

Management Letter

**Government of Guam
Solid Waste Operations Fund, Capital Projects Fund,
and Debt Service Fund**
(Governmental Funds of the Government of Guam)

Year Ended September 30, 2023





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March 29, 2024

Board of Directors
Guam Solid Waste Authority

In planning and performing our audit of the financial statements of the Solid Waste Operations Fund, Capital Projects Fund, and Debt Service Fund, governmental funds of the Government of Guam (the Funds), as of and for the year ended September 30, 2023, 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 Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' 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 other matter that we wish to bring to your attention.

Financial Management Information System (FMIS)

Observation:

As of March 2024, the Department of Administration (DOA) had not closed the general ledger accounting system. Accordingly, the AS400 financial data provided for audit in February 2024 included data for both Fiscal Year FY2022 and FY2021. Additional time and effort were required to segregate the financial data and to reconcile individual beginning fund balances to facilitate timely completion of the FY2023 audit.

Recommendation:

Our understanding is that DOA is currently in the process of procuring a replacement for the AS400 with an FMIS that facilitates timely processing and generation of financial information to better meet GovGuam's current needs. DOA should also continue to examine personnel staffing requirements and qualifications associated with operating the new system. With the new FMIS in place, DOA should be able to close its general ledger accounting system.

Review of Receivables Subsidiary Ledger

Observation:

We noted a significant number of accounts receivable with credit balances. This matter is a recurring comment from the FY2022 audit.

Recommendation:

We recommend management to perform a monthly review of the accounts receivable subledger to timely identify any unusual items and take necessary action.

This communication is intended solely for the information and use of management, the board of directors and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

March 29, 2024