

March 14, 2008

CONFIDENTIAL

Ms. Saane Aho
Administrator
Marshall Islands Social Security Administration

Dear Ms. Aho:

In planning and performing our audit of the financial statements of the Marshall Islands Social Security Administration (MISSA) as of and for the year ended September 30, 2007, on which we have issued our report dated March 14, 2008, we developed the following recommendations concerning certain matters related to MISSA's internal control and certain observations and recommendations on other accounting, administrative and operating matters. Our principal recommendations are summarized below:

(1) Contributions Receipts

One (1) of twenty (20) contributions tested did not have an Employee Quarterly Tax Return (EQTR) that was verified by a MISSA employee. The verification signature indicates that the EQTR has been reviewed and that the EQTR submitted reflects accurate information. The lack of the verification signature could give rise to future disagreements regarding information reflected in the EQTR.

We recommend that all reviewed EQTRs be appropriately signed by the reviewer.

(2) Benefit Payments

One (1) of nineteen (19) benefit payments tested was for a claimant who is a sibling of a deceased participant / wage earner and the guardian of dependents; however, no supporting documents (i.e., certificate of guardianship, birth certificate) on file to indicate the relationship of the claimant to the deceased participant / wage earner.

We recommend that all documentation required to determine claims eligibility and to calculate benefit payments be kept or included in the wage earner's file to support benefit payments made.

(3) Benefit Payments

Five (5) of nineteen (19) benefit payments tested related to claims applications for retiring wage earners; however, the portion regarding work history was not properly filled out.

We recommend that application forms be fully completed to avoid future disagreements. The work history information could also be used by management to identify which employers, if any, did not remit contributions on behalf of employees applying for retirement claims.

(4) Cash

Copies of the certificates of time deposits are not kept on file.

We recommend that all relevant documentation regarding ownership of assets be kept on file.

(5) Cash

Checks from September 2006 to August 2007 of \$54,701.21 and stale checks from prior years, as far back as 2001, of \$104,073.26 were treated as valid outstanding checks as of September 30, 2007. This could be an indication of benefit payments that are no longer valid as beneficiaries may be deceased or can no longer be located.

We recommend that internal controls and procedures in relation to benefits processing be revisited to ensure that payments are made only to eligible beneficiaries.

(6) Receivables

Average collection rate of notes receivable and receivables from court judgments are at 11% and 2%, respectively, as of September 30, 2007. Further, these receivables are currently 100% provided for an allowance for doubtful accounts.

We recommend that MISSA improve the monitoring and follow-up procedures to ensure timely collection of notes receivable pertaining to outstanding employer contributions.

(7) Payables

Of the recorded RMI withholding tax payable of \$18,713 as of September 30, 2007, only \$3,647 pertains to an actual payable. The remaining balance is a carry forward from prior years and had not been reconciled.

We recommend that management ensure that review and reconciliation of this account is performed.

(8) Contribution Monitoring through Employer Database

Contribution receivables are currently recorded by accruing estimated receivables based on actual collections made in October, the month subsequent to the year-end.

While this is a reasonable basis of recording accrued receivables at year-end to avoid the risk of recording uncollectible receivables, we recommend that management consider monitoring the estimated contribution receivables from employers (by specific employer and in aggregate, whether filers or non-filers) using prior EQTR information submitted to MISSA and/or prior collections made. Monitoring the estimated receivables based on the EQTR information submitted to MISSA and/or prior collections made would enable MISSA to establish a trend of total wages subject to contributions (either per employer or in aggregate), and would help determine which employers are delinquent in their payments and thus assist in increasing the collection rate of overall contributions.

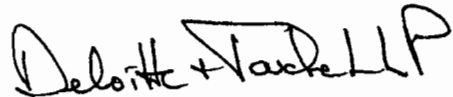
Marshall Islands Social Security Administration
March 14, 2008

Page 3

This report is intended solely for the information and use of the Board of Directors, 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,

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, slightly stylized font.