



July 4, 2024

Her Excellency Hilda C. Heine, Ed.D.
President
Republic of the Marshall Islands
Majuro, MH 96960

Dear President Heine,

Attached for your reference is the final report on the Republic of the Marshall Islands Office of the Auditor-General (RMI OAG) pursuant to a Peer (Quality Control) Review done by our team of auditors from the Association of Pacific Island Public Auditors (APIPA). External quality control reviews of all audit offices issuing audit reports guided by *Government Auditing Standards (GAS)* are required at least every three years. Because of this requirement, your Auditor-General initiated and contracted with APIPA.

The RMI OAG was determined to be in full compliance with GAS for the period reviewed. Full compliance is the highest of three possible ratings issued in an external control review. The report now becomes public information and may be made accessible to any interested person(s). The working papers and other supporting documentation accumulated during our review will be maintained by the RMI OAG.

For your information, the expenses of the Peer (Quality Control) Review were borne by the U.S. Department of Interior's Office of Insular Affairs.

It was a privilege working with the staff of the RMI OAG, most especially Mr. Junior Patrick, Auditor-General. Each member of the RMI OAG was most cooperative and helpful to the team and exemplifies the highest standards of the auditing profession.

Sincerely,

Vincent Duenas
Supervising Accountability Auditor
Guam, Office of Public Accountability
Team Leader

Maryann Manglona, CPA
Accountability Auditor III
Guam, Office of Public Accountability
Observer

Bryan Dabugsiy
Public Auditor
Yap, Office of the Public Auditor
Team Member

Jerrick Hernandez, CGFM, CICA, CFE, CGAP
Accountability Auditor III
Guam, Office of Public Accountability
Observer



July 4, 2024

The Honorable Brenson S. Wase
Speaker
Nitijela of the Marshall Islands
Majuro, MH 96960

Dear Speaker Wase,

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July 4, 2024

Junior Patrick
Auditor-General
Office of the Auditor-General
Delap, P.O. Box 245
Majuro, MH 96960

Dear Mr. Patrick,

We have completed a peer review of the Republic of the Marshall Islands Office of the Auditor-General for the period January 1, 2021 to December 31, 2023. In accordance with generally accepted government auditing standards peer review requirements, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Pacific Island Public Auditors (APIPA).

We reviewed the internal quality control system of your audit office and conducted tests in order to determine whether your internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. Our procedures included:

- Reviewing the audit office's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management to assess their understanding of, and compliance with, relevant quality control policies and procedures.

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case but does imply adherence in most situations. Organizations can receive a rating of pass, pass with deficiencies, or fail. The Republic of the Marshall Islands Office of the Auditor-General has received a rating of pass.

Further, based on the results of our review, it is our opinion that the Republic of the Marshall Islands Office of the Auditor-General's internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for audit engagements during the period of January 1, 2021 to December 31, 2023.

We have prepared a separate letter providing other less significant observations and suggestions for strengthening your internal quality control system.



Sincerely,

Vincent Duenas
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July 4, 2024

Junior Patrick
Auditor-General
Office of the Auditor-General
Delap, P.O. Box 245
Majuro, MH 96960

Dear Mr. Patrick,

We have completed a peer review of the Republic of the Marshall Islands Office of the Auditor-General (RMI OAG) for the period January 1, 2021 to December 31, 2023 and issued our report thereon dated July 4, 2024. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We offer the following observation and suggestion to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- **Suggestion for Electronic Working Papers**

The Peer Review team observed that all working papers provided were manual and were informed by management that there is an effort to move to electronic working papers, but due to the costs, it seems unattainable. It is suggested that management revisit the move to electronic working papers, even on a smaller scale, to lessen the risk of damage and/or loss. The RMI OAG's office is located near the water and the potential for inclement weather or other natural or manmade causes (e.g. fire) put the records and files at risk.

Embedded in RMI OAG's Audit Manual (dated April 2024) in Section V: Guide to Evidence and Working Papers¹, there is discussion of the security of evidence and working papers. In this discussion, there is an acknowledgement on the proper storage of the safe custody of working papers, so it is commendable that there is awareness of the importance of protecting the records. The Audit Manual also cites "(t)he GAGAS standards for evidence in performance audits is supported by several guidelines on working papers which shape the procedures of the OAG. (8.132-8.141)...Ideally, working papers organizes and connects all audit work." If working papers were to be damaged or destroyed and not have an electronic backup, all work will be lost.

In addition, electronic working papers can help improve efficiency and effectiveness in the audit process and future peer reviews.

We extend our thanks to you, your staff, and the other officials we met for the hospitality and

¹ **Security:** The Audit Manager and/or Audit Supervisor and team members are responsible for the safe custody of working papers. These materials must be protected from theft or destruction and be accessible only to authorized persons. As a general rule, working papers should not be left at the auditee work site unless they can be secured under lock. Sensitive or confidential material may be placed in locked cabinets. To safeguard data, auditors should back up computer files and give the backup media to the administrative staff for storage in a fireproof safe."



cooperation extended to us during our review.

Sincerely,

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