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The 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, 2008, 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 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the entity’s internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity’s internal control.

During our audit, we noted the following control deficiency, as described above and other matters.

### **Control Deficiency**

Starting in FY2007, the Trust invested funds with three investment companies. At September 30, 2008, the funds invested totaled approximately \$1.9 million, which represents 64% of the Trust’s total assets. A formal investment policy should be in place to evidence the Trust’s investment goals and investment risk management objectives.

We noted that the Trust has developed a draft investment policy which is currently under review by the Board of Directors.

### **Other Matters**

The travel policy of the Trust requires individuals who have traveled using the Trust’s funds to submit a boarding pass as support for proof of travel. The Trust funded a trip for students who competed in and won a chance to represent Guam for National History Day. We noted of the 33 participants (including Trust representative and teacher chaperones), 18 individuals either did not file or were missing some boarding passes.

The Trust noted that proper instructions were given to the participants regarding the need to submit boarding passes to the Trust. However, due to the number of individuals involved and numerous stops taken, boarding passes were either lost or not submitted at the end of the trip.

We recommend that the Trust set a time frame for when boarding passes, and trip reports – if applicable, be submitted and set follow-up procedures. In situations where there are several participants, the Trust may consider delegating an individual to collect board passes immediately upon arrival to ensure proper filing.

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 the Public Auditor, 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*

March 17, 2009