

Management Letter

Guam Economic Development Authority

Year Ended September 30, 2023





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

July 29, 2024

The Board of Directors
Guam Economic Development Authority

In planning and performing our audit of the financial statements of the Guam Economic Development Authority (GEDA) 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 GEDA's internal control. Accordingly, we do not express an opinion on the effectiveness of GEDA's 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.

Payment Fraud

Observation:

In Fiscal Year 2023, GEDA was affected by a social engineering attack that resulted in a payment fraud incident resulting to wire transfers made to an illegitimate account. GEDA incurred losses amounting to approximately \$425,000. Management has changed its process with heightened levels of security to ensure that payment details to vendors are verified prior to formal changes to the vendor details are made.

Recommendation:

GEDA should continuously revisit their process to identify and mitigate risks to its business processes.

Guam Economic Development Authority
Management Letter

This communication is intended solely for the information and use of management and the Board of Directors of GEDA, others within the organization, and the Guam 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 matter or to respond to any questions, at your convenience.

Ernst + Young LLP