

**Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of the Financial Statements  
Performed in Accordance with  
Government Auditing Standards**

To the Board of Directors  
Guam Educational Telecommunications Corporation:

We have audited the accompanying financial statements of the Guam Educational Telecommunications Corporation (KGTF), as of and for the fiscal year ended September 30, 2001, and have issued our report thereon dated February 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guam Educational Telecommunications Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters, which are presented below, involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of

management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items No. 1 to 3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management and Board of Directors of the Guam Educational Telecommunications Corporation and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Burger & Comas, P.C.*

February 22, 2002

**GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION**  
(A Public Corporation)

Schedule of Findings

September 30, 2001

**Finding No. 1**

Criteria All monies received must be deposited in a timely manner.

Condition One deposit was held for eight days while another was held for six days prior to being deposited to the bank account.

Cause Unknown.

Effect Monies not deposited immediately are susceptible to theft.

Recommendation All monies received and of a material amount should be deposited in a timely manner. Prior to a long weekend, all monies on hand should be deposited to the bank. Monies received after banking hours should be properly safeguarded.

Prior year status A similar finding appears as finding No. 1 in the fiscal 2000 report.

Auditee response and corrective action plan

**Finding No. 2**

Criteria The use of purchase orders should be governed by established policies.

Condition Purchase orders are currently being used in an inconsistent manner. It is not readily determinable when purchase orders should be used.

Cause Lack of established policies.

Effect Unauthorized purchases may occur.

Recommendation Establish formal policies with regard to the use of purchase orders. These policies should indicate which purchases require the use of purchase orders and which do not. For example, monthly recurring expenses such as trash collection may not require the use of a purchase order, while management may decide that all other purchases in excess of \$100 will require their use.

**GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION**  
(A Public Corporation)

Schedule of Findings, continued

September 30, 2001

Prior year status This finding appears as finding No. 2 in the fiscal 2000 report.

Auditee response and corrective action plan

**Finding No. 3**

Criteria For fundraising activities, a log of tickets issued is used to account for revenues.

Condition The master log for read-a-thon packages issued is not reconciled to the receipt log.

Cause Unknown.

Effect Potential exists that Read-a-thon proceeds collected are not being remitted.

Recommendation Read-a-thon logs should be reconciled to determine if all packets issued have been accounted for and all related cash has been collected. Without this procedure it is impossible to determine if all cash has been collected.

Prior year status This finding appears as finding No. 4 in the fiscal 2000 report.

Auditee response and corrective action plan

**Finding No. 4**

Criteria Limited delegated procurement authority can be granted to KGTF pursuant to Section 6954.4 of Public Law 16-124 and Section 2-105 of the Guam Procurement Regulations.

Condition The limited delegation of procurement authority expired on May 30, 2001. Further, purchases were made in excess of the \$15,000 limitation identified in the terms and conditions of the delegation of limited procurement authority.

**GUAM EDUCATIONAL TELECOMMUNICATIONS CORPORATION**  
(A Public Corporation)

Schedule of Findings, continued

September 30, 2001

Cause Unknown.

Effect Potential violation of Guam Procurement regulations.

Recommendation Either obtain a waiver from compliance with the Guam Procurement Regulations or update the limited delegation of procurement authority.

Auditee response and corrective action plan