

*Management Letter*

**Guam Visitors Bureau**

(A Component Unit of the Government of Guam)

*Year Ended September 30, 2024*



June 4, 2025

Management and the Board of Directors  
Guam Visitors Bureau

In planning and performing our audit of the financial statements of the Guam Visitors Bureau (GVB) as of and for the year ended September 30, 2024, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing 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 GVB's internal control. Accordingly, we do not express an opinion on the effectiveness of GVB'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 deficiencies in internal control (as described above) related to the operations of GVB:

## **1. Subscription Assets and Liability**

Comment: Government Accounting Standards Board Codification (GASB Cod.) S80.156-157 on Subscription-Based Information Technology Arrangements (SBITA) states that a government should account for an amendment during the reporting period resulting in a decrease in the government's right to use the underlying IT assets (for example, the subscription term is shortened or the underlying IT assets are reduced) as a partial or full SBITA termination. A government generally should account for the partial or full SBITA termination by reducing the carrying values of the subscription asset and subscription liability and recognizing a gain or loss for the difference.

In 2024, GVB did not renew its SBITA contract with one vendor but the related SBITA asset, net and liability amounting to \$155,172 and 159,789, respectively, as September 30, 2024 has not been derecognized. An audit adjustment with a resulting gain on SBITA termination of \$4,617 was proposed and recorded by management.

## **1. Subscription Assets and Liability, continued**

Recommendation: GVB should review its existing SBITA contracts at the end of the fiscal year to determine potential adjustment for partial or full SBITA termination, when applicable.

## **2. Other Receivables**

Comment: GASB Cod. N50.118 provides that recipients should recognize receivables and revenues from voluntary nonexchange transactions net of estimated uncollectible amounts.

In 2024, GVB's receivable amounting to \$218,254 from a GovGuam line agency arising from a cost-reimbursement arrangement remained outstanding as of May 2025. GVB is uncertain of the collectability of this receivable after several collection attempts with management. An audit adjustment reversing the recorded receivable and revenue was proposed and recorded by management.

Recommendation: GVB should review and assess collectability of receivable balances and reverse estimated uncollectible amounts when necessary.

## **3. IT Manage User Access**

Comment: GVB did not perform a review of access rights of individuals who have access to the accounting system in FY2024.

Recommendation: GVB should consider implementing an annual review of individual access rights to the accounting system.

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This communication is intended solely for the information and use of management and the Board of Directors of the Guam Visitors Bureau, 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 please to discuss the above matter or to respond to any questions, at your convenience.

*Ernest & Young LLP*