

Management Letter

Business and Technology Academy Charter School
(A Non-Profit Organization)

Year ended September 30, 2025



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March 6, 2026

The Board of Trustees
Business and Technology Academy Charter School

In planning and performing our audit of the financial statements of the governmental activities and the General Fund of the Business and Technology Academy Charter School (the “Academy”) as of and for the year ended September 30, 2025, 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 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 Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’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 other matters that should be brought to your attention:

Accounting for Leases

Condition: During our testing of leases, we noted significant discrepancies between the schedule provided by management and the lease entries recorded. These discrepancies stem from the initial recognition of the right-of-use asset and related lease liability, while the amortization and interest expense align with the schedule.

Accounting for Leases, continued

Recommendation: We recommend the Academy continue to utilize the calculation schedule, as it aligns with the requirements established by Governmental Accounting Standards Board No. 87. Additionally, it is essential to ensure consistency between the schedule and the corresponding entries recorded in the books.

Bank Reconciliations

Condition: During our walkthrough procedures pertaining to the bank reconciliation process, we noted a February 2025 transaction included in the March 2025 bank reconciliation, which was confirmed to be a clerical error. Additionally, we observed that management prepares bank reconciliations only after receiving the bank statements, resulting in the absence of reconciling items.

Recommendation: We recommend the Academy conduct a thorough review of the bank reconciliation process to prevent any errors. Additionally, we recommend management prepare bank reconciliations in conjunction with the month-end closing of the books, rather than waiting for the bank statements.

Month-End/Year-End Accrual Entries

Condition: During our payroll walkthrough procedures, we observed that payroll costs for the September 6 and September 20 pay periods were recorded in the subsequent fiscal year. This resulted in an understatement of payroll expenditures/expenses and related accruals. Additionally, in our tests for unrecorded liabilities, the team noted that costs incurred near year-end were not recognized by the School, despite these costs being included in the School's allotment requests for the year.

Recommendation: We recommend the Academy enhance its year-end closing process by allocating additional time and resources for the review of transactions. This will help ensure that any misstatements are identified and corrected in a timely manner.

Enrollment Listing

Condition: During our review of the student enrollment listing, we noted a duplicate name among the enrolled students. The presence of this duplicate has led to an overstatement of revenues by management, resulting in an excess over the budget allocated by the Government of Guam.

Recommendation: We recommend the Academy enhance its data maintenance practices to ensure that the data is consistently updated, accurate, and free from duplicates. This is essential, as the data is utilized for reporting purposes and revenue recognition.

Continuous Professional Development

Condition: We noted that the accounting team is new, small in resource personnel, and still acquiring the necessary expertise to perform financial reporting.

Recommendation: We recommend the Academy continue to training and development to its personnel to improve and keep up to date with changing reporting and regulatory requirements.

This communication is intended solely for the information and use of management and the Board of Trustees, others within the organization, and the Office of Public Accountability - Guam 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