

Management Letter

Marshall Islands Judiciary

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

Year ended September 30, 2024



**Shape the future
with confidence**

June 11, 2026

Honorable Carl B. Ingram
Chief Justice of the High Court
Republic of the Marshall Islands

In planning and performing our audit of the financial statements of the Marshall Islands Judiciary (the Judiciary) 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 Judiciary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Judiciary'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:

Reimbursable Costs Recorded as Expenditures

Condition: During our review of disbursements, we noted that certain payments for audit services in the amount of \$17,000 were recorded entirely as expenditures when incurred; however, these costs were subsequently reimbursed. As a result, the expenditures were not properly recorded as receivables or recoverable costs pending reimbursement. As the amount was not considered material to the financial statements, no audit adjustment was proposed.

Recommendation: We recommend management implement procedures to identify expenditures subject to reimbursement and record such amounts as receivables when recovery is probable and measurable.

Revenue Recognition

Comment: During our review of revenue transactions, we noted that certain fees received in the amount of \$49,500 and recorded as revenue during the current fiscal year related to services or periods occurring in the subsequent fiscal year. As a result, revenues were recognized prior to being earned in accordance with the applicable accounting framework. Audit adjustments were proposed to correct this misstatement.

Recommendation: We recommend that management implement procedures to review fee collections near year-end and identify amounts that relate to future periods. Such amounts should be recorded as unearned revenue or deferred inflows of resources, as appropriate, and recognized as revenue in the period in which the related services are provided or the fees are earned.

This communication is intended solely for the information and use of management, 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 the Judiciary 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.

Very truly yours,

Ernst + Young