

Management Letter

Guam Preservation Trust

For the year ended September 30, 2015





Ernst & Young LLP
231 Ypao Road
Suite 201 Ernst & Young Building
Tamuning, Guam 96913

Tel: +1 671 649 3700
Fax: +1 671 649 3920
ey.com

May 6, 2016

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, 2015, 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 deficiencies in internal control (as described above) and other matters:

Submission and Filing of Travel and Expense Documents

The Trust has a policy that requires:

- Submission of a expense report
- Submission of a trip report

The aforementioned reports require certain information be disclosed such as:

- Name of traveler or name of person seeking expense reimbursement
- Purpose of trip or expense
- Date of travel or date expense incurred
- Origin, destination and purpose of trip
- The trip report describe the goals, objectives and accomplishments of the trip

The results of our audit test indicate that for seven out of eight samples, there was no report submission.

We recommend enforcement of the trip and expense report policy.

Furthermore, the Trust may want to consider maintaining a separate file for all travel documents, to include the trip and expense reports, with supporting invoices, and boarding passes.

Policy and Procedures for Use of Vehicles

The Trust purchased vehicles during the 2015 fiscal year. It is our understanding that there currently are no written approved policies addressing situations wherein use of the vehicles for personal use is not permitted.

We noted that a draft policy has been presented to the board of directors. We recommend that the Trust implement the policy as soon as it has been approved.

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

May 6, 2016