

*Management Letter*

**Guam Ancestral Lands Commission**

(A Governmental Fund of the Government of Guam)

*Year ended September 30, 2022*





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

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Management and the Board of Commissioners  
Guam Ancestral Lands Commission

In planning and performing our audit of the financial statements of Guam Ancestral Lands Commission (the “Commission”) as of and for the year ended September 30, 2022, 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, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing our audit 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 the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’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 deficiency in internal control (as described above):

### **Implementation of GASB Statement No. 87, Leases**

#### Observation

The Commission’s initial assessment of the implementation of GASB No. 87 was provided in October 2023. Due to the recent finalization of lease agreement with one lessee, an updated calculation was subsequently provided in January 2024, which resulted in a proposed audit adjustment.

#### Recommendation

We recommend the Commission consider designating personnel and provide necessary training to develop the skill set and knowledge over the implementation of new GASB statements.

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This communication is intended solely for the information and use of management and the Board of Commissioners 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 matters or to respond to any questions, at your convenience.

*Ernst + Young LLP*