



REPUBLIC OF THE MARSHALL ISLANDS
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December 14, 2005

CONFIDENTIAL

Mr. Cent Langidrik
Chairman
Marshall Islands Scholarship Grant and Loan Board

Dear Mr. Langidrik:

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, 2004, on which we have issued our report dated December 14, 2005, 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 recommendations are summarized below:

Cash Disbursements

All disbursements should be evidenced by a check copy with supporting documents and a memo request. The memo request should be certified by the fiscal officer, evidencing availability of funds, and approved by the Board. During our tests of cash disbursements, we noted one item (check # 8191 for \$3,526.78) was not supported by a memo request. We recommend that all loan disbursements be supported by a memo request and be properly approved.

Local Noncompliance

In accordance with MISGLB policies and procedures, it states in part..."student must meet the eligibility requirements"...which includes that certificate results of the TOEFL taken within the past 2 years. During our tests of loans receivable, we noted one instance where a student was granted a scholarship award but certificate of the TOEFL was not submitted. We recommend that management comply with MISGLB policies and procedures.

Budget

All expenditures should be budgeted and not to be in excess of the approved amounts. During our testing of the expenditures, we found two (2) instances where expenditures were incurred but no budget were approved for and three (3) instances where expenditures were made in excess of budgeted line items. We recommend that all expenditures incurred should be approved in the budget.

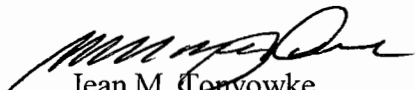
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We have previously communicated certain matters noted during our audit of the financial statements of MISGLB for the year ended September 30, 2004, which we considered to be reportable conditions in our report dated December 14, 2005.

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.

Sincerely,



Jean M. Conyowke
Auditor-General