

Management Letter

Guam Preservation Trust

For the year ended September 30, 2019



**Building a better
working world**



Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

February 26, 2020

Board of Directors
Guam Preservation Trust

In planning and performing our audit of the financial statements of the Guam Preservation Trust (the Trust) as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 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 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.

During our audit, we noted the following matters that should be brought to your attention:

Procurement Authority (repeat comment from prior year)

It is our understanding that the Attorney General of Guam provided an opinion stating that the Trust must adopt the provisions of Chapter 5 of Title 5 of the G.C.A., and must conduct all of its procurements in accordance with Guam procurement laws and regulations.

We recommend the Trust review its procurement policy to ensure it is in compliance with the provisions noted above. Additionally, the Trust should follow-up with its request to obtain, in writing, Department of Public Works' approval for the Trust to engage in its own process to request for proposals (RFPs) for construction projects.

Credit Card Policy

The Trust has a policy over the use of a business credit card and a card holder agreement to those who are issued business credit cards. While the policy strictly prohibits non-official and personal purchases the card holder agreement implies that personal use is allowed as long as the card holder reimburses the Trust.

We encourage the Trust to revisit and strengthen the policy to strictly implement the purpose of the corporate credit card for business use only.

This communication is intended solely for the information and use of management and the Board of Directors of the Trust, others within the organization, and the Office of Public Accountability and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst + Young LLP