



Deloitte & Touche LLP
 361 South Marine Corps Drive
 Tamuning, GU 96913-3911
 USA
 Tel: +1 671 646 3884
 Fax: +1 671 649 4932
 www.deloitte.com

June 9, 2006

Luis S.N. Reyes
 Interim Superintendent of Education
 Guam Public School System
 Government of Guam:

In planning and performing our audit of the financial statements of Guam Public School System (GPSS) for the year ended September 30, 2005, on which we have issued our report dated June 9, 2006, we developed the following recommendations concerning matters related to its internal control. Our recommendations are summarized below:

Finding No. 2005-01 – Fixed Assets - Vehicles

Condition:

The following vehicle identification numbers (VINs) per the vehicle inventory schedule were inaccurate, as follows:

| <u>License #</u> | <u>Per Vehicle Inventory Schedule</u> | <u>Per SPED office and Audit Observation</u> |
|------------------|---------------------------------------|--|
| 4287 | 1FDXE45PX4HA86952 | 1FDXE45P35HA10412 |
| 4288 | 1FDXE45P75HA06833 | 1FDXE45PX4HA86952 |

Recommendation:

On a periodic basis, the responsible property management personnel should reconcile the vehicle inventory schedule with the inventory listing maintained at the SPED office. Any discrepancies should be immediately investigated and corrected.

Finding No. 2005-02 – Recordkeeping

Condition:

Based on procedures performed during our search for unrecorded liabilities, we noted the following:

1. For one of 92 samples selected, the purchase order jacket was available for review, but the invoice and check copy were not included in the jacket:

| <u>Inv #</u> | <u>P/O # FORM</u> | <u>CK #</u> | <u>CK date</u> | <u>Amount</u> |
|--------------|-------------------|-------------|----------------|---------------|
| 4600 | 200500081 PO05 | 262928 | 11/16/2005 | \$ 8,321 |

Luis S.N. Reyes
Interim Superintendent of Education
Guam Public School System
June 9, 2006

Page 2

2. For three of 92 samples selected, the purchase order jacket was not available for the following transactions:

| <u>Inv #</u> | <u>P/O #</u> | <u>FORM</u> | <u>CK #</u> | <u>CK date</u> | <u>Amount</u> |
|---------------|--------------|-------------|-------------|----------------|---------------|
| 486 | 200505281 | PO05 | 262392 | 10/20/2005 | \$ 37,394 |
| D140509 | 200506611 | PO05 | 262905 | 11/16/2005 | \$ 4,230 |
| PP#7012232880 | 200507468 | PO05 | 264749 | 03/01/2006 | \$ 15,186 |

Recommendation:

The responsible Business Office personnel should strengthen record keeping controls to ensure that purchase order files are properly stored and readily available for review to substantiate transactions.

* * * * *

This report is intended solely for the information and use of the Guam Education Policy Board and management of the Guam Public School System and the Office of the Public Auditor of Guam.

We wish to express our appreciation for the cooperation of the staff and management of GPSS during the course of our audit. We would be available to discuss any questions that you may have concerning the above comments at your convenience.

Very truly yours,

