

February 14, 2005

CONFIDENTIAL

Ms. Justina Langidrik
Secretary of Health

Dear Ms. Langidrik:

In planning and performing our audit of the financial statements of the Health Care Revenue Fund, a special revenue fund of the Republic of the Marshall Islands, as of and for the year ended September 30, 2003, on which we have issued our report dated February 14, 2005, we developed the following recommendations concerning certain matters related to the Health Care Revenue Fund's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Cash Receipts

We noted three instances on cash receipt #s 11418, 281813 and 287809 where the cash count report and the unposted ledger transaction reports were not signed by Accounting staff and the Finance Officer to indicate review of the cash collections before deposit and posting to the general ledger. We recommend that the cash count report and unposted ledger transaction reports evidence independent review prior to deposit and posting to the general ledger.

(2) Due from RepMar

A total of \$105,907 was due from RepMar as of September 30, 2003, which included \$17,208 representing expenditures of the Ministry of Health (MOH) that were advanced by the Health Care Revenue Fund. The Health Care Revenue Fund has not been reimbursed for this amount as of February 1, 2005. We recommend that management pursue collection of this receivable.

(3) Bank Reconciliations

The bank reconciliation for account #1015 showed cash shortages of \$1,040.43 that were not collected from employees at September 30, 2003. Additionally, we also noted a total of \$1,336.12 in suspense items relating to bank charges that were not resolved at year end. We recommend that management take appropriate action on these issues.

(4) Receivable

At September 30, 2003, the Health Care Revenue Fund recorded \$8,903 in travel advances that were outstanding for more than one year. We recommend that management ensure that travel advances are cleared in a timely manner.

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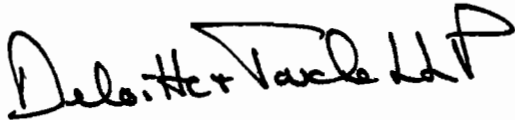
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We have also communicated matters noted during our audit of the financial statements of the Health Care Revenue Fund for the year ended September 30, 2003, which we considered to be reportable conditions in our report dated February 14, 2005.

This report is intended solely for the information and use of the Ministry of Health and management 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,

A handwritten signature in black ink, appearing to read "Deloitte & Touche LLP". The signature is written in a cursive, stylized font with a large, sweeping initial 'D'.