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Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, Guam 96913

Re: Internal Control over Financial Reporting

Gentlemen:

I refer to your letter dated May 29, 2021 regarding internal control over financial reporting and offer the following comments.

SECTION I – DEFICIENCIES

A. Department of Administration (DOA)

(1) Transaction Processing System (TPS) Receipts

It is acknowledged that monitoring sequences of receipts is an important feature of accounting controls not possible with the current accounting system. We will ensure that the new FMIS system addresses this deficiency.

(2) Opening Fund Balances

Reconciliation of opening fund balances is not facilitated by current accounting systems and practices. Both will be addressed when a new accounting system is implemented.

(3) Uncollected Receivables

DOA will agree offsets with both agencies for these amounts in FY 2021. Prior Year obligations may be addressed in FY 2021, as this provision was included in Budget Legislation for this year.

(4) Special Revenue Fund Deficits

Special Fund deficits occur when annual appropriations exceed either actual collected revenues or the related fund balance reflecting a prior year deficit. DOA has established controls to prevent expenditures exceeding available fund balances.

(5) General Ledger Reconciliations

DOA is reviewing staffing patterns in its Division of Accounts to address existing and expected priorities, including more frequent periodic interim reporting of the General Fund and Special Funds. Recent resignations and retirements will permit recruiting which aligns more closely with recommended accounting practices.

(6) Retired Governors, Lieutenant Governors and Judges Pensions

DOA has raised this matter and a number of other matters with GovGuam Retirement Fund in order that this liability be included in the next annual pension actuarial valuation.

(7) Personnel Costs

DOA advised Line Agencies that Overtime should be reported as soon as it has been incurred so that it can be paid. Despite agencies' reluctance to submit time sheets promptly due to budget overruns, DOA has reminded agencies that the obligation materializes as the overtime is worked and the resultant payment is a consequence of such work. Standardized time sheets introduced at the beginning of 2021 and improved reporting should prevent overpayments and underpayments.

B. Child Support Endorsement Division (CSED/Division of Accounts)

DOA will coordinate with the Office of the Attorney General to address the remaining differences and to support legislation to escheat unclaimed child support payments related to periods before 2004.

C. Public Defender services Corporation (PDSC)

PDSC has incorporated the required adjustments into the ledger as of September 30, 2021 and has taken steps to ensure that reconciliation will be completed in the future.

D. Guam Election Commission

GEC has established a standard procedure to submit monthly financial reports and reconciled bank statements to DOA/Division of Accounts.

E. Unified Courts of Guam (UCG)

Monitoring of Probation Accounts

The Judiciary has created a Task Force comprised of representatives of multiple divisions to address this recommendation. The team continues to be tasked with determining authorization and qualification relative to write-offs of expired cases.

F. Department of Corrections (DOC)

Timely Federal Bureau of Prisons Reimbursements.

DOC and DOA have taken action to address this issue and reimbursements in FY 2021 are now timely [DOA/Division of Accounts to confirm]

G. Customs and Quarantine Agency (CQA)

CQA has taken steps for their financial team to process outstanding invoices timely for submission to DOA.

SECTION II – OTHER MATTERS

A. General Services Agency (GSA)

(1) Expired Contract

GSA will include in its Standard Practices reviews of expired contracts.

(2) Emergency Procurement of Telephone Services

DOA will issue guidance for procurement of telephone services at GPD and other agencies.

B. Unified Courts of Guam (UCG)

Loan Covenants

The Judiciary is working with the Lender to address this covenant in order that the loan remains within compliance.

Unpaid Traffic Citations

The Judiciary has established collection efforts for unpaid traffic citations, including public postings, tax garnishments, online payments and tax garnishments. Traffic citation case receivables are being reviewed to ensure accuracy of publicly released information.

A handwritten signature in blue ink, appearing to read "L. J. B.", is located in the middle-left portion of the page.