

**MARSHALL ISLANDS VISITORS AUTHORITY**

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL AND ON COMPLIANCE**

**YEAR ENDED SEPTEMBER 30, 2004**



REPUBLIC OF THE MARSHALL ISLANDS  
OFFICE OF THE AUDITOR GENERAL  
POST OFFICE BOX 245  
MAJURO, MARSHALL ISLANDS 96960

Telephone:  
Auditor General: 625-3192  
Staff: 625-3390  
Facsimile: 625-5135

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS  
BASED UPON THE AUDIT PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Marshall Islands Visitors Authority:

We have audited the financial statements of the Marshall Islands Visitors Authority (MIVA) as of and for the year ended September 30, 2004 and have issued our report thereon dated June 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MIVA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect MIVA's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings (page 3) as item 2004-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above in item 2004-1 to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to management of MIVA in a separate letter dated June 9, 2005.


### Compliance and Other Matters

As part of obtaining reasonable assurance about whether MIVA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Pursuant to the Auditor-General Act of 1986, we provided the management with a draft report so that MIVA could respond to our findings in writing. We appreciated MIVA's prompt response which we have incorporated into the body of this report.

This report is intended solely for the information and use of the Board of Directors, management, and the Republic of the Marshall Islands and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which, upon acceptance is a matter of public record.

June 9, 2005



Jean M. Tonyokwe  
Auditor-General

**MARSHALL ISLANDS VISITORS AUTHORITY**

Schedule of Findings  
Year Ended September 30, 2004

Finding No. 2004-1

Criteria: Sufficient controls over the Accounting System should be in place to ensure reliability of the accounting records.

Condition: During our audit for the year ended September 30, 2004, we noted that entries were subsequently deleted after the initial financial statements were provided for audit.

Cause: The cause of the above condition is the lack of segregation of duties and lack of internal control over the accounting system.

Effect: The effect of the above condition is that transactions may be changed without proper authorization.

Recommendation: We recommend that MIVA establish adequate internal control policies and procedures through segregation of duties. Specifically, we recommend that MIVA require the General Manager to act as the administrator of the Accounting System and require the Finance Manager to access the Accounting System under another user name. Accordingly, the set of controls that are in MIVA's accounting software can be utilized to ensure transactions are authorized by someone other than the Finance Manager before being deleted or changed and thereby implementing segregation of duties over control of the Accounting System.

Auditee Response and Corrective Action Plan: MIVA will establish adequate internal control policies and procedures through segregation of duties. MIVA will require the General Manager to act as the administrator of the Accounting System. Any changes or deletions by the accounting department will require written authorization and password by the General Manager of MIVA.

**MARSHALL ISLANDS VISITORS AUTHORITY**

Unresolved Prior Year Findings  
Year Ended September 30, 2004

There are no unresolved findings from prior year audits of MIVA.

Marshall Islands Visitors Authority  
Independent Auditors' Report on  
Internal Control and on Compliance  
September 30, 2004

RESPONSE REQUIRED TO CLEAR  
AUDIT FROM OAG FOLLOW-UP SYSTEM

In order for this audit to be cleared from the OAG Follow-up system, written confirmation and/or documentation indicating action has been taken, as detailed below, should be submitted no later than December 31<sup>st</sup>, 2005.

RECOMMENDATION NO:

ACTION TO BE TAKEN

1.

Partially implemented.  
MIVA to provide copy of established internal control policies and procedures covering segregation of duties which requires the General Manager to act as the administrator of the accounting system and the Finance Manager to access the accounting system under another user name.

MARSHALL ISLANDS



VISITORS AUTHORITY

September 26, 2005

OFFICE OF THE  
AUDITOR GENERAL  
RECEIVED  
SEP 27 2005

REPUBLIC OF THE  
MARSHALL ISLANDS

Mrs. Jean M. Tonyokwe  
Auditor General  
RMI Office of the Auditor General  
Majuro, Marshall Islands

Yokwe Auditor General:

I am providing herein our responses and corrective action plans for the finding in the **MIVA FY2004 Independent Auditor's Report on Internal Control and Compliance.**

**Finding No. 2004-1**

MIVA will establish adequate internal control policies and procedures through segregation of duties. MIVA will require the General Manager to act as the administrator of the Accounting System. Any changes or deletions by the accounting department will require written authorization and password by the General Manager of MIVA.

Kommool tata,

William H. Weza  
Chairman