



May 19, 2003

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, 2001, on which we have issued our report dated May 19, 2003, 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:

(1) Purchases/Disbursements

Of fourteen operational expenditures tested, we noted four items (check #s 103, 112, 7271 and 7334 for \$1,390, \$1,735, \$300 and \$1,540, respectively) that were not evidenced by appropriate supporting documentation. Specifically, these items related to travel advances for which no trip reports were made available. We recommend that MISGLB ensure that all expenditures are evidenced by appropriate supporting documentation. Furthermore, we recommend that MISGLB adhere to established travel policies and procedures requiring the completion of trip reports. This matter was discussed in our previous letters dated May 19, 2003 and June 27, 2002.

(2) Purchases/Disbursements

Of fourteen operational expenditures tested, we noted one item (check # 7355 for \$1,288) that was not evidenced by appropriate supporting documentation substantiating payment for a student's return airfare for completion from post secondary education. We recommend that all disbursements for student airfares be evidenced by proper supporting documents. This matter was discussed in our previous letter dated May 19, 2003.

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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, 2001, which we considered to be reportable conditions in our report dated May 19, 2003.

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,

Deloitte + Touche