

Management Letter

Guam Preservation Trust

For the year ended September 30, 2022





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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, 2022, 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:

Travel Reports

Public Law 36-54, which was enacted on September 11, 2021, requires for all governmental entities to submit a quarterly report of all off-island government travel that is publicly funded. These reports are to be submitted to the Speaker of the *I Liheslaturan Guahan* and should include a detailed report of traveler name(s), source of funding, purpose of travel, cost of travel and reports highlighting the impact of the travel. The Trust did not comply with this law.

To ensure that the Trust is in compliance with the law noted above, we recommend the Trust review its travel policy to ensure that all publicly funded off-island travel is reported on a quarterly basis to the *I Liheslaturan Guahan*. Additionally, the Trust should submit all publicly funded travel reports, to include all required details as stated above, for all travel that occurred in fiscal year 2022.

Travel Per Diem Policy

During our audit, we noted one hotel room booking paid by the Trust which exceeded the allowed per diem lodging rate. The Trust's travel policy states that travel per diem should adhere to the Government of Guam and Federal Government's posted per diem rates determined by the United States General Services Administration (US GSA). Furthermore, the Trust's travel policy is silent in regard to paying hotel costs in excess of the posted per diem rate.

We recommend the Trust comply with the per diem rates posted by the US GSA. We also recommend the Trust to include specific provisions for hotel costs paid in excess of the per diem policy.

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