

**MARSHALL ISLANDS MARINE RESOURCES  
AUTHORITY**

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL AND ON COMPLIANCE**

**YEAR ENDED SEPTEMBER 30, 2006**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Marshall Islands Marine Resources Authority:

We have audited the financial statements of the Marshall Islands Marine Resources Authority (MIMRA) as of and for the year ended September 30, 2006, and have issued our report thereon dated May 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MIMRA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect MIMRA's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings (page 3) as item 2006-1.

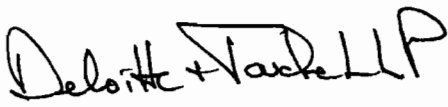
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether MIMRA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of MIMRA in a separate letter dated May 10, 2007.

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

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

May 10, 2007

MARSHALL ISLANDS MARINE RESOURCES AUTHORITY

Schedule of Findings  
Year Ended September 30, 2006

Receivables

Finding No. 2006-1

Criteria: The aged accounts receivable subsidiary ledger should be monitored and used in credit control.

Condition: At September 30, 2006, the aged accounts receivable subsidiary ledger, excluding the receivable from RepMar of \$431,134 and undeposited collections of \$20,922, indicated that customer accounts with balances greater than 90 days represented approximately 92% of the total balance. A significant portion of the greater than 90 days balances represents advances by MIMRA to certain fisheries associations in the outer islands for salaries.

Cause: The cause of the above condition is the lack of established policies and procedures requiring past due accounts to be followed-up on a timely manner.

Effect: The effect of the above condition is an increase of \$38,142 in the allowance for doubtful accounts.

Recommendation: We recommend that management establish policies and procedures to ensure the review and monitoring of overdue accounts. Furthermore, we recommend that overdue accounts be forwarded to an attorney for collection.

Prior Year Status: Lack of established policies and procedures requiring past due customers to be followed-up in a timely manner was reported as a finding in the audits of MIMRA for fiscal years 2001 through 2005.

Auditee Response and Corrective Action Plan:

- For the REPMAR collectibles- As of the FY2006 audit no MOA has been signed yet between the two parties in regards to the inclusion of the collectibles as part of the transfer to REPMAR from MIMRA. A draft has already been prepared by the Accountant and would be presented in the next Board meeting after discussing the contents with the Executive Director.
- In regards to the un-deposited collections of \$ 20,992.00-as of this date, documents related to the amount cannot be located though effort has been made to find it. Thus, a final resolution on this matter is still hanging. As soon as the documents can be located, the plan of filing a case will be finalized.
- As per last year response, collectibles are collected in utmost two weeks specifically for invoices on transshipments, boarding and observer's port sampling payments.

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Unresolved Prior Year Comments  
Year Ended September 30, 2006

The status of unresolved prior year findings is disclosed within the Schedule of Findings section of this report (page 3).