

Management Letter

Guam Waterworks Authority
(A Component Unit of the Government of Guam)

Year ended September 30, 2025



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June 3, 2026

The Board of Directors
Guam Waterworks Authority
Ste 200, Gloria B. Nelson Public Service Building
Tamuning, Guam, 96931

In planning and performing our audit of the financial statements of the Guam Waterworks Authority (the Authority), a component unit of the Government of Guam, as of and for the year ended September 30, 2025, 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 deficiencies in internal control (as described above) and other matters:

Untimely Submission of Required Reports

Observation:

Upon review of reporting requirements under ALN 66.600 and ALN 97.036, we noted that multiple required reports were not submitted within the established deadlines.

ALN 66.600

Report	Due Date	Date Submitted	Days Late
MBE/WBE Utilization Report	10/30/2024	11/6/2024	7
MBE/WBE Utilization Report	10/30/2024	11/8/2024	9
MBE/WBE Utilization Report	10/30/2024	11/6/2024	7
MBE/WBE Utilization Report	10/30/2024	11/8/2024	9
Quarterly Progress Report (2nd Qtr)	7/15/2025	8/1/2025	17

ALN 97.036

Report	Due Date	Date Submitted	Days Late
Quarterly Report (Quarter ended 3/31/2025)	4/20/2025	8/12/2025	114
Quarterly Report (Quarter ended 6/30/2025)	7/20/2025	8/12/2025	23

Recommendation:

Management should strengthen monitoring and oversight of reporting deadlines to ensure timely submission of all required reports. This may include establishing a centralized reporting calendar, assigning clear responsibility for report preparation and submission, and implementing periodic reviews to track upcoming due dates. Ensuring timely submission will help GWA comply with grant requirements and submit all required reports on or before the applicable deadlines.

Reconciliation of headcount per Employee Listings and GASB 101 Schedule

Observation:

Upon comparing headcount of employee listings per Human Resources (HR) and GASB 101 Schedule, we have noted one (1), two (2) and five (5) employees included as part of employee listings but were excluded in GASB schedule for FY25, FY24 and FY23, respectively.

Recommendation:

Management should perform timely reconciliation to perform review of the employee listings to ensure that correct information is considered in GASB 101 calculation. Any discrepancies noted should be corrected timely.

Reiteration of Prior Year Comment:

Timely Determination of the Service Date of Construction in Progress (CIP)

Observation:

Upon examination of the fixed asset register, we noted prior year CIP assets with service dates updated to have commenced in prior year due to late determination of such service dates.

Recommendation:

Management should timely determine the proper service date of the CIP assets to avoid inconsistencies with current and prior year balances. It should review the related Certificate of Payments (COPs) or other related documents for the proper total contract value, service dates, estimated time to complete and performance to date. The Authority should only transfer CIP to fixed asset when it is completed or substantially complete.

This communication is intended solely for the information and use of management and the Board of Directors of the Authority, others within the organization, and the Guam 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