

Management Letter

**Government of Guam
Solid Waste Operations Fund, Capital Projects Fund,
and Debt Service Fund**
(Governmental Funds of the Government of Guam)

Year Ended September 30, 2024



July 25, 2025

Honorable Lou Leon Guerrero
Governor of Guam

Board of Directors
Guam Solid Waste Authority

In planning and performing our audit of the financial statements of the Solid Waste Operations Fund, Capital Projects Fund, and Debt Service Fund, governmental funds of the Government of Guam (the Funds), 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 *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 the Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified other matter that we wish to bring to your attention.

Financial Management Information System (FMIS)

Observation:

In 2024, the DOA transitioned to using a new FMIS system – D365. Based on the audit team's audit procedures, it was noted that the financial data provided for the current year, including the trial balances and the general ledgers, contained inaccuracies that required manual reconciliation and adjustments by the Funds' Comptroller. The inaccuracies are attributed to the bulk of transactions migrated from the previous FMIS (AS400) and the lack of review of transactions posted to the new FMIS.

Recommendation:

We recommend to implement a detailed review process for all entries posted in D365. This should include a detailed reconciliation of trial balances and general ledgers to identify and resolve discrepancies. Further, there should be timely communication between the DOA and the Funds' management on any adjustments to ensure balances are updated as part of the Funds' financial statement close process.

Honorable Lou Leon Guerrero
Governor of Guam

July 25, 2025
Page 2

Board of Directors
Guam Solid Waste Authority

This communication is intended solely for the information and use of management, the board of directors and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

July 25, 2025