

April 17, 2007

The Board of Directors
Guam Visitor's Bureau:

In planning and performing our audit of the financial statements of Guam Visitor's Bureau (GVB) for the year ended September 30, 2006, on which we have issued our report dated April 17, 2007. We developed the following recommendations concerning matters related to its internal control. Our recommendations are summarized below:

Posting Information to the General Ledger

Comment:

Credit balances exist in the detailed receivables listed in the membership fund. A corresponding debit balance is recorded in the operating general ledger.

Recommendation:

GVB should ensure that receivables do not include credit balances.

Monitoring of Fixed Assets

Comment:

Fixed assets have no tag numbers assigned to specific assets. A complete inventory count of fixed assets has not been performed for several years.

Recommendation:

GVB should place identification tags on all fixed assets and perform an inventory at least bi-annually.

Restricted Cash

Comment:

Allotments of \$50,000 for special projects were deposited into the operating account. GVB subsequently transferred \$25,000 to the special projects restricted account. The transfer was mistakenly reversed in the general ledger and resulted in a difference in both the operating and special projects bank reconciliations. The other \$25,000 remains in the operating account based on documentation received from the Department of Administration. The bank reconciliations are prepared on a combined basis and are not segregated by fund.

Recommendation:

GVB should consider performing periodic reconciliations with the Department of Administration to verify amounts received and should strengthen its review of bank reconciliations.

Foreign Exchange Rate

Comment:

An arbitrary rate of 105 is used to calculate the value of yen disbursements. The difference between that rate and the effective rate of the actual disbursement is recorded as non-operating income/loss.

Recommendation:

GVB should reconsider its procedures and record operating expenses based on the average monthly yen exchange rate.

Japan Vendor Contracts

Comment:

Contracts entered into with Japan vendors indicate disbursements will be made in US dollars for the first three months based on a 105 rate. GVB did not reevaluate the rate after the initial three months.

Recommendation:

GVB should reevaluate the rate used as stated in the contract.

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This report is intended solely for the information and use of Board of Directors and management of GVB and the Office of the Public Auditor of Guam.

We will be pleased to discuss the above comment with you and, if desired, to assist you in implementing any of the suggestions.

We wish to thank the staff and management of GVB for their cooperation and assistance during the course of this engagement.

Very truly yours,

