

June 13, 2005

The Board of Regents
University of Guam

Gentlemen:

In planning and performing our audit of the financial statements of University of Guam (the University) for the year ended September 30, 2004, on which we have issued our report dated June 13, 2005, we developed the following recommendations concerning matters related to its internal control. Our recommendations are summarized below:

Finding No. 1 – Untimely Deposit of Cash Collections

Criteria: Cash received at the Professional Development of Life Long Learning Center should be deposited in a timely manner.

Condition: A cash receipt transaction of \$7,668 posted on September 28, 2004, was not deposited in a timely manner. The lag time from the date of receipt to the date of deposit was 7 days.

Recommendation: Cash should be deposited on a daily basis.

Finding No. 2 – Competitive Procurement

Criteria: Procurement should provide for full and open competition and be performed in accordance with University of Guam requirements.

Condition:

Even though the University's internal policy does not require personnel contracts to be competitively procured, we recommend that the University consider adopting a formal policy requiring documentation of procurement rationale.

Recommendation: The University should reevaluate its current procurement policies for personnel contracts.

Finding No. 3 – Documentation to Support Travel

Criteria: The University should provide documentation to support, through reasonable assurance, that the lowest cost of travel was obtained.

Condition: The University's current policies do not require competitive procurement of travel related services.

Recommendation: The University should consider ensuring that price quotations are obtained and that travel agencies are rotated. Additionally, an analysis of higher travel costs created by the delay in approving travel authorizations should be performed.

Finding No. 4 – Travel Clearance

Criteria: In accordance with travel policy, Section XIII Travel Advance, C-Recovery of Advance, travel clearances should be filed within ten days of return.

Condition: The following travel authorizations were not cleared within ten days:

PA040496
PA040497
PA400417

Recommendation:

Internal controls should be strengthened to ensure that travel clearances are cleared in a timely manner.

Finding No. 5 – Support of Travel Expense

Criteria: Travel expenses should be properly supported by boarding passes and receipts for miscellaneous travel expenses.

Condition: The following travel authorizations were insufficiently supported by boarding passes and or receipts for travel advances:

| | |
|-----------|---------|
| PT 400462 | \$3,488 |
| PT 400453 | \$4,465 |
| PA 400176 | \$1,988 |
| PA 040496 | \$3,744 |
| PA 040497 | \$2,875 |
| PT 400068 | \$2,499 |
| V 0278995 | \$1,457 |
| V 0279026 | \$ 270 |
| PT 040515 | \$2,136 |
| V 0264334 | \$3,954 |

Recommendation: The University should evaluate its travel policies and determine whether changes should occur to address the above matters.

The Board of Regents
University of Guam
June 13, 2005

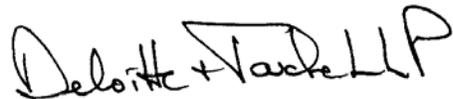
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This report is intended solely for the information and use of the Board of Regents and management of the University of Guam and the Office of the Public Auditor of Guam.

We wish to express our appreciation for the cooperation of the staff and management of the University during the course of our audit. We would be available to discuss any questions that you may have concerning the above comments at your convenience.

Very truly yours,

A handwritten signature in black ink that reads "Deloitte + Tatchell LLP". The signature is written in a cursive, flowing style.