

April 26, 2007

CONFIDENTIAL

Ms. Amenta Matthew  
Chairperson  
Marshall Islands Scholarship Grant and Loan Board

Dear Ms. Matthew:

In planning and performing our audit of the financial statements of the Marshall Islands Scholarship Grant and Loan Board (MISGLB) for the year ended September 30, 2006, on which we have issued our report dated April 26, 2007, we developed the following recommendations concerning certain matters related to MISGLB's internal control and certain observations and recommendations on other accounting, administrative, and operating matters. Our principal recommendation are summarized below:

Loans Receivable

Of one hundred thirty four loan payments issued in the current year, we noted the following:

- Check #s 8890 and 8956 were not signed by both the Chairman of the Board and a Board member.
- Check # 030381 was issued to a student whose grades did not meet the requirements of the Board as stated in the policy manual.
- MISGLB recorded loans issued to three students attending the University of the South Pacific per JV-39, JV1-41, and check # 1439; however, these students did not meet the grade point average requirements stated in the policy manual.

We recommend that management ensure that memo requests are completely signed prior to issuance of checks. Additionally, we recommend that MISGLB adhere to existing policies and procedures requiring that students meet a grade point average of 2.5 to continue receiving scholarships.

Fund Balance

At September 30, 2006, MISLB recorded a fund balance of \$91,041, which does not agree with the prior year balance of \$94,887. The variance of \$3,846 was corrected during the audit process. We recommend that management ensure that the fund balance is appropriately reconciled at the beginning of each fiscal year.

\* \* \* \* \*

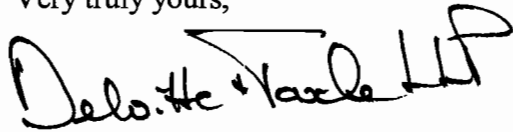
Ms. Amenta Matthew  
Chairperson  
Marshall Islands Scholarship Grant and Loan Board  
April 26, 2007

Page 2

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

A handwritten signature in black ink, appearing to read "Deloitte & Touche LLP". The signature is written in a cursive, stylized font. The "D" is large and loops around the "eloitte". The "&" is written as a simple ampersand. "Touche" is written in a similar cursive style, and "LLP" is written in a more upright, blocky cursive at the end.