

Management Letter

Guam Housing and Urban Renewal Authority
(A Component Unit of the Government of Guam)

Year Ended September 30, 2023





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June 26, 2024

Ms. Elizabeth F. Napoli
Acting Executive Director
Guam Housing and Urban Renewal Authority
117 Bien Venida Avenue
Sinajana, GU 96910

Dear Ms. Napoli:

In planning and performing our audit of the financial statements of the Guam Housing and Urban Renewal Authority (GHURA) as of and for the year ended September 30, 2023 (on which we have issued our report dated June 26, 2024), 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 GHURA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GHURA's internal control. Accordingly, we do not express an opinion on the effectiveness of GHURA'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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies that we wish to bring to your attention.

Allowance for Doubtful Accounts

Condition:

As of September 30, 2023, management did not provide a provision for doubtful accounts receivable over 90 days outstanding in the amount of \$576,821. Management excluded tenant-fraud receivables and housing assistance payment recoverable amounts, which have been substantially outstanding for more than a year. As the amount was not considered material to the financial statements, no audit adjustment was proposed.

Recommendation:

We recommend management revisit the provisioning methodology and consider a periodic analysis of all past due accounts.

Pension and OPEB Reconciliation

Condition:

As of September 30, 2023, GHURA's beginning net pension and OPEB balances did not agree to the prior-year audited ending balances resulting in unreconciled variances. Such was corrected during the audit.

Recommendation:

We recommend management perform timely reconciliations of the beginning pension and OPEB balances.

Net Position Reconciliation

Condition:

As of September 30, 2023, GHURA's beginning net position did not agree to the prior-year audited ending net position resulting in an unreconciled variance of \$357,873. An audit adjustment was proposed to correct this misstatement.

Recommendation:

We recommend management perform timely reconciliations of the beginning net position balance.

Deferred Charges Subledger

Condition:

As of September 30, 2023, management did not provide a deferred charges schedule or subledger in the amount of \$381,101.

Recommendation:

We recommend management to prepare schedules and subledgers for all general ledger accounts.

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

Ernst + Young LLP