REPUBLIC OF PALAU SOCIAL SECURITY RETIREMENT FUND

INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL AND ON COMPLIANCE

YEAR ENDED SEPTEMBER 30, 2017
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Republic of Palau Social Security Retirement Fund:

We have audited, in accordance with the 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, the financial statements of the Republic of Palau Social Security Retirement
Fund (the Fund), which comprise the statement of fiduciary net position as of
September 30, 2017, and the related statement of changes in fiduciary net position
for the year then ended and the related notes to the financial statements, and have
issued our report thereon dated April 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the
Fund’s internal control over financial reporting (internal control) to determine the audit
procedures that are appropriate in the circumstances for the purpose of expressing
our opinion on the financial statements, but not for the purpose of expressing an
opinion on the effectiveness of the Fund’s internal control. Accordingly, we do not
express an opinion on the effectiveness of the Fund’s internal control.

A deficiency in internal control exists when the design or operation of a control does
not allow management or employees, in the normal course of performing their
assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
A material weakness is a deficiency, or a combination of deficiencies, in internal
control, such that there is a reasonable possibility that a material misstatement of the
entity’s financial statements will not be prevented, or detected and corrected on a
timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in
internal control that is less severe than a material weakness, yet important enough to
merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first
paragraph of this section and was not designed to identify all deficiencies in internal
control that might be material weaknesses or significant deficiencies. Given these
limitations, during our audit we did not identify any deficiencies in internal control that
we consider to be material weaknesses. However, material weaknesses may exist that
have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 30, 2018
There are no unresolved findings from prior year audits of the Fund.