



REPUBLIC OF THE MARSHALL ISLANDS
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July 11, 2008

CONFIDENTIAL

Mr. John Bungitak
 General Manager
 National Environmental Protection Authority

Dear Mr. Bungitak:

In planning and performing our audit of the financial statements of the National Environmental Protection Authority Fund (EPA) as of and for the year ended September 30, 2006, on which we have issued our report dated July 11, 2008, (and which report stated that the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the statements of revenues, expenses, and changes in net assets and of cash flows for the year ended September 30, 2006), we developed the following recommendations concerning certain matters related to EPA's internal control. Our principal recommendations are summarized below:

(1) Expenditures

Of sixty-two expenditure items tested, we noted two items (check #s 3658 and 3659), totaling \$470.57, that were not properly recorded. These items were posted to office supplies (acct # 5015) instead of food stuffs (acct # 5017). We recommend that management ensure that all expenditures are properly classified and recorded to their proper accounts.

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We have also communicated certain matters noted during our audit of the financial statements of EPA for the year ended September 30, 2006, which we considered to be reportable conditions in our report dated July 11, 2008.

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.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Armita Jonathan', written over a horizontal line.

Armita Jonathan
Acting Auditor-General