



Compliance and Internal Control

Guam Preservation Trust

(A Component Unit of the Government of Guam)

September 30, 2012

Ernst & Young LLP

Guam Preservation Trust
(A Component Unit of the Government of Guam)

Reports on Compliance and Internal Control

September 30, 2012

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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*

The Board of Directors
Guam Preservation Trust

We have audited the financial statements of the Guam Preservation Trust (the Trust) as of and for the year ended September 30, 2012, and have issued our report thereon dated March 7, 2013. We conducted our audit 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.

Internal control over financial reporting

Management of the Trust is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Trust's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors and management of the Guam Preservation Trust, the Office of Public Accountability, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public information.

Ernst + Young LLP

March 7, 2013

Guam Preservation Trust
(A Component Unit of the Government of Guam)

Summary Schedule of Prior Audit Findings

September 30, 2012

Findings in the prior year Audit Report dated February 8, 2012 are as follows:

**2011-1 and 2010-1
Completeness of Revenues**

In the prior years, we noted issues with the recording of building permit fees by the Treasurer of Guam (TOG) and a lack of reconciliation between the Department of Public Works (DPW), the Department of Administration (DOA) and the Trust. This resulted in differences between the building permit revenues recorded by the Trust and confirmed by DOA.

Subsequent to the Performance Audit conducted by the Office of the Public Auditor, observations and recommendations were made for DPW to improve on the review of the posting of transactions by the TOG and to perform timely reconciliations of the permits issued with the payments received by TOG and recorded by DOA. During our audit, we noted that DPW has implemented procedures that have addressed the issues noted and the differences are reconciled on a timely basis.