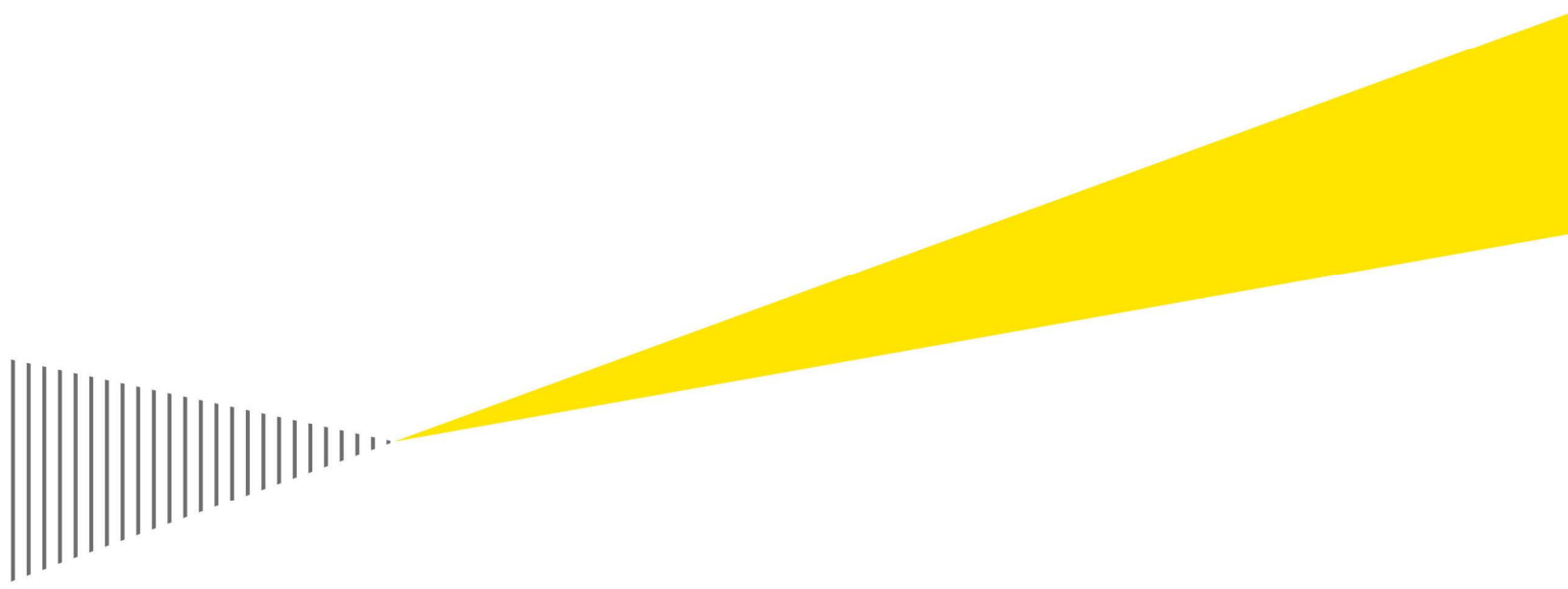


Management Letter

**Department of Chamorro Affairs -
Non-Appropriated Funds**

For the year ended September 30, 2013



**Building a better
working world**



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May 19, 2014

The Board of Trustees
Department of Chamorro Affairs – Non-Appropriated Funds
Hagatna, Guam

In planning and performing our audit of the financial statements of the Department of Chamorro Affairs - Non-Appropriated Funds (DCANAF) as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in 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 DCANAF's internal control. Accordingly, we do not express an opinion on the effectiveness of DCANAF'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:

Bank Reconciliation Statements

Condition

Although DCANAF prepares monthly bank reconciliation statements, we noted that the cash balance in the September 30, 2013 general ledger did not reflect the adjusted book balance shown in the September 2013 bank reconciliation statement.

Recommendation

To determine the completeness and to ensure the accuracy of recorded cash transactions, DCANAF should prepare bank reconciliation statements promptly and record all the necessary adjustments identified during the reconciliation process. Prompt recording of all reconciling items ensures that transactions are properly accounted for and that accounting information is current.

Bank Reconciliation Statements, continued

Management's response

Management understands that the finding at time of audit is correct and accepts full responsibility. The Administrative Officer worked with the auditors and corrected the bank reconciliation and presented a corrected copy that is certified and signed by the President.

This communication is intended solely for the information and use of management and the Board of Trustees of the DCANAF, 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. However, this report is also a matter of public information.

We would be pleased to discuss the above matter or to respond to any questions, at your convenience.

Ernst + Young LLP