

July 14, 2005

CONFIDENTIAL

Ms. Justina Langidrik
Secretary of Health
Republic of the Marshall Islands

Dear Ms. Langidrik:

In planning and performing our audit of the financial statements of the Health Fund, a special revenue fund of the Republic of the Marshall Islands (RepMar), as of and for the year ended September 30, 2003, on which we have issued our report dated July 14, 2005, we developed the following recommendations concerning certain matters related to the Health 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

Cash collections should be deposited in a timely manner. Tests of cash receipt # 10434 indicate that deposit was made eight (8) days later. We recommend that management ensure that deposits are made in a timely manner.

(2) Cash Receipts

Cash receipts should be issued in sequential order. Cash receipts were not issued in sequential order. This was due to the Health Fund obtaining cash receipt books from RepMar's Health Care Revenue Fund. We noted that receipt numbers were not in sequential order as the Health Care Revenue Fund was also using the same receipt books. We recommend that management ensure that cash receipts are issued in sequential order.

(3) Cash Disbursements

At September 30, 2003, the Health Fund had reconciled items relating to suspense items for bank errors totaling \$24,812 that were not resolved with the bank at year end. These errors date back to February 28, 2003. We recommend that management ensure that suspense items are resolved in a timely manner.

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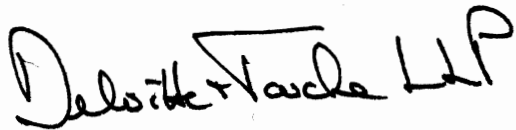
This report is intended solely for the information and use of the Ministry of Health and RepMar management and is not intended to be and should not be used by anyone other than these specified parties.

Ms. Justina Langidrik
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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 that reads "Deloitte Touche LLP". The signature is written in a cursive, flowing style with some stylized loops and flourishes.