

June 2, 2005

Dr. Troy McGrath  
Interim President  
College of the Marshall Islands:

Dear Dr. McGrath:

In planning and performing our audit of the financial statements of the College of the Marshall Islands (the College) for the year ended September 30, 2004, on which we have issued our report dated June 2, 2005, we developed the following recommendations concerning certain matters related to the College's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Republic of the Marshall Islands Private Industry Council (PIC) Receivable

At September 30, 2004, the College has a receivable due from PIC (A/c # 1311, totaling \$16,490) that has been outstanding since fiscal year 1997. We recommend that management follow up on collection of this account. This matter was discussed in our previous letters dated December 22, 2003, May 28, 2003, March 21, 2003 and September 30, 2002.

(2) Expenses

Of twenty-five non payroll expenses tested, the trip report for one item (check #12555) was not filed in a timely manner. The College's travel policy requires that a trip report be submitted within fifteen days of the traveler's return. We recommend that management ensure that all trip reports are submitted within fifteen days of the traveler's return in accordance with the College's travel policy.

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This report is intended solely for the information and use of management, the Board of Regents and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the accounting staff and management for their assistance during the course of our audit. Should you have any questions regarding the matters discussed herein, please contact our office at your convenience.

Very truly yours,

