

*The Auditor's Communication With Those Charged  
With Governance*

**University of Guam**

(A Component Unit of the Government of Guam)

*Year ended September 30, 2022*





Ernst & Young LLP  
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August 21, 2023

The Board of Regents  
University of Guam  
303 University Drive  
UOG Station  
Mangilao, Guam, 96913

We have performed an audit of the financial statements of University of Guam (the University), a component unit of the Government of Guam, and its discretely presented component unit as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and have issued our report thereon dated August 21, 2023.

Provided below is a summary of required communications between the audit team and those charged with governance, as required by AICPA Clarified US Auditing Standard (AU-C) 260, *“The Auditor’s Communication With Those Charged With Governance”*, and other applicable auditing standards.

This communication is intended solely for the information and use of the University’s Board of Regents and management and the Office of Public Accountability of Guam, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

## **REQUIRED COMMUNICATIONS**

### **Auditors' Responsibilities under GAAS, including our discussion of the type of auditor's report we are issuing and the circumstances that affect the form and content of our auditor's report, if applicable**

Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you.

We have issued an unmodified opinion on the University's financial statements as of and for the year ended September 30, 2022.

An audit of financial statements includes consideration of internal control over financial reporting 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 the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

### **Changes to the audit strategy, timing of the audit and significant risks identified**

Our audit strategy is consistent with the plan communicated during the October 2022 meeting.

### **Matters relevant to our evaluation of the entity's ability to continue as a going concern**

We did not identify any events or conditions that led us to believe there was substantial doubt about the University's ability to continue as a going concern.

### **Our views about the qualitative aspects of the entity's significant accounting practices, including:**

- **Accounting policies**
- **Accounting estimates**

Management has not selected or changed any significant policies or changed the application of those policies in the current year. A discussion of significant accounting policies and sensitive accounting estimates have been included in footnote 1 of the financial statements.

We are not aware of any significant accounting policies used by the University in controversial or emerging areas or for which there is a lack of authoritative guidance.

We determined that those charged with governance are informed about management's process for formulating particularly sensitive estimates and about the basis to our conclusions regarding the reasonableness of those estimates.

Management's judgment is called upon in:

- Preparing budgets that are used to administer and monitor the University's operations. These budgets include determining how existing financial resources will be used in the University's operations.
- Determining the adequacy of the allowance for accounts receivable.
- Determining the assumptions used in measuring significant accounting estimates for financial accounting purposes.

**Related party relationships and transactions**

We noted no significant matters regarding the University's relationships and transactions with related parties.

**Changes to the terms of the audit with no reasonable justification for the change**

We are not aware of any matters that require communication.

**Significant unusual transactions**

We are not aware of any significant unusual transactions executed by the University.

**Difficult or contentious matters subject to consultation outside of the audit team**

None.

**Material corrected misstatements related to accounts and disclosures**

Refer to "Management Representations Letter" in Appendix A.

**Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial**

Refer to "Management Representations Letter" in Appendix A.

**Significant deficiencies and material weaknesses in internal control over financial reporting**

No significant deficiencies and material weaknesses have been identified. We have identified certain deficiencies in the internal control and other matters during the course of our audit which have been included in our separately issued management letter dated August 21, 2023.

**Fraud and noncompliance with laws and regulations (illegal acts)**

We are not aware of any matters that require communication.

**Independence matters**

We are not aware of any matters that in our professional judgment would impair our independence.

**New accounting pronouncements**

Management is still assessing the impact of adopting the following GASB Statements:

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

**Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention**

We are not aware of any matters that require communication.

**Disagreements with management and significant difficulties encountered in dealing with management when performing the audit**

There were no material disagreements with the University's management on financial accounting and reporting matters during the audit.

**Management's consultations with other accountants**

We are not aware of any consultations made by management with other accountants or specialists.

**Other material written communications with management**

None.

**Other matters**

There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.

### **AICPA ethics ruling regarding third-party service providers**

From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with the University or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.

### **Representations from management**

We have obtained from management a representations letter related to the audit and a copy of the management representations letter is included in Appendix A.

### **Engagement team's involvement with preparation of the financial statements**

Under GAS 2011 Revisions, Chapter 3 General Standards, Paragraph 3.34 Requirements for Performing Non-audit Services explains that the audit team should make consideration of management's ability to effectively oversee the non-audit (or non-attest) services to be performed. The engagement team should determine that the audited entity has designated an individual(s) who possesses suitable skill, knowledge or experience and that the individuals understand the services to be performed sufficiently to oversee them. The engagement team should document consideration of management's ability to oversee non-audit services to be performed.

The engagement team believes that this significant threat is reduced to an acceptable level upon application of the following safeguards:

- An engagement quality review was performed by a qualified Ernst & Young Partner who was not otherwise involved in the audit.
- All adjusting journal entries that Ernst & Young posted to the trial balance have been approved by management of the University.
- The preparation of the financial statements is based on the University's trial balance with the understanding that underlying books and records are maintained by the University's accounting department and that the final trial balance prepared by the University is complete.
- The University's Vice President for Administration and Finance and Comptroller have the skill set to oversee and review the completeness and accuracy of the financial statements and footnote disclosures.

## Appendix

A – Management’s Representation Letter

A – Management’s Representation Letter



OFFICE OF THE PRESIDENT

August 21, 2023

Ernst & Young LLP  
231 Ypao Road  
Suite 201 Ernst & Young Building  
Tamuning, Guam 96913

In connection with your audit of the financial statements of the University of Guam (the University), and its discretely presented component unit, as of September 30, 2022 and for the year then ended, we recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects, the respective financial position of the University and the business-type activities and the discretely presented component unit and the respective changes in financial position and cash flows, where applicable, thereof in conformity with US generally accepted accounting principles (US GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

***Management's responsibilities***

We have fulfilled our responsibilities, as set forth in the terms of the audit engagement agreement dated October 24, 2022, for the preparation and fair presentation of the financial statements (including disclosures) in accordance with US GAAP applied on a basis consistent with that of the preceding periods.

In preparing the financial statements, we evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University’s ability to continue as a going concern for one year after the date that the financial statements are issued, and to provide appropriate financial statement disclosure, when applicable, related to going concern and using the going concern basis of accounting unless we prepared the financial statements in accordance with the liquidation basis of accounting.

We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. We have provided you with:

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*The University of Guam is a U.S. Land Grant and Sea Grant Institution accredited by the WASC Senior College and University Commission. UOG is an Equal Opportunity Provider and Employer committed to diversity, equity, and inclusion through island wisdom values of inadahi yan inagofii'e: respect, compassion, and community.*



A – Management’s Representation Letter, continued

- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, data, documentation and other matters
- Additional information that you have requested from us for the purpose of the audit
- Unrestricted access to persons within the University from whom you determined it necessary to obtain evidence

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

From October 1, 2021 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the financial statements of any opinion unit that comprises the basic financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

***Corrected misstatements***

We are in agreement with the audit adjustments you have proposed (Appendix A) and have posted the adjusting journal entries to the University’s books.

***Uncorrected misstatements***

We believe that the effects of any uncorrected misstatements, summarized in the accompanying schedule (Appendix B), accumulated by you during the current and prior audit period presented are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. In addition, to the extent that uncorrected misstatements have been subsequently identified in the current period that affect prior period financial statements, we have evaluated the effect of correcting prior period financial statements and believe that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to both the current and prior period financial statements for each opinion unit.

***Internal control***

There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We are not aware of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting.

***Minutes and contracts and internal audit reports***

The dates of meetings of regents and important management committees are as follows:

A – Management’s Representation Letter, continued

11/18/2021	Regular Meeting of the Board of Regents (BOR)
02/24/2022	Regular Meeting of the Board of Regents (BOR)
04/21/2022	Regular Meeting – Amended – of the Board of Regents (BOR)
05/23/2022	Special Meeting of the Board of Regents (BOR)
09/15/2022	Regular Meeting of the Board of Regents (BOR)
11/17/2022	Regular Meeting of the Board of Regents (BOR)
02/23/2023	Regular Meeting of the Board of Regents (BOR)
04/27/2023	Regular Meeting of the Board of Regents (BOR)
06/06/2023	Special Meeting of the Board of Regents (BOR)
06/22/2023	Special Meeting of the Board of Regents (BOR)
07/27/2023	Special Meeting of the Board of Regents (BOR)

We have made available to you all minutes of the meetings of regents or summaries of actions of recent meetings for which minutes have not yet been prepared.

We also have made available to you all significant contracts, including amendments, and agreements and have communicated to you all significant oral agreements. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.

***Methods, significant assumptions, and data used in making accounting estimates***

The appropriateness of the methods, the consistency in application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in developing accounting estimates and related disclosures, including those measured at fair value, are reasonable and supportable.

***Ownership and pledging of assets***

Except for right-to-use another entity’s nonfinancial asset (the underlying asset), the University has satisfactory title to all assets appearing in the statement of net position. No security agreements have been executed under the provisions of the Uniform Commercial Code, and there are no liens or encumbrances on assets, nor has any asset been pledged. All assets to which the University has satisfactory title appear in the statement of net position.

***Receivables and revenues***

Receivables have been determined in accordance with all relevant GASB Statements, including GASB Statements No. 33 and 62—as amended.

Adequate provision has been made for losses, costs and expenses that may be incurred subsequent to the statement of net position date in respect of any sales and services rendered prior to that date and for uncollectible accounts, discounts, returns and allowances, etc., that may be incurred in the collection of receivables at that date.

A – Management’s Representation Letter, continued

***Leases***

We have identified and accounted for all contracts that meet the criteria to be accounted for as a lease under GASB Statement No. 87—as amended. We have appropriately considered any modifications, termination or purchase options in the contract.

To measure the lease liability, we used the rate the lessor charges to us or the rate implicit in the lease. When the interest rate could not be readily determined, we then estimated our incremental borrowing rate (IBR). We believe our IBR is a reasonable estimate and represents an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

***Prepayments***

We believe that all material expenditures for which recognition has been deferred to future periods are recoverable.

***Long-lived assets to be held and used, including amortizable intangible assets***

No events or changes in circumstances have occurred that indicate the carrying amounts of long-lived assets to be held and used, including intangible assets that are subject to amortization, may not be recoverable.

***Fair value measurements***

We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements of GASB Statement No. 72—as amended.

***Related party relationships and transactions***

We have made available to you the names of all related parties and all relationships and transactions with related parties.

The substance of transactions with related parties as defined in GASB Statement No. 56—as amended, has been considered and appropriate adjustments or disclosures are made in the basic financial statements, and information concerning these transactions and amounts have been made available to you.

***Side agreements and other arrangements***

There have been no side agreements or other arrangements (either written or oral) that have not been disclosed to you.

***Arrangements with financial institutions***

A – Management’s Representation Letter, continued

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements have been properly recorded or disclosed in the financial statements.

***Events of default under debt agreements***

No events of default have occurred with respect to any of the University’s debt agreements.

***Contingent liabilities***

There are no unasserted claims or assessments, including those our lawyers have advised us of, that are probable of assertion and must be disclosed in accordance with GASB Statement No. 62—as amended other than those disclosed in the financial statements.

There have been no violations or possible violations of laws or regulations in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency other than those disclosed in the financial statements.

There have been no internal investigations or communications from regulatory agencies or government representatives in any jurisdiction concerning investigations or allegations of noncompliance with laws or regulations, noncompliance with or deficiencies in financial reporting practices, or other matters that could affect the financial statements other than those disclosed or accrued in the financial statements.

There are no other liabilities or gain or loss contingencies considered material, individually or in the aggregate, that are required to be accrued or disclosed by GASB Statement No. 62—as amended, *Contingencies* other than those accrued or disclosed in the financial statements, nor are there any accruals for loss contingencies included in the statement of financial position or gain contingencies reflected in earnings that are not in conformity with the provisions of GASB Statement No. 62—as amended.

There are no oral or written guarantees, including guarantees of the debt of others.

***Purchase commitments***

At September 30, 2022, the University had no purchase commitments for inventories in excess of normal requirements or at prices that were in excess of market at that date.

There were no agreements or commitments to repurchase assets previously sold. There were no material commitments outstanding at September 30, 2022 as a result of being a party to futures or forwards contracts, short sales or hedge transactions.

***Non-compliance with laws and regulations, including fraud***

We acknowledge that we are responsible to determine that the University’s business activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws or regulations, including fraud.

A – Management’s Representation Letter, continued

We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the University’s internal control over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the University.

We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

***Independence***

We have communicated to you the names of the University’s affiliates, officers and directors, or individuals who serve in such capacity for the University.

We are not aware of any business relationship between the University’s and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.

We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the University’s audit.

***Conflicts of interest***

There are no instances where any officer or employee of the University has an interest in a company with which the University does business that would be considered a “conflict of interest.” Such an interest would be contrary to the University’s policy.

***Effects of new accounting principles***

We have not completed the process of evaluating the effects that will result from adopting the amendments to the codification provided in Governmental Accounting Standards Board (GASB), as discussed in Note 1.

- GASB Statement No. 91
- GASB Statement No. 94
- GASB Statement No. 96
- GASB Statement No. 99
- GASB Statement No. 100
- GASB Statement No. 101

A – Management’s Representation Letter, continued

The University is therefore unable to disclose the effects that adopting the amendments in the aforementioned GASB Statements will have on its financial position and the changes in its financial position when such statement is adopted.

***Going concern***

In preparing the financial statements, we evaluated the entity’s ability to continue as a going concern for twelve months after the date that the financial statements are issued (or available to be issued, if applicable), and provide appropriate financial statement disclosure, as necessary under GASB requirements.

***Required supplementary information***

We acknowledge our responsibility for the required supplementary information on the management’s discussion and analysis on pages 5 through 16, the schedule of proportionate share of net pension liability on pages 66, 68 and 70, the schedule of contributions on pages 67, 69, 71 and 73, and the schedule of proportionate share of other postemployment benefits liability on page 72, which have been measured and presented in conformity with the guidelines established by the Governmental Accounting Standards Board in its applicable GASB Statement. There have been no changes in the methods of measurement or presentation of the required supplementary information from those used in the prior period.

We are responsible for the significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information. We believe that the significant assumptions and interpretations used are reasonable.

***Supplementary information***

We are responsible for the preparation and fair presentation of the following schedules (the “supplementary information”).

- Schedule 9 - Salaries, Wages and Benefits
- Schedule 10 - Schedule of Expenses by Object Category
- Schedule 11 - Schedule of Employee Information
- Schedule 12 - Schedule of Total Revenue Information
- Schedule 13 - Schedule of Fund Restriction Matrix
- Notes to Fund Restriction Matrix

We believe the supplementary information, including its form and content, is fairly stated in all material respects in relation to the basic financial statements as a whole.

There have been no changes in the methods of measurement or presentation of the supplementary information from those used in the prior period.

There are no significant assumptions or interpretations underlying the measurement or presentation of the information.

A – Management’s Representation Letter, continued

***Pension benefits***

We have disclosed to you all significant pension benefits promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

***Postemployment benefits other than pensions***

We have disclosed to you all significant postemployment benefits other than pensions (OPEBs) promised and have made available to you all significant summary plan descriptions, benefit communications and all other relevant information, including plan changes, that constitute the plan.

***Additional representations***

- We have followed all applicable laws and regulations in adopting, approving and amending budgets, deposits and investments, including collateral requirements on depository
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved. Investments, derivative transactions, and land and other real estate held by endowments are properly valued.
- Risk disclosures associated with deposits and investment securities transactions are presented in accordance with GASB requirements.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and, if applicable, depreciated.

***Other matters***

We have received a draft copy of our financial statements as of and for the year ended September 30, 2022. The accuracy and completeness of the financial statements, including footnote disclosures, are our responsibility.

You have assisted in the preparation of our financial statements based on information in our trial balance and accounting records. It is our understanding that:

- Our underlying books and records are maintained by our accounting department and that the final trial balance prepared by us is complete and,
- All adjusting journal entries posted to the trial balance have been approved by us, and
- We have designated a competent representative to oversee your services and that our personnel have sufficient financial competence who are able to challenge and review the completeness and accuracy of the financial statements, including footnote disclosures.

A – Management’s Representation Letter, continued

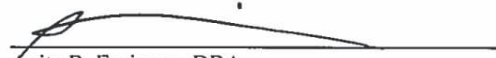
We have reviewed the draft financial statements for accuracy and completeness.

***Subsequent events***

Subsequent to September 30, 2022, no events or transactions have occurred or are pending that would have a material effect on the basic financial statements at that date or for the period then ended, or that are of such significance in relation to the University’s affairs to require mention in a note to the basic financial statements in order to make them not misleading regarding the financial position, changes in financial position and, where applicable, cash flows of the University.

We understand that your audit was conducted in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and was, therefore, designed primarily for the purpose of expressing an opinion on the basic financial statements of the University and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,

  
Anita B. Enriquez, DBA  
President

  
Randall V. Wiegand  
Vice President for Administration and Finance/CBO

  
Abigail Martin  
Comptroller



A – Management’s Representation Letter, continued

**Appendix A – Schedule of Corrected Misstatement**

**Communication schedule for corrected misstatements**

Entity:

Period ended:

Currency:

Corrected misstatements		Analysis of misstatements Debit/(Credit)									
No.	W/P ref.	Account  (misstatements are recorded as journal entries with a description)	Assets	Assets	Liabilities	Liabilities	Equity	Effect on the	Income statement effect		
			Current	Non-current	Current	Non-current	components	current period OCI	Debit/(Credit)	Non taxable	
			Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		
1	E1100	To reverse appropriations due from Gov Guam that are likely uncollectible									
		Government of Guam appropriations								508,968	
		Due from Gov Guam	(508,968)								
2	UB20110	To correct Gov Guam appropriations and healthcare and pension costs based on confirmation with Gov Guam									
		Retiree healthcare costs and other pension benefits (COLA/SP)								297,120	
		Government of Guam appropriations								(297,120)	
3	P2100	To record OPEB adjustments in FY2022									
		Operating expenses								1,826,098	
		Other non-operating income/expenses									
		Deferred inflow of resources				13,556,376					
		Deferred outflow of resources		(2,180,733)							
Net OPEB liability				(13,201,741)							
4	P1100	To record pension adjustments in FY2022									
		Operating expenses								(4,191,618)	
		Other non-operating income/expenses									
		Deferred inflow of resources				(7,862,267)					
		Deferred outflow of resources		(7,191,467)							
Net pension liability				19,245,352							
5	UA0120.1	To correct overstatement of both other revenues expenses (for entries relating to capitalized assets during the year)									
		Other revenues								14,331,526	
		Other operating expenses								(14,331,526)	
6	P0100	To properly present due to/from the US Federal government									
		Other receivables	220,767								
		Due from the US federal government	5,458,153								
		Due to the US Federal government				(5,678,920)					

Form 430GL (3 August 2022)

A – Management’s Representation Letter, continued

**Appendix A – Schedule of Corrected Misstatement, continued**

**Communication schedule for corrected misstatements**

Entity: University of Guam

Period ended: 30-Sep-2022

Currency: \$

Corrected misstatements			Analysis of misstatements Debit/(Credit)							Income statement effect of the current period	
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Debit/(Credit)	Non taxable	
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		
7	VD0130	To reverse lost revenue and expenses that are already recognized in federal grants									
		Other revenues							5,030,926		
		Institutional expense							(5,030,926)		
8	VD0130	To reverse indirect cost revenues and expenses that are already recognized in federal grants									
		Other revenues							4,468,436		
		Instruction expense							(2,242)		
		Public service expense							(497,410)		
		Research expense							(2,450,875)		
		Institutional expense							(1,517,909)		
9	A4.2	To present net due to/from other funds and transfers in/from fund in other assets									
		Due to/from other funds	136,714								
		Transfers in/from fund								(194,199)	
		Other assets	57,485								
10	UB20110	To correct Gov Guam appropriations and Gov Guam grants and contracts									
		Government of Guam appropriation								(500,000)	
		Government of Guam grants and contracts							500,000		
<b>Total of corrected misstatements before income tax</b>			5,364,151	(9,372,200)	(5,678,920)	11,737,720	0	0	(2,050,751)		
<b>Financial statement amounts</b>			35,416,667	156,816,586	(20,895,968)	(264,738,239)	93,400,954		(4,111,636)		
<b>Effect of corrected misstatements on F/S amounts</b>			15.1%	-6.0%	27.2%	-4.4%	0.0%		49.9%		

[For US PCAOB audits we are required to communicate all misstatements that are accumulated on our SAD.]

A – Management’s Representation Letter, continued

**Appendix B– Schedule of Uncorrected Misstatement**

**Communication schedule for uncorrected misstatements**

Entity:		University of Guam		Period Ended:		30-Sep-2022		Currency:		3					
No.	W/P ref.	Account (Note 1) <small>(misstatements are recorded as journal entries with a description )</small>	Analysis of misstatements Debit/(Credit)							Income statement effect of the current period		Income statement effect of the prior period			
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable			
<b>Factual misstatements:</b>															
PY SAD 01	E2130	To correct understatement of both due from grantors and federal revenues in relation to federal expenditures incurred by UOG in prior years													
		Due from grantors													
		Federal revenues												(1,986,758)	
SAD 01	K0111	To correct accumulated depreciation of LG Building arising from understated monthly depreciation charges in the prior years													403,474
		Depreciation expense													
		Accumulated depreciation													
SAD 02	K0122	To derecognize equipment not providing service utility to UOG													
		Equipment			(1,811,720)										
		Accumulated depreciation			1,147,537										
		Loss on asset disposal									664,183	X		261,609	
SAD 03	VD0140	To accrue contractual expenses for services received by UOG during the fiscal year.													
		Contractual expenses											262,819	X	
		Accounts payable				(262,819)									
SAD 04	PD120	To correct deferred revenues in relation to UOG Calvo Field House as vaccination site which was erroneously recorded in deferred revenues													
		Deferred revenues				385,038									
		Government of Guam grants and contracts											(385,038)	X	(500,466)
SAD 05	N0140	To accrue utilities expense related to September of the current fiscal year.													
		Utilities Expense											382,996	X	235,441
		Accounts payable				(382,996)									
SAD 06	E2100.5	To writeoff for grant receivables that have passed the expected liquidation period													
		Due from grantors			(340,776)										
		Expenses											340,776	X	

A – Management’s Representation Letter, continued

**Appendix B– Schedule of Uncorrected Misstatement, continued**

**Communication schedule for uncorrected misstatements**

Entity:		University of Guam		Period Ended:		30-Sep-2022		Currency:		\$		
No.	W/P ref.	Account (Note 1) <small>(misstatements are recorded as journal entries with a description )</small>	Analysis of misstatements Debit/(Credit)					Effect on the current period OCI	Income statement effect of the current period		Income statement effect of the prior period	
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)		Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
<b>Projected misstatements:</b>												
SAD 07	LREG100	To record projected error in relation to contracts identified as leases and errors noted in UOGO's inventory of transactions (GASB 87 implementation)										
		Lease asset, net		303,662								
		Leasee liability				(303,662)						
		Depreciation							163,830	X		
		Interest expense							2,077	X		
		Rent expense						(165,913)	X			
PY SAD 02	UA0120	To correct 2021 other revenues erroneously recorded in 2022										
		Other revenues									(497,062)	
		Receivables										
<b>Reclassification misstatements:</b>												
RJE 01	E2130	To correct presentation of receivables										
		Other receivables		(284,718)								
		Due from grantors		284,718								
RJE 02	HD110	To correct presentation of cash and investments										
		Cash and cash equivalents		375,907								
		Investments		(375,907)								
RJE 03	UA0120	To eliminate internal administrative fees and expenses being charged by RCUOG on internal projects without indirect costs										
		Administrative fee revenues							439,617	X		
		Administrative fee expenses							(439,617)	X		
RJE 04	UA0100	To reclassify nonoperating federal grants related to Higher Education Emergency Relief Fund (institutional and minority serving institutions portion)										
		Federal grants and contracts- operating							7,191,422	X		
		Federal grants and contracts- nonoperating							(7,191,422)	X		

A – Management’s Representation Letter, continued

**Appendix B– Schedule of Uncorrected Misstatement, continued**

Communication schedule for uncorrected misstatements

Entity:		University of Guam		Period Ended:		30-Sep-2023		Currency:		\$			
No.	W/P ref.	Account (Note 1) <small>(misstatements are recorded as journal entries with a description)</small>	Analysis of misstatements Debit/(Credit)					Income statement effect of the current period		Income statement effect of the prior period			
			Assets Current Debit/(Credit) (Note 2)	Assets Non-current Debit/(Credit) (Note 2)	Liabilities Current Debit/(Credit) (Note 2)	Liabilities Non-current Debit/(Credit) (Note 2)	Equity components Debit/(Credit)	Effect on the current period OCI Debit/(Credit)	Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable	
<b>Judgmental misstatements:</b>													
SAD 08	IP2100, 01	To correct OPEB expense difference based on actuarial valuation								373,560	X		
		OPEB Expense											
		Deferred inflows of resources				(373,560)							
<b>Total of uncorrected misstatements before income tax</b>			(340,776)	(360,521)	(260,777)	(677,222)	0	0	0	1,639,296		(2,083,762)	
<b>Total of uncorrected misstatements</b>			(340,776)	(360,521)	(260,777)	(677,222)	0	0	0	1,639,296		(2,083,762)	
Financial statement amounts			35,416,667	156,816,586	(20,865,968)	(264,738,239)	93,400,954			(4,111,636)		(5,604,682)	
Effect of uncorrected misstatements on F/S amounts			-1.0%	-0.2%	1.2%	0.3%	0.0%			-39.9%		37.2%	
Memo: Total of non-taxable items (marked 'X' above)										1,639,296		0	
Uncorrected misstatements before income tax										1,639,296		(2,083,762)	
Less: Tax effect of misstatements at current year marginal rate									0%	0		0	
Uncorrected misstatements in income tax										0		0	
Cumulative effect of uncorrected misstatements after tax but before turnaround										-39.9%	1,639,296	(2,083,762)	
Turnaround effect of prior period uncorrected misstatements													
All factual and projected misstatements:										After tax	Memo: Before tax		
Judgmental misstatements (Note 3):										2,083,762	2,083,762		
Cumulative effect of uncorrected misstatements, after turnaround effect										-90.5%	3,723,052		
Current year income before tax										(4,111,636)			
Current year income after tax										(4,111,636)			

A – Management’s Representation Letter, continued



OFFICE OF THE PRESIDENT

August 21, 2023

Ernst & Young LLP  
231 Ypao Road  
Suite 2021 Ernst & Young Building  
Tamuning, Guam, 96913

We are providing this letter in connection with your audit of the federal award programs of University of Guam (the University) as of and for the year ended September 30, 2022, which was performed in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the Single Audit Act Amendments of 1996, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). We recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure and we understand that the purpose of your testing of transactions and records from the University’s federal programs was to obtain reasonable assurance that the University had complied, in all material respects, with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of its major programs.

In connection with your audit, we confirm, to the best of our knowledge and belief, the following representations:

1. We acknowledge our responsibility for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs. We are responsible for complying, and have complied, with the requirements of the Uniform Guidance.
2. We have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each of the College’s major federal programs.
3. We have identified and disclosed to you any changes to compliance requirements for any COVID-19 related awards.
4. We have identified and disclosed to you any compliance requirement flexibilities provided by federal grantor agencies for any existing awards not due to additional COVID-19 funding.
5. We have identified and disclosed to you any compliance requirement flexibilities provided by federal grantor agencies for existing awards due to those respective agencies’ adoption of various COVID-19 related US Office of Management and Budget memoranda listed in Appendix VII of the OMB Compliance Supplement.

A – Management’s Representation Letter, continued

6. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
7. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
8. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
9. We acknowledge our responsibility for the design, implementation, and maintenance of internal control over compliance and have designed, implemented and maintained effective internal control over compliance for federal programs that provides reasonable assurance that federal awards are managed in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on the federal programs.
10. We have complied in all material respects with the requirements of the Uniform Guidance including with the direct and material compliance requirements, and with federal statutes, regulations, and the terms and conditions federal awards related to each of the federal programs.
11. We have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
12. We are responsible for the presentation of the Schedule of Expenditures of Federal Awards (“the Schedule”) in accordance with the Uniform Guidance, 2 CFR 200.510(b). We believe the schedule, including its form and content, is presented in accordance with the Uniform Guidance, 2 CFR 200.510(b). There have been no changes in the methods of measurement or presentation of the schedule from those used in the prior period. There are no significant assumptions or interpretations underlying the measurement or presentation of the schedule.
13. We acknowledge that it is our responsibility for understanding and complying with the compliance requirements related to the preparation of the Schedule. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit and have included in the Schedule all expenditures made during the period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees and other noncash awards, property (including donated surplus property), cooperative agreements under the Federal Acquisition Regulations, interest subsidies, insurance, food commodities, direct appropriations and other direct assistance. The schedule is accurate and complete in all material respects, presents the information required by the Uniform Guidance, and includes all federal program expenditures made during the year ended September 30, 2022.
14. We have charged costs to federal awards in accordance with applicable cost principles.
15. Information presented in federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the University’s financial statements have been prepared, and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards.
16. Amounts claimed or used for matching were determined in accordance with the applicable cost principles and administrative requirements.

A – Management’s Representation Letter, continued

17. The copies of the University’s federal program financial reports provided to you are true copies of the reports submitted or electronically transmitted to the federal agencies or pass-through entities, as applicable.
18. We acknowledge our responsibility for the design, implementation and maintenance of a system of internal control to prevent and detect fraud. We have no knowledge of any fraud or suspected fraud affecting federal programs involving management or other employees who have a significant role in internal control over financial reporting and compliance. In addition, we have no knowledge of any fraud or suspected fraud involving other employees where the fraud could have a material effect on the federal programs. We have disclosed to you any allegations of financial improprieties, including fraud or suspected fraud, coming to our attention (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”) where such allegations could result in a misstatement of the financial statements or otherwise affect the financial reporting of the federal program.
19. We have accurately completed the appropriate sections of the Data Collection Form.
20. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance.
21. The reporting package does not contain protected personally identifiable information.
22. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
23. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of this letter.
24. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the year ended September 30, 2022 to the date of this letter.
25. We have disclosed to you all known noncompliance with direct and material compliance requirements occurring subsequent to the year ended September 30, 2022.
26. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the year ended September 30, 2022.
27. We have disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the year ended September 30, 2022.
28. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.



A – Management’s Representation Letter, continued

29. From October 1, 2021 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on a major federal program, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.
30. We have communicated to you the names of all of the University’s affiliates, officers and directors, or individuals who serve in such capacity for the University.
31. We are not aware of any business relationship between the University and Ernst & Young LLP or any other member firm of the global Ernst & Young organization.
32. We are not aware of any reason that Ernst & Young LLP would not be independent for purposes of the University’s audit.
33. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
34. We have issued management decisions for any audit findings that relate to federal awards we make to subrecipients and that such management decisions are issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse.
35. We have followed up ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from us in our capacity as the pass-through entity
36. We have considered the results of subrecipient audits and made any necessary adjustments to our books and records.

In connection with your audit, we also confirm, to the best of our knowledge and belief, the following representations related to any findings included in the Schedule of Findings and Questioned Costs:

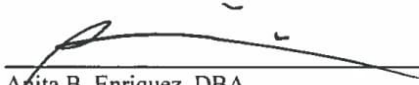
37. We have resolved any audit findings and recommendations directed to us and have a process to track their status.
38. We have taken timely and appropriate steps to remedy fraud, noncompliance with federal statutes, regulations, the terms and conditions of federal awards or abuse that you have reported.
39. We have provided views on your reported findings, conclusions and recommendations, as well as management’s planned corrective actions, for the report.


A – Management’s Representation Letter, continued

40. We have developed a corrective action plan that meets the requirements of the Uniform Guidance and addresses each of the findings reported in the Schedule of Findings and Questioned Costs.

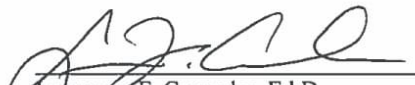
We understand that your audit was made in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the Single Audit Act Amendments of 1996, and the audit requirements of the Uniform Guidance and, and was, therefore, designed for the purpose of obtaining reasonable assurance about whether the Schedule of Expenditures of Federal Awards is presented fairly, in all material respects, in relation to the financial statements taken as a whole and whether the College had complied, in all material respects, with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each major federal program. Accordingly, we understand that your tests of the accounting and federal program records and other auditing procedures were limited to those that you considered necessary for those purposes.

Very truly yours,

  
\_\_\_\_\_  
Anita B. Enriquez, DBA  
President for the University of Guam

  
\_\_\_\_\_  
Randall Y. Wiegand  
Vice President for Administration and Finance

  
\_\_\_\_\_  
Abigail Martin  
Comptroller for Administration and Finance

  
\_\_\_\_\_  
Lawrence F. Camacho, Ed.D.  
Dean, Enrollment Management & Student Success