



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, 2002, on which we have issued our report dated May 19, 2003, we developed the following recommendation concerning a certain matter related to MISGLB's internal control and certain observations and recommendations on other accounting, administrative, and operating matters. Our principal recommendation is summarized below:

Purchases/Disbursements

Of twenty-four operational expenditures tested, we noted one item (check # 7766 for \$3,422) disbursed to a student. However, it was noted per review of the student file that the student did not meet the established grade criteria of MISGLB and therefore, is not eligible to receive scholarship assistance during the year ended September 30, 2002. We recommend that MISGLB ensure that students meet eligibility requirements prior to being provided with scholarship assistance.

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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, 2002, 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.

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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