal Control and Compliance
Year ended September 30, 2020

Kili/Bikini/Ejit Local Government

The Auditor's Communication With Those Charged With Governance
Year ended September 30, 2020

Kili/Bikini/Ejit Local Government

Independent Auditor's Management Letter Report
Year ended September 30, 2020

Attachment VII

Marshall Islands Marine Resources Authority

(A Component Unit of the Republic of the Marshall Islands)

Financial Statements, Required Supplementary Information and Independent Auditor's Report
Years ended September 30, 2025 and 2024

Table of Contents

ATTACHMENTS

Marshall Islands Marine Resources Authority

(A Component Unit of the Republic of the Marshall Islands)
Independent Auditor's Report on Internal Control and Compliance
Year ended September 30, 2025

Marshall Islands Marine Resources Authority

(A Component Unit of the Republic of the Marshall Islands)
The Auditor's Communication with Those Charged With Governance
Year ended September 30, 2025

Marshall Islands Marine Resources Authority

(A Component Unit of the Republic of the Marshall Islands)
Independent Auditor's Management Letter Report
Year ended September 30, 2025

Attachment VIII

Office of Commerce, Investment and Tourism

(A Component Unit of the Republic of the Marshall Islands)
Financial Statements, Required Supplementary Information and Independent Auditor's Report
Years ended September 30, 2024 and 2023

Office of Commerce, Investment and Tourism

(A Component Unit of the Republic of the Marshall Islands)
Independent Auditor's Report on Internal Control and Compliance
Year ended September 30, 2024

Office of Commerce, Investment and Tourism

(A Component Unit of the Republic of the Marshall Islands)
The Auditor's Communication with Those Charged With Governance
Year ended September 30, 2024

Office of Commerce, Investment and Tourism

(A Component Unit of the Republic of the Marshall Islands)
Independent Auditor's Management Letter Report
Year ended September 30, 2024

Attachment IX

Marshall Islands National Telecommunication Authority

(A Component Unit of the Republic of the Marshall Islands)
Financial Statements, Required Supplementary Information and Independent Auditor's Report
Years ended September 30, 2024 and 2023

Marshall Islands National Telecommunication Authority

(A Component Unit of the Republic of the Marshall Islands)
Independent Auditor's Report on Internal Control and Compliance
Year ended September 30, 2024

Table of Contents

ATTACHMENTS

Marshall Islands National Telecommunication Authority

(A Component Unit of the Republic of the Marshall Islands)

Independent Auditor's Report on Compliance with Aspects of Contractual Agreements and Regulatory Requirements

Year ended September 30, 2024

Marshall Islands National Telecommunication Authority

(A Component Unit of the Republic of the Marshall Islands)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2024

Marshall Islands National Telecommunication Authority

(A Component Unit of the Republic of the Marshall Islands)

Independent Auditor's Management Letter Report

Year ended September 30, 2024

Attachment X

Marshall Islands Postal Service Authority

(A Component Unit of the Republic of the Marshall Islands)

Financial Statements, Required Supplementary Information, Supplementary Information and Independent Auditor's Report

Years ended September 30, 2024 and 2023

Marshall Islands Postal Service Authority

(A Component Unit of the Republic of the Marshall Islands)

Independent Auditor's Report on Internal Control and Compliance

Years ended September 30, 2024

Marshall Islands Postal Service Authority

(A Component Unit of the Republic of the Marshall Islands)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2024

Marshall Islands Postal Service Authority

(A Component Unit of the Republic of the Marshall Islands)

Independent Auditor's Management Letter Report

Year ended September 30, 2024

Attachment XI

Marshall Islands Judiciary

(A Governmental Fund of the Republic of the Marshall Islands)

Financial Statements, Supplementary Information and Independent Auditor's Report

Years ended September 30, 2024 and 2023

Marshall Islands Judiciary

(A Governmental Fund of the Republic of the Marshall Islands)

Table of Contents

ATTACHMENTS

[Independent Auditor's Report on Internal Control and Compliance](#)
[Years ended September 30, 2024](#)

[Marshall Islands Judiciary](#)

[\(A Governmental Fund of the Republic of the Marshall Islands\)](#)
[The Auditor's Communication with Those Charged With Governance](#)
[Year ended September 30, 2024](#)

[Marshall Islands Judiciary](#)

[\(A Governmental Fund of the Republic of the Marshall Islands\)](#)
[Independent Auditor's Management Letter Report](#)
[Year ended September 30, 2024](#)

[Attachment XII](#)

Volume II

[Tobolar Copra Processing Authority](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)
[Financial Statements, Required Supplementary Information and Independent Auditor's Report](#)
[Years ended September 30, 2024 and 2023](#)

[Tobolar Copra Processing Authority](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)
[Independent Auditor's Report on Internal Control and Compliance](#)
[Years ended September 30, 2024](#)

[Tobolar Copra Processing Authority](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)
[The Auditor's Communication with Those Charged With Governance](#)
[Year ended September 30, 2024](#)

[Tobolar Copra Processing Authority](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)
[Independent Auditor's Management Letter Report](#)
[Year ended September 30, 2024](#)

[Attachment XIII](#)

[College of the Marshall Islands](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)
[Financial Statements and Independent Auditor's Report](#)
[Years ended September 30, 2023 and 2022](#)

[College of the Marshall Islands](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)
[Independent Auditor's Report on Internal Control and Compliance](#)

Table of Contents

ATTACHMENTS

[Year ended September 30, 2023](#)

[College of the Marshall Islands](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

[The Auditor's Communication with Those Charged With Governance](#)

[Year ended September 30, 2023](#)

[College of the Marshall Islands](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

[Independent Auditor's Management Letter Report](#)

[Year ended September 30, 2023](#)

[Attachment XIV](#)

[National Environmental Protection Authority Fund](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

[Financial Statements, Required Supplementary Information and Independent Auditor's Report](#)

[Years ended September 30, 2023 and 2022](#)

[National Environmental Protection Authority Fund](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

[Independent Auditor's Report on Internal Control and Compliance](#)

[Years ended September 30, 2023](#)

[National Environmental Protection Authority Fund](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

[The Auditor's Communication with Those Charged With Governance](#)

[Year ended September 30, 2023](#)

[National Environmental Protection Authority Fund](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

[Independent Auditor's Management Letter Report](#)

[Year ended September 30, 2023](#)

[Attachment XV](#)

[Majuro Water and Sewer Company, Inc.](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

[Financial Statements and Independent Auditor's Report](#)

[Years ended September 30, 2023 and 2022](#)

[Majuro Water and Sewer Company, Inc.](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

[Independent Auditor's Report on Internal Control and Compliance](#)

[Years ended September 30, 2023](#)

[Majuro Water and Sewer Company, Inc.](#)

[\(A Component Unit of the Republic of the Marshall Islands\)](#)

Table of Contents

ATTACHMENTS

The Auditor's Communication with Those Charged With Governance
Year ended September 30, 2023

Majuro Water and Sewer Company, Inc.
(A Component Unit of the Republic of the Marshall Islands)
Independent Auditor's Management Letter Report
Year ended September 30, 2023

Attachment XVI

Kwajalein Atoll Joint Utilities Resources, Inc.
(A Component Unit of the Republic of the Marshall Islands)
Financial Statements and Independent Auditor's Report
Years ended September 30, 2022 and 2021

Kwajalein Atoll Joint Utilities Resources, Inc.
(A Component Unit of the Republic of the Marshall Islands)
Independent Auditor's Report on Internal Control and Compliance
Years ended September 30, 2022

Kwajalein Atoll Joint Utilities Resources, Inc.
(A Component Unit of the Republic of the Marshall Islands)
The Auditor's Communication with Those Charged With Governance
Year ended September 30, 2022

Kwajalein Atoll Joint Utilities Resources, Inc.
(A Component Unit of the Republic of the Marshall Islands)
Independent Auditor's Management Letter Report
Year ended September 30, 2022

Attachment XVII

Republic of the Marshall Islands
Majuro Power Network Strengthening Project
(Financed by the Asian Development Bank's Special Fund)
Financial Statements, Supplementary and Other Information and Independent Auditor's Report
Sixteen months ended January 31, 2025 and year ended September 30, 2023

Republic of the Marshall Islands
Majuro Power Network Strengthening Project
(Financed by the Asian Development Bank's Special Fund)
Independent Auditor's Report on Internal Control and Compliance
Sixteen months ended January 31, 2025

Republic of the Marshall Islands
Majuro Power Network Strengthening Project
(Financed by the Asian Development Bank's Special Fund)
Report of Independent Accountants on Schedule of Project Expenditures

Table of Contents

ATTACHMENTS

Sixteen months ended January 31, 2025

Republic of the Marshall Islands

Majuro Power Network Strengthening Project

(Financed by the Asian Development Bank's Special Fund)

The Auditor's Communication with Those Charged With Governance

Sixteen months ended January 31, 2025

Attachment XVIII

Republic of the Marshall Islands

Energy Security Project

(Financed by the Asian Development Bank's Special Fund)

Financial Statement, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2025 and 2024

Republic of the Marshall Islands

Energy Security Project

(Financed by the Asian Development Bank's Special Fund)

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2025

Republic of the Marshall Islands

Energy Security Project

(Financed by the Asian Development Bank's Special Fund)

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2025

Republic of the Marshall Islands

Energy Security Project

(Financed by the Asian Development Bank's Special Fund)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2025

Attachment XIX

Republic of the Marshall Islands

Energy Security Project

(Financed by the Asian Development Bank's Special Fund)

Financial Statement, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2024 and 2023

Republic of the Marshall Islands

Energy Security Project

(Financed by the Asian Development Bank's Special Fund)

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2024

Table of Contents

ATTACHMENTS

Republic of the Marshall Islands

Energy Security Project

(Financed by the Asian Development Bank's Special Fund)

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2024

Republic of the Marshall Islands

Energy Security Project

(Financed by the Asian Development Bank's Special Fund)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2024

Attachment XX

Republic of the Marshall Islands

Preparing Urban Service Improvement Project

(Financed by the Asian Development Bank's Special Fund)

Financial Statement, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2025 and 2024

Republic of the Marshall Islands

Preparing Urban Service Improvement Project

(Financed by the Asian Development Bank's Special Fund)

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2025

Republic of the Marshall Islands

Preparing Urban Service Improvement Project

(Financed by the Asian Development Bank's Special Fund)

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2025

Republic of the Marshall Islands

Preparing Urban Service Improvement Project

(Financed by the Asian Development Bank's Special Fund)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2025

Attachment XXI

Republic of the Marshall Islands

Preparing Urban Service Improvement Project

(Financed by the Asian Development Bank's Special Fund)

Financial Statement, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2024 and 2023

Republic of the Marshall Islands

Preparing Urban Service Improvement Project

Table of Contents

ATTACHMENTS

(Financed by the Asian Development Bank's Special Fund)
Independent Auditor's Report on Internal Control and Compliance
Year ended September 30, 2024

Republic of the Marshall Islands

Preparing Urban Service Improvement Project

(Financed by the Asian Development Bank's Special Fund)
Report of Independent Accountants on Schedule of Project Expenditures
Year ended September 30, 2024

Republic of the Marshall Islands

Preparing Urban Service Improvement Project

(Financed by the Asian Development Bank's Special Fund)
The Auditor's Communication with Those Charged With Governance
Year ended September 30, 2024

Attachment XXII

Volume III

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)
Financial Statement, Supplementary and Other Information and Independent Auditor's Report
Years ended September 30, 2025 and 2024

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)
Independent Auditor's Report on Internal Control and Compliance
Year ended September 30, 2025

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)
Report of Independent Accountants on Schedule of Project Expenditures
Year ended September 30, 2025

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)
The Auditor's Communication with Those Charged With Governance
Year ended September 30, 2025

Attachment XXIII

Table of Contents

ATTACHMENTS

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)

Financial Statement, Supplementary and Other Information and Independent Auditor's Report

Year ended September 30, and 2024

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2024

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2024

Republic of the Marshall Islands

Ebeye Solid Waste Management Project

(Financed by the Asian Development Bank's Special Fund)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2024

Attachment XXIV

Republic of the Marshall Islands

Public Financial Management Project

(Financed by the Asian Development Bank's Special Fund)

Financial Statements, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2025 and 2024

Republic of the Marshall Islands

Public Financial Management Project

(Financed by the Asian Development Bank's Special Fund)

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2025

Republic of the Marshall Islands

Public Financial Management Project

(Financed by the Asian Development Bank's Special Fund)

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2025

Table of Contents

ATTACHMENTS

Republic of the Marshall Islands

Public Financial Management Project

(Financed by the Asian Development Bank's Special Fund)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2025

Attachment XXV

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Financial Statements, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2025 and 2024

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2025

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2025

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2025

Attachment XXVI

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Financial Statements, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2024 and 2023

Table of Contents

ATTACHMENTS

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2024

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2024

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2024

Attachment XXVII

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Financial Statements, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2023 and 2022

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2023

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2023

Table of Contents

ATTACHMENTS

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2023

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Independent Auditor's Management Letter Report

Year ended September 30, 2023

Attachment XXVIII

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Financial Statements, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2022 and 2021

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2022

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

Report of Independent Accountants on Schedule of Project Expenditures

Year ended September 30, 2022

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

(Jointly Financed by the Asian Development Bank's Special Fund (Grant Numbers 0438 RMI (SF) and 0749 RMI (SF)) and the Government of Australia (Grant Number 0439 RMI (EF))

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2022

Attachment XXIX

Republic of the Marshall Islands

Ebeye Water Supply and Sanitation Project

Table of Contents

ATTACHMENTS

[\(Jointly Financed by the Asian Development Bank's Special Fund \(Grant Numbers 0438 RMI \(SF\) and 0749 RMI \(SF\)\) and the Government of Australia \(Grant Number 0439 RMI \(EF\)\)](#)
[Financial Statements, Supplementary and Other Information and Independent Auditor's Report](#)
[Years ended September 30, 2021 and 2020](#)

[Republic of the Marshall Islands](#)

[Ebeye Water Supply and Sanitation Project](#)

[\(Jointly Financed by the Asian Development Bank's Special Fund \(Grant Numbers 0438 RMI \(SF\) and 0749 RMI \(SF\)\) and the Government of Australia \(Grant Number 0439 RMI \(EF\)\)](#)
[Independent Auditor's Report on Internal Control and Compliance](#)
[Year ended September 30, 2021](#)

[Republic of the Marshall Islands](#)

[Ebeye Water Supply and Sanitation Project](#)

[\(Jointly Financed by the Asian Development Bank's Special Fund \(Grant Numbers 0438 RMI \(SF\) and 0749 RMI \(SF\)\) and the Government of Australia \(Grant Number 0439 RMI \(EF\)\)](#)
[Report of Independent Accountants on Schedule of Project Expenditures](#)
[Year ended September 30, 2021](#)

[Republic of the Marshall Islands](#)

[Ebeye Water Supply and Sanitation Project](#)

[\(Jointly Financed by the Asian Development Bank's Special Fund \(Grant Numbers 0438 RMI \(SF\) and 0749 RMI \(SF\)\) and the Government of Australia \(Grant Number 0439 RMI \(EF\)\)](#)
[The Auditor's Communication with Those Charged With Governance](#)
[Year ended September 30, 2021](#)

[Republic of the Marshall Islands](#)

[Ebeye Water Supply and Sanitation Project](#)

[\(Jointly Financed by the Asian Development Bank's Special Fund \(Grant Numbers 0438 RMI \(SF\) and 0749 RMI \(SF\)\) and the Government of Australia \(Grant Number 0439 RMI \(EF\)\)](#)
[Independent Auditor's Management Letter Report](#)
[Year ended September 30, 2021](#)

[Attachment XXX](#)

[Republic of the Marshall Islands](#)

[Sustainable Energy Development Project – Grant Number D261-MH](#)

[\(Financed by the International Development Association\)](#)
[Financial Statements, Supplementary and Other Information and Independent Auditor's Report](#)
[Years ended September 30, 2025 and 2024](#)

[Republic of the Marshall Islands](#)

[Sustainable Energy Development Project – Grant Number D261-MH](#)

[\(Financed by the International Development Association\)](#)
[Independent Auditor's Report on Internal Control and Compliance](#)
[Year ended September 30, 2025](#)

Table of Contents

ATTACHMENTS

Republic of the Marshall Islands

Sustainable Energy Development Project – Grant Number D261-MH

(Financed by the International Development Association)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2025

Attachment XXXI

Republic of the Marshall Islands

Project to Strengthen Execution and Financial Reporting Systems – Grant Number D322-MH

(Financed by the International Development Association)

Financial Statements, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2025 and 2024

Republic of the Marshall Islands

Project to Strengthen Execution and Financial Reporting Systems – Grant Number D322-MH

(Financed by the International Development Association)

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2025

Republic of the Marshall Islands

Project to Strengthen Execution and Financial Reporting Systems – Grant Number D322-MH

(Financed by the International Development Association)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2025

Attachment XXXII

Republic of the Marshall Islands

Marshall Islands Maritime Investment Project – Grant Number D452-MH

(Financed by the International Development Association)

Financial Statements, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2024 and 2023

Republic of the Marshall Islands

Marshall Islands Maritime Investment Project – Grant Number D452-MH

(Financed by the International Development Association)

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2024

Republic of the Marshall Islands

Marshall Islands Maritime Investment Project – Grant Number D452-MH

(Financed by the International Development Association)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2024

Table of Contents

ATTACHMENTS

Republic of the Marshall Islands

Marshall Islands Maritime Investment Project – Grant Number D452-MH

(Financed by the International Development Association)

Independent Auditor's Management Letter Report

Year ended September 30, 2024

Attachment XXXIII

Republic of the Marshall Islands

Digital RMI Project – Grant Number D879-MH

(Financed by the International Development Association)

Financial Statement, Supplementary and Other Information and Independent Auditor's Report

Years ended September 30, 2024 and 2023

Republic of the Marshall Islands

Digital RMI Project – Grant Number D879-MH

(Financed by the International Development Association)

Independent Auditor's Report on Internal Control and Compliance

Year ended September 30, 2024

Republic of the Marshall Islands

Digital RMI Project – Grant Number D879-MH

(Financed by the International Development Association)

The Auditor's Communication with Those Charged With Governance

Year ended September 30, 2024

Attachment XXXIV



REPUBLIC OF THE MARSHALL ISLANDS
OFFICE OF THE AUDITOR-GENERAL

P.O. Box 245
Majuro, Republic of the Marshall Islands 96960
Email Address: jpatrick@rmioag.com Web: www.rmioag.com

**EIGHTY-FIFTH (85TH) SEMI-ANNUAL REPORT OF THE FUNCTIONS
AND ACTIVITIES OF THE OFFICE OF THE AUDITOR-GENERAL
JANUARY 1, 2026 THROUGH JUNE 30, 2026 (AND INCLUDED ALL AUDITS COMPLETED
AS OF THE PRINTING DATE OF THIS REPORT)**

INTRODUCTION

The Auditor-General, under the Constitution of the Republic of the Marshall Islands, Article VIII, Section 15, is charged with the responsibility to audit *“Public funds and accounts of the Republic of the Marshall Islands including those of all Departments or offices of the legislative, executive and judicial branches of government and of any other public corporation or statutory authority constituted under the law of the Republic unless, in relation to any such public corporation or other statutory authority, provision is made by Act for audit by any other person”*.

In addition, the following legislations imposed other duties and responsibilities upon the Auditor-General:

1. Public Law 1986-25 (The Auditor-General’s Act of 1986) – *“The Auditor-General shall from time to time make such other audits of the government agencies, activities, contracts, or grants as are possible within the budget provided for him and as he deems to be in the public interest and consistent with this Act”*. This Act also imposes a responsibility upon the Office of the Auditor-General to *“prevent and detect fraud, abuse, and waste in the collection and expenditure of all public funds”*. In accordance with Section 6 (1) of the Act the *“Auditor-General may retain the services of independent certified public accountants, qualified management consultants, or other professional persons, as he deems necessary to assist him in carrying out his duties”*.
2. Public Law 1981-2 (Local Governments Act of 1980), designates the Auditor-General as auditor for local governments’ funds and accounts.

3. Public Law 1993-63 (Ethics in Government Acts of 1993). The Auditor-General is a member of the Government Ethics Board pursuant to provisions of this Act, and therefore, the Auditor-General has a responsibility to enforce the ethical conduct principles stipulated in the Act.

The Auditor-General is required under the Constitution to report, “*at least once annually to the Nitijela at its regular session*”. We have established a policy of preparing semi-annual reports in January and August. This is the Eighty-Fifth (85th) semi-annual report.

In the interest of maintaining organizational independence, Article VIII Section 15 (5) of the Constitution of the Republic of the Marshall Islands states, “*The Auditor-General shall not receive any direction from the Cabinet or from any other authority or person, but shall act independently*”. All reports submitted herein were performed and completed without known impairments to audit independence.

ORGANIZATIONAL STATUS

As of the reporting period, the Office of the Auditor-General (OAG) has a total of 20 staff, comprising of five performance auditors, six financial auditors, five investigators, and four support staff.

During the reporting period, the Office successfully recruited an Audit Manager for the Financial Auditing Division, filling a position that had been vacant for approximately three years. The Office has also recently recruited an Audit Supervisor for the Performance Auditing Division to fill a position vacated by a former supervisor who left for other employment offering higher compensation.

Despite these recruitment efforts, the Office experienced the loss of two staff members during the reporting period. The Chief of Investigations and a Staff Auditor in the Performance Auditing Division both left the Office to pursue employment opportunities offering higher compensation.

One Staff Auditor in the Financial/Compliance Auditing Division remains on educational leave while pursuing a Bachelor Degree in Accounting at Eastern Oregon University in Oregon, USA. He is expected to complete his studies in December 2026 and return to the Office thereafter.

As of the end of the reporting period, the following positions remain vacant:

1. Deputy Chief of Investigations – Investigations Division
2. Staff Auditor – Performance Auditing Division

Exhibit I provides a detailed description of the organizational structure of the Office.

FINANCIAL AUDIT ACTIVITIES

The following financial audits were completed during this reporting period. The completed audit reports are attached to this Semi-Annual report (*See Attachments I through XXXIV*).

1. Ebon Atoll Local Government_FY2019 thru FY2023
2. Lib Island Project for Procurement of Equipment for Dried Coconut Logistics_From Inception to September 30, 2024
3. Majuro Atoll Local Government_FY2017
4. Kili/Bikini/Ejit Local Government_FY2023
5. Kili/Bikini/Ejit Local Government_FY2022
6. Kili/Bikini/Ejit Local Government_FY2021
7. Kili/Bikini/Ejit Local Government_FY2020
8. Marshall Islands Marine Resources Authority_FY2025
9. Office of Commerce, Investment and Tourism_FY2024
10. Marshall Islands National Telecommunication Authority_FY2024
11. Marshall Islands Postal Service Authority_FY2024
12. Marshall Islands Judiciary_FY2024
13. Tobolar Copra Processing Authority_FY2024
14. College of the Marshall Islands_FY2023
15. National Environmental Protection Authority Fund_FY2023
16. Majuro Water and Sewer Company, Inc._FY2023
17. Kwajalein Atoll Joint Utilities Resources, Inc._FY2022
18. ADB's Majuro Power Network Strengthening Project_Sixteen Months ended January 31, 2025
19. ADB's Energy Security Project_FY2025
20. ADB's Energy Security Project_FY2024
21. ADB's Preparing Urban Service Improvement Project_FY2025
22. ADB's Preparing Urban Service Improvement Project_FY2024
23. ADB's Ebeye Solid Waste Management Project_FY2025
24. ADB's Ebeye Solid Waste Management Project_FY2024
25. ADB's Public Financial Management Project_FY2025
26. ADB's Ebeye Water Supply and Sanitation Project_FY2025
27. ADB's Ebeye Water Supply and Sanitation Project_FY2024
28. ADB's Ebeye Water Supply and Sanitation Project_FY2023
29. ADB's Ebeye Water Supply and Sanitation Project_FY2022
30. ADB's Ebeye Water Supply and Sanitation Project_FY2021
31. World Bank's Sustainable Energy Development Project_FY2025
32. World Bank's Project to Strengthen Execution and Financial Reporting Systems_FY2025
33. World Bank's Marshall Islands Maritime Investment Project_FY2024
34. World Bank's Digital RMI Project_FY2024

SINGLE AUDIT OF REPMAR FY2024 AS OF JULY 15, 2026.

The Government of the Republic of the Marshall Islands (RepMar) is required under the Compact Treaty to submit an annual Single Audit to the U.S. Government following the end of each fiscal year. The deadline for this audit is 9 months after each financial year (September 30th) or by June of the following year. For RepMar to meet this requirement, we are required to audit the financial statements of RepMar and all its reporting entities or component units and include them in the audit of RepMar each year.

Below is the status of the Single Audit of the RepMar for the fiscal year ended September 30, 2024 (FY2024), as well as the status of the remaining RepMar reporting entities from FY2023, as of July 15, 2026. The FY2024 Single Audit of RepMar is expected to be completed by August 31, 2026.

This update also includes status of RepMar reporting entities for FY2025 that have either completed their audits or are scheduled to commence.

FY2025 AUDIT STATUS

A. Audits Completed and Issued:

Marshall Islands Marine Resources Authority (FY2025)

B. Trial Balances Provided for Audit

Air Marshall Islands, Inc. (FY2025) - A preliminary trial balance was provided by the auditee to EY on June 26, 2026; however, preliminary risk assessment has not been performed. Fieldwork is expected to commence on July 17, 2026.

Majuro Atoll Waste Company (FY2025) - A preliminary trial balance was provided by the auditee to EY on June 5, 2026; however, preliminary risk assessment has not been performed. Fieldwork commencement date is yet to be determined.

Marshall Islands Development Bank (FY2025) - A preliminary trial balance was provided by the auditee to EY on April 9, 2026, and preliminary risk assessment has been performed. Fieldwork commenced on June 1, 2026, and is currently ongoing.

Marshall Islands National Telecommunication Authority (FY2025) - A preliminary trial balance was provided by the auditee to EY on June 29, 2026; however, preliminary risk assessment has not been performed. Fieldwork commencement date is yet to be determined.

FY2024 AUDIT STATUS

A. Audits Completed and Issued:

Air Marshall Islands, Inc. (FY2024)
Majuro Atoll Waste Company (FY2024)
Marshall Islands Development Bank (FY2024)
Marshall Islands Marine Resources Authority (FY2024)
Marshall Islands National Telecommunications Authority (FY2024)
Marshall Islands Postal Services Authority (FY2024)
RMI Judiciary Fund (FY2024)
RMI Office of Commerce, Investment and Tourism (FY2024)
Tobolar Copra Processing Authority (FY2024)

B. Trial Balances Provided for Audit:

Government of the Republic of the Marshall Islands (FY2023) - A preliminary trial balance was provided by the Ministry of Finance (MOF) on February 6, 2026, and preliminary risk assessment has been performed. Fieldwork commenced on February 16, 2026, and is currently ongoing.

Progress of engagement by audit phase to date is as follows:

<u>Audit Phase</u>	<u>Open</u>	<u>In Progress</u>	<u>In Review</u>	<u>Complete</u>
Scope & Strategy	0%	6%	28%	66%
Execution	3%	11%	79%	7%
Conclusion	27%	43%	25%	5%

College of the Marshall Islands (FY2024) - A preliminary trial balance was provided by the auditee to MOF on June 5, 2026, and subsequently provided to EY on June 12, 2026. Revised trial balances were provided by the auditee on June 24, 2026 and July 2, 2026. Preliminary risk assessment has been performed with fieldwork commencing on June 15, 2026, and is currently ongoing.

Health Care Revenue Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on April 13, 2026, and subsequently provided to EY on May 11, 2026. Preliminary risk assessment has been performed with fieldwork commencing on June 29, 2026, and is currently ongoing.

Majuro Resort, Inc. (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 10, 2025. The auditee subsequently provided the preliminary trial balance to EY on February 20, 2026; however, preliminary risk assessment has not been performed. The CFO commenced vacation leave off island on May 25, 2026, and returned July 11, 2026. Fieldwork commenced on July 13, 2026, and is currently ongoing.

Majuro Water and Sewer Company, Inc. (FY2024) - A preliminary trial balance was provided by the auditee to MOF on January 9, 2026. The auditee subsequently provided the preliminary trial balance to EY on February 20, 2026; however, preliminary risk assessment has not been performed. Fieldwork commencement date is yet to be determined and is contingent upon completion of the FY2023 audit.

Marshall Islands Health Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on April 13, 2026, and subsequently provided to EY on May 11, 2026. Preliminary risk assessment has been performed with fieldwork commencing on June 29, 2026, and is currently ongoing.

Marshall Islands Scholarship Grant and Loan Board (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 30, 2025. The auditee subsequently provided the preliminary trial balance to EY on March 10, 2026, and preliminary risk assessment has been performed. Fieldwork commenced on June 8, 2026, and is currently ongoing.

Marshall Islands Shipping Corporation (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 24, 2025. The auditee subsequently provided the preliminary trial balance to EY on March 17, 2026, and preliminary risk assessment has been performed. Fieldwork commenced on June 10, 2026; however, such has temporarily ceased due to lack of timely completion of account balance reconciliations. Fieldwork recommencement date is yet to be determined.

Marshall Islands Social Security Administration (FY2024) - A preliminary trial balance was provided by the auditee to MOF on November 21, 2025. The auditee subsequently provided the preliminary trial balance to EY on February 18, 2026, and preliminary risk assessment has been performed. Fieldwork is complete and draft reports were issued on July 10, 2026.

Marshall Islands Energy Company, Inc. (FY2024) - A preliminary trial balance was provided by the auditee to MOF on January 7, 2026. The auditee subsequently provided the preliminary trial balance to EY on January 21, 2026, and preliminary risk assessment has been performed. Fieldwork is complete and draft reports were issued on July 15, 2026.

National Training Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 31, 2025. MOF subsequently provided the preliminary trial balance to EY on February 24, 2026, and preliminary risk assessment has been performed. Fieldwork is being conducted concurrently with RepMar.

Public School System Education Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 22, 2025. MOF subsequently provided the preliminary trial balance to EY on February 24, 2026, and preliminary risk assessment has been performed. Fieldwork is being conducted concurrently with RepMar.

RMI Ports Authority (FY2024) - A preliminary trial balance was provided by the auditee to MOF on May 6, 2026, and subsequently provided to EY on June 17, 2026. Preliminary risk assessment has been performed with fieldwork commencing on July 6, 2026, and is currently ongoing.

RMI National Environmental Protection Authority Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on June 17, 2026. The auditee subsequently provided the preliminary trial balance to EY on July 15, 2026; however, preliminary risk assessment has not been performed. Fieldwork commencement date is yet to be determined.

C. Trial Balances Provided for Audit

Kwajalein Atoll Joint Utilities Resources, Inc. (FY2024) - provided to MOF on June 24, 2026.

FY2023 AUDIT STATUS

A. Audits Completed and Issued:

Government of the Republic of the Marshall Islands (FY2023)
Air Marshall Islands, Inc. (FY2023)
College of the Marshall Islands (FY2023)
Health Care Revenue Fund (FY2023)
Majuro Atoll Waste Company (FY2023)
Majuro Resort, Inc. (FY2023)
Majuro Water and Sewer Company, Inc. (2023)
Marshall Islands Development Bank (FY2023)
Marshall Islands Health Fund (FY2023)
Marshall Islands Marine Resources Authority (FY2023)
Marshall Islands National Telecommunications Authority (FY2023)
Marshall Islands Postal Services Authority (FY2023)
Marshall Islands Scholarship, Grant and Loan Board (FY2023)
Marshall Islands Shipping Corporation (FY2023)
Marshall Islands Social Security Administration (FY2023)
Marshall Islands Energy Company, Inc. (FY2023)
RMI Judiciary Fund (FY2023)
RMI National Environmental Protection Authority Fund (FY2023)
RMI Office of Commerce, Investment and Tourism (FY2023)
RMI Ports Authority (FY2023)
Tobolar Copra Processing Authority (FY2023)

B. Trial Balances Provided for Audit

Kwajalein Atoll Joint Utilities Resources, Inc. (FY2023) - A preliminary trial balance was provided by the auditee on June 17, 2025; however, preliminary risk assessment has not been performed. A revised trial balance was provided by the auditee on June 24, 2026. Fieldwork commenced on July 13, 2026, and is currently ongoing.

A summary report on the status of the RepMar Single Audit and its reporting entities for the fiscal years ended September 30, 2025, 2024, and 2023, as provided by our audit contractor, Ernst & Young (RMI), Inc., as of July 15, 2026, is attached as Exhibit II.

We will continue to follow up with and remind RMI government reporting entities of their responsibility to ensure that their accounting records are complete, accurate, and available in a timely manner to facilitate the audit process.

OTHER FINANCIAL AUDITS

We continue to conduct financial audits of local governments to strengthen accountability and improve the management of their financial operations. Given the number of local governments requiring audits, staff shortages, and unreliable transportation, we conduct multi-year audits of smaller local governments to maximize audit coverage and make effective use of available resources. In addition, we conduct financial audits of donor-funded projects to assess compliance with applicable financing agreements and other relevant requirements.

The table below presents the status of other financial audits that were commenced, completed, or ongoing during the reporting period.

Summary of Other Financial Audits

Auditee	Type of Audit	Remarks
Project for Procurement of Equipment for Dried Coconuts Logistics in Lib Island (Japan Grassroots Project)	Financial/Compliance [March 14, 2024 to March 30, 2024]	Audit completed and included in this semi-annual report.
Ebon Atoll Local Government	Financial/Compliance [FY2018 through FY2023]	Audit completed and included in this semi-annual report.
Likiep Atoll Local Government	Financial/Compliance [FY2019 through FY2024]	Audit fieldwork and reporting drafting are ongoing concurrently.
Namu Atoll Local Government	Financial/Compliance [FY2020 through FY2024]	Audit fieldwork and reporting drafting are ongoing concurrently.
Small Island Food and Water Project (SIFWaP) - IFAD	Financial/Compliance [FY2025]	Audit fieldwork and reporting drafting are ongoing concurrently.

PERFORMANCE AUDIT ACTIVITIES

We conduct performance audits to evaluate whether government programs and entities are operating with economy, efficiency, effectiveness and compliance with laws and policies. Unlike financial audits, which examine the accuracy of financial statements, performance audits assess whether public resources are being managed effectively, whether programs are achieving their intended objectives, whether they comply with applicable laws and policies, and whether they are delivering value to the people.

During this reporting period, we commenced performance reviews of the RMI entities and programs, as summarized in the table below. The departure of two performance auditing staff has affected our performance auditing work plan and resulted in delays in completing ongoing audits and commencing other planned audits.

Summary of Performance Audits

Auditee	Type of Audit	Remarks
RMI Embassy in Taiwan	Compliance [FY2017- FY2023]	Audit is in the reporting phase.
RMI Consulate-General Office in Hawaii	Compliance [FY2017- FY2023]	Audit fieldwork is ongoing. Completion has been delayed due to the departure of one assigned auditor.
RMI Embassy in South Korea	Compliance [FY2022- FY2026]	Audit fieldwork is ongoing.
Immigration Audit	Efficiency/Effectiveness [FY2023- FY2025]	Audit is in the planning phase.
Performance audit of Ministries in accordance with Agenda 2030	Efficiency/Effectiveness [Scope TBD]	Audits have been pushed back to October 1, 2026 due to departure of 2 performance auditing staff.

INVESTIGATION ACTIVITIES

We continue to review all known allegations of fraud reported to us, including those we identify in our audit engagements. During this period, we received a total of five (5) new complaints and allegations involving public officials and government employees. These allegations pertain to administrative issues, misappropriation and/or embezzlement of public funds and assets, procurement irregularities, and misconduct in public office.

At present, we have ten (10) ongoing investigations. One (1) investigation, initiated at the request of the Government Ethics Board (GEB), is currently in the reporting stage, while another, requested by a government agency, is nearing completion and will soon proceed to reporting. Two (2) investigations are in the data collection and interviewing phases and are expected to progress to the reporting phase shortly.

We are also collaborating with various local and foreign law enforcement agencies on two (2) active investigations. Lastly, four (4) investigations were referred to us by various requesting agencies and the OAG's Performance Audit Division, and are in the data collection and analysis stage.

Our investigations will extend to other recorded allegations, and any criminal law violations and civil recovery proceedings will be referred to the Attorney-General. Matters requiring administrative proceedings will be referred to the appropriate authorities in accordance with the revised Audit Act¹.

GOVERNMENT ETHICS BOARD ACTIVITIES

Our work continues with the Government Ethics Board (GEB) in our capacity as a member of the Board. The GEB was established under Section 1707 of the *Ethics in Government Act* to promote integrity in public service and ensure that public officials and government employees conduct their affairs in a manner that maintains public confidence in the Government.

During the reporting period, the GEB completed one investigation and imposed appropriate administrative remedies based on the evidence obtained. The matter was also referred to the appropriate authority for further action and disposition in accordance with the *Ethics in Government Act*. The Board is currently reviewing another complaint. Upon completion of its review, the GEB will consider appropriate remedies and/or refer the matter to the appropriate

¹ In 2019, Nitijela passed an Amendment to the Audit Act enabling the Auditor-General to refer matters directly to any government agency for administrative sanctions and remedies when the alleged breach or wrongdoing is by the agency's employee.

authorities for disciplinary action, and where warranted, potential criminal proceedings. Investigators from the OAG are providing investigative support to the GEB as part of this review.

In addition to its investigative responsibilities, the GEB continues to promote compliance with the *Code of Ethics* and is leading several initiatives to improve compliance with the Code, including:

1. Developing an advisory on the prohibition of the solicitation and acceptance of gifts by government agencies and public officials.
2. Developing a Whistleblower Policy and public reporting mechanism for suspected wrongdoing in Government for the Board and/or other appropriate authorities to review.

TRAINING AND CAPACITY BUILDING

We maintain training programs to increase staff proficiency. During this reporting period, we participated in the following training and capacity-building programs:

- From June 8-11, 2026, the Chief and Deputy Chief Investigators attended an Investigations Workshop: *Advancing Investigative Effectiveness Through Practical Techniques and Island Style Approaches*. The training was held in Guam and was the first in-person investigations-focused workshop sponsored by Pacific Association of Supreme Audit Institutions (PASAI) in collaboration with the Office of Inspector General (OIG), US Department of Interior (DOI). The training was delivered by Sophia Pretrick, David House, and Katharine Kovacek, and primarily focused on investigation planning. It also offered insights from a panelist experienced in investigations in the Micronesian countries.



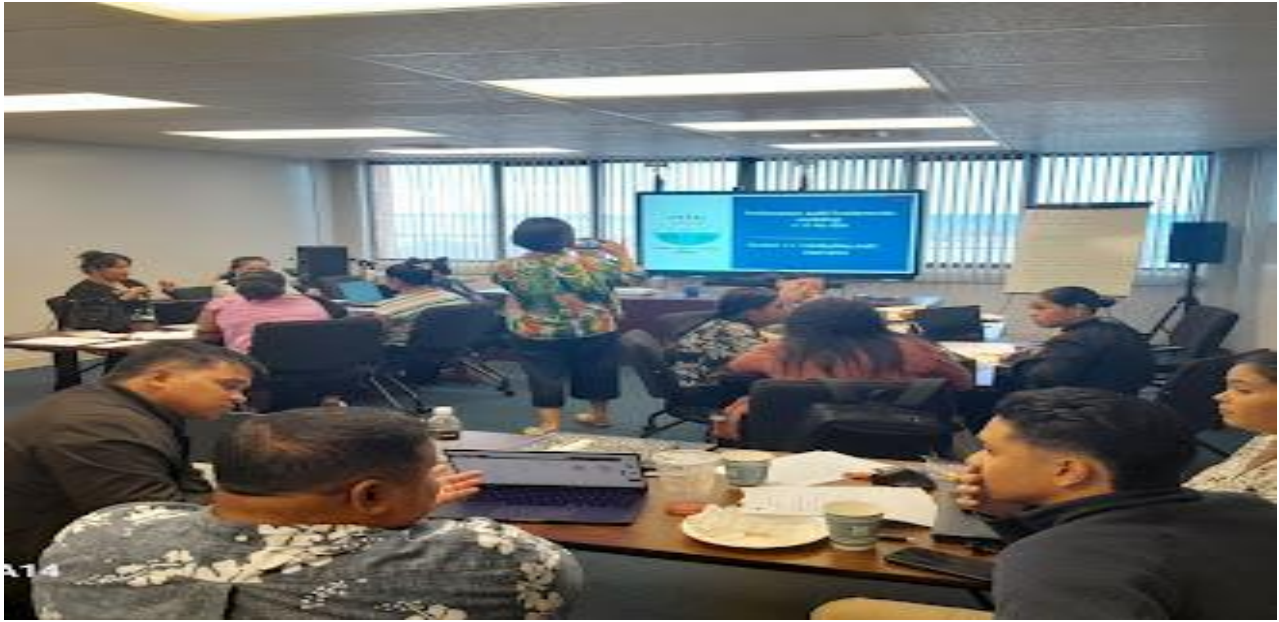
The Chief and Deputy Chief Investigators (far right) with the rest of the workshop participants in Guam.

- On June 26, 2026, the investigators participated in an Investigation Webinar on *Conducting Effective Interviews – An Overview*. This training was offered by PASAI and all investigators participated. It was facilitated by Jolie with Sophia Pretrick as the main speaker. The objectives of this training was for investigators to better describe the difference between investigations and audit interviews, explaining the types of investigations, as well as familiarizing with the PEACE model and how it is applied.



Investigators during the virtual training at the OAG Conference Room in Majuro.

- From May 11–15, 2026, the Audit Supervisors from the Performance Audit Division attended the PASAI training titled *Foundational Performance Audit Workshop* in Guam. The training was held at the Guam’s Office of Public Accountability and provided the Audit Supervisors with valuable insights into cost evaluation and a comprehensive understanding of the audit lifecycle, from risk analysis through reporting. The auditors’ travel costs, accommodation, and meals during the training were covered by PASAI. Other expenses, including taxi fares and evening meals not covered by PASAI, were covered by the Office’s training budget.



Audit Supervisors at the Performance Audit Training in Guam.

- On February 20, 2026, the financial audit staff attended an online training on *Ethics: Professionals in the Public Sector* with auditors from across the Pacific region. The training strengthened staff's ethical awareness, professional judgment, and understanding of the Code of Ethics. It focused on identifying ethical risks, recognizing personal biases and external influences, navigating ethical dilemmas, and responding appropriately to non-compliance with laws and regulations (NOCLAR). The training equipped auditors with practical tools to remain objective and effectively address ethical challenges and non-compliance issues encountered during audit fieldwork. The training was sponsored by PASAI and delivered by Chartered Accountants Australia and New Zealand (CA ANZ).

OTHER MATTERS

CONTINUED INVESTMENT IN TECHNOLOGY FOR GREATER EFFICIENCY

We previously reported the launch of MatrixInvestigator, an investigation tool and case management system, on December 11, 2025, to modernize and improve the efficiency and effectiveness of its investigation work. Building on this investment, the OAG continued to invest in technology during this reporting period by signing up to receive A-SEAT, a new audit management software (audit tool), and participating in its pilot rollout and implementation along with the audit offices of Samoa and Tuvalu.

A-SEAT was developed by the African Organization of English-Speaking Supreme Audit Institutions (AFROSAI-E) and, under an arrangement with PASAI, is being made available at no

cost to Pacific Supreme Audit Institutions (SAIs). PASAI and the New Zealand Office of the Auditor-General are supporting the phased rollout of A-SEAT to Pacific SAIs to strengthen audit practices and promote the use of technology in the audit process.

A-SEAT is expected to improve the efficiency and quality of the OAG's audit work by supporting key stages of the audit lifecycle, including planning, risk assessment, fieldwork, supervision, reporting, and follow-up. Together, MatrixInvestigator and A-SEAT represent the OAG's continued investment in technology to modernize its audit and investigation functions and enhance the efficiency and quality of its work.

IMPLEMENTATION OF A SYSTEM OF QUALITY MANAGEMENT UNDER NEW AUDITING STANDARDS

As reported in the previous semi-annual report, the Office has been working to implement the new audit quality requirements under the *2024 Government Auditing Standards* (Yellow Book), which became effective for audits beginning on or after December 15, 2025. These standards represent a major shift from quality control to a system of quality management (SoAQM).

During this reporting period, the final draft SoAQM policy was completed and is now undergoing review by external audit professionals and experts. The experts' review and opinions will be considered and incorporated, as appropriate, before the policy is formally adopted and used by the Office.

PROJECT TO DIGITIZE AND ENHANCE ACCESSIBILITY OF HISTORICAL REPORT IS ONGOING

The project to digitize and improve access to its historical reports continued during this reporting period under the leadership of the IT/Communications Division. The project involves converting all Semi-Annual Reports (SARs) and accompanying audit reports dating back to the first SAR issued in 1986 into digital format. Upon completion, the digitized reports will be uploaded to the Office's website to support long-term preservation and provide convenient, cloud-based access to the Office's historical records. While some older reports may have less-than-perfect scan quality due to the condition of the original documents, their contents will remain authentic, fully preserved, and accessible.

PARTICIPATION IN THE GOVERNMENT-WIDE MS365 ROLLOUT

Over the past several months, the IT Manager/Communications Officer has been actively involved in the planning and coordination of the government-wide Microsoft 365 (MS365) rollout. As a member of both the Technical Advisory Group (TAG) and the ICT Directors Group, the IT Manager/Communications Officer represents the Office in supporting the development of standardized technology frameworks and practices across RMI government ministries and

agencies. The IT Manager/Communications Officer, together with a staff auditor, also participated in a series of training sessions on the MS365 rollout and implementation, enhancing the Office's capacity to support the transition to an effective adoption of the new platform.

PUBLICATION OF AUDIT REPORTS SUBMITTED

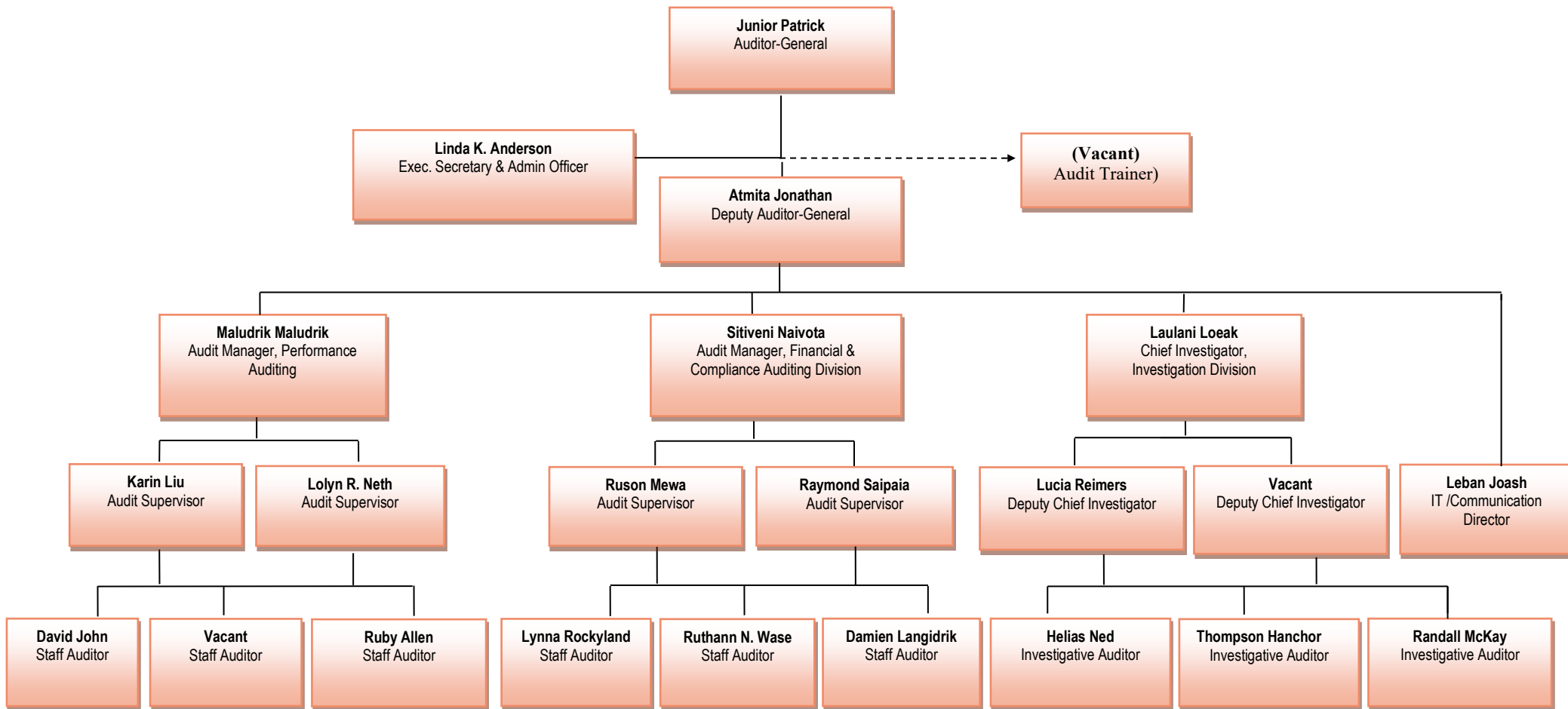
In accordance with the Auditor-General Act of 1986 [P.L. 1986-25], all audits completed during this reporting period will also be made available to the Honorable Members of the Nitijela and other stakeholders, including the general public via the official website of the OAG at www.rmioag.com.

Respectfully,

Junior Patrick
Auditor-General

July 23, 2026

EXHIBIT I: UPDATED ORGANIZATIONAL CHART



**EXHIBIT II: STATUS REPORT OF SINGLE AUDITS OF REPMAR FOR FY2025,
FY2024 AND FY2023 AS OF JULY 15, 2026**



Ernst & Young (RMI), Inc.
P.O. Box 1288
Majuro, Republic of the Marshall
Islands 96960

Tel: 692 625 7387
ey.com

July 16, 2026

Mr. Junior Patrick
Auditor General
Office of the Auditor-General
Majuro, MH 96960

Dear Mr. Patrick:

The following is a summary report as of July 15, 2026, on the status of the Single Audits for the Government of the Republic of the Marshall Islands (RepMar) for the years ended September 30, 2025, 2024, and 2023:

FISCAL YEAR 2025

A. Audits Completed and Issued

Marshall Islands Marine Resources Authority (FY2025)

B. Trial Balances Provided to EY for Audit

Air Marshall Islands, Inc. (FY2025) - A preliminary trial balance was provided by the auditee to EY on June 26, 2026; however, preliminary risk assessment has not been performed. Fieldwork is expected to commence on July 17, 2026.

Majuro Atoll Waste Company (FY2025) - A preliminary trial balance was provided by the auditee to EY on June 5, 2026; however, preliminary risk assessment has not been performed. Fieldwork commencement date is yet to be determined.

Marshall Islands Development Bank (FY2025) - A preliminary trial balance was provided by the auditee to EY on April 9, 2026, and preliminary risk assessment has been performed. Fieldwork commenced on June 1, 2026, and is currently ongoing.

Marshall Islands National Telecommunications Authority (FY2025) - A preliminary trial balance was provided by the auditee to EY on June 29, 2026; however, preliminary risk assessment has not been performed. Fieldwork commencement date is yet to be determined.

FISCAL YEAR 2024**A. Audits Completed and Issued****Air Marshall Islands, Inc. (FY2024)****Majuro Atoll Waste Company (FY2024)****Marshall Islands Development Bank (FY2024)****Marshall Islands Marine Resources Authority (FY2024)****Marshall Islands National Telecommunications Authority (FY2024)****Marshall Islands Postal Services Authority (FY2024)****RMI Judiciary Fund (FY2024)****RMI Office of Commerce, Investment and Tourism (FY2024)****Tobolar Copra Processing Authority (FY2024)****B. Trial Balances Provided to EY for Audit**

Government of the Republic of the Marshall Islands (FY2024) - A preliminary trial balance was provided by the Ministry of Finance (MOF) on February 6, 2026, and preliminary risk assessment has been performed. Fieldwork commenced on February 16, 2026, and is currently ongoing.

Progress of engagement by audit phase to date is as follows:

<u>Audit Phase</u>	<u>Open</u>	<u>In Progress</u>	<u>In Review</u>	<u>Complete</u>
Scope & Strategy	0%	6%	28%	66%
Execution	3%	11%	79%	7%
Conclusion	27%	43%	25%	5%

College of the Marshall Islands (FY2024) - A preliminary trial balance was provided by the auditee to MOF on June 5, 2026, and subsequently provided to EY on June 12, 2026. Revised trial balances were provided by the auditee on June 24, 2026 and July 2, 2026. Preliminary risk assessment has been performed with fieldwork commencing on June 15, 2026, and is currently ongoing.

Health Care Revenue Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on April 13, 2026, and subsequently provided to EY on May 11, 2026. Preliminary risk assessment has been performed with fieldwork commencing on June 29, 2026, and is currently ongoing.

Majuro Resort, Inc. (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 10, 2025. The auditee subsequently provided the preliminary trial balance to EY on February 20, 2026; however, preliminary risk assessment has not been performed. The CFO commenced vacation leave off island on May 25, 2026, and returned July 11, 2026. Fieldwork commenced on July 13, 2026, and is currently ongoing.

FISCAL YEAR 2024, continued

B. Trial Balances Provided to EY for Audit, continued

Majuro Water and Sewer Company, Inc. (FY2024) - A preliminary trial balance was provided by the auditee to MOF on January 9, 2026. The auditee subsequently provided the preliminary trial balance to EY on February 20, 2026; however, preliminary risk assessment has not been performed. Fieldwork commencement date is yet to be determined and is contingent upon completion of the FY2023 audit.

Marshall Islands Health Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on April 13, 2026, and subsequently provided to EY on May 11, 2026. Preliminary risk assessment has been performed with fieldwork commencing on June 29, 2026, and is currently ongoing.

Marshall Islands Scholarship Grant and Loan Board (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 30, 2025. The auditee subsequently provided the preliminary trial balance to EY on March 10, 2026, and preliminary risk assessment has been performed. Fieldwork commenced on June 8, 2026, and is currently ongoing.

Marshall Islands Shipping Corporation (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 24, 2025. The auditee subsequently provided the preliminary trial balance to EY on March 17, 2026, and preliminary risk assessment has been performed. Fieldwork commenced on June 10, 2026; however, such has temporarily ceased due to lack of timely completion of account balance reconciliations. Fieldwork recommencement date is yet to be determined.

Marshall Islands Social Security Administration (FY2024) - A preliminary trial balance was provided by the auditee to MOF on November 21, 2025. The auditee subsequently provided the preliminary trial balance to EY on February 18, 2026, and preliminary risk assessment has been performed. Fieldwork is complete and draft reports were issued on July 10, 2026.

Marshalls Energy Company, Inc. (FY2024) - A preliminary trial balance was provided by the auditee to MOF on January 7, 2026. The auditee subsequently provided the preliminary trial balance to EY on January 21, 2026, and preliminary risk assessment has been performed. Fieldwork is complete and draft reports were issued on July 15, 2026.

National Training Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 31, 2025. MOF subsequently provided the preliminary trial balance to EY on February 24, 2026, and preliminary risk assessment has been performed. Fieldwork is being conducted concurrently with RepMar.

Public School System Education Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on October 22, 2025. MOF subsequently provided the preliminary trial balance to EY on February 24, 2026, and preliminary risk assessment has been performed. Fieldwork is being conducted concurrently with RepMar.

FISCAL YEAR 2024, continued

B. Trial Balances Provided to EY for Audit, continued

RMI Ports Authority (FY2024) - A preliminary trial balance was provided by the auditee to MOF on May 6, 2026, and subsequently provided to EY on June 17, 2026. Preliminary risk assessment has been performed with fieldwork commencing on July 6, 2026, and is currently ongoing.

RMI National Environmental Protection Authority Fund (FY2024) - A preliminary trial balance was provided by the auditee to MOF on June 17, 2026. The auditee subsequently provided the preliminary trial balance to EY on July 15, 2026; however, preliminary risk assessment has not been performed. Fieldwork commencement date is yet to be determined.

C. Trial Balances Not Provided to EY for Audit

Kwajalein Atoll Joint Utilities Resources, Inc. (FY2024) - provided to MOF on June 24, 2026

FISCAL YEAR 2023

A. Audits Completed and Issued

Government of the Republic of the Marshall Islands (FY2023)
Air Marshall Islands, Inc. (FY2023)
College of the Marshall Islands (FY2023)
Health Care Revenue Fund (FY2023)
Majuro Atoll Waste Company (FY2023)
Majuro Resort, Inc. (FY2023)
Majuro Water and Sewer Company, Inc. (FY2023)
Marshall Islands Development Bank (FY2023)
Marshall Islands Health Fund (FY2023)
Marshall Islands Marine Resources Authority (FY2023)
Marshall Islands National Telecommunications Authority (FY2023)
Marshall Islands Postal Services Authority (FY2023)
Marshall Islands Scholarship Grant and Loan Board (FY2023)
Marshall Islands Shipping Corporation (FY2023)
Marshall Islands Social Security Administration (FY2023)
Marshalls Energy Company, Inc. (FY2023)
RMI Judiciary Fund (FY2023)
RMI National Environmental Protection Authority Fund (FY2023)
RMI Office of Commerce, Investment and Tourism (FY2023)
RMI Ports Authority (FY2023)
Tobolar Copra Processing Authority (FY2023)

Mr. Junior Patrick, Office of the Auditor-General

July 16, 2026

FISCAL YEAR 2023, continued

B. Trial Balances Provided to EY for Audit

Kwajalein Atoll Joint Utilities Resources, Inc. (FY2023) - A preliminary trial balance was provided by the auditee on June 17, 2025; however, preliminary risk assessment has not been performed. A revised trial balance was provided by the auditee on June 24, 2026. Fieldwork commenced on July 13, 2026, and is currently ongoing.

If you have any questions on the above, please do not hesitate to contact us at your convenience.

Yours truly,



John R. Onedera
Country Managing Partner

Copy to Ministry of Finance, Banking and Postal Services: Minister David Paul
Secretary Ayako Yamaguchi-Eliou

HOTLINE

Telephone Line (692) 625-3390 / 3192

[Call us to report any allegations of fraud, waste and abuse in the collection and expenditure of all public funds]

OR

Fill out the Complaint Form from our website www.rmioag.com

[If you want to remain anonymous, do not disclose your email address or other contact information]

OR

Write to us through the mailing address below:

Office of the Auditor-General

P.O. Box 245

Majuro, MH 96960

[If you do not want to reveal your identity, do not disclose a return address]

OR

Visit us at the Office Complex in Delap village, Majuro