

**GOVERNMENT OF GUAM**

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**SINGLE AUDIT REPORTS**

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**YEAR ENDED SEPTEMBER 30, 2010**

**GOVERNMENT OF GUAM**  
**SINGLE AUDIT REPORTS**  
**YEAR ENDED SEPTEMBER 30, 2010**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Eddie B. Calvo  
Governor  
Government of Guam:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2010, which collectively comprise GovGuam's basic financial statements and have issued our report thereon dated June 24, 2011. Our report includes a reference to other auditors. We conducted our audit 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. Other auditors audited the financial statements of the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Port Authority of Guam, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, as described in our report on GovGuam's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters did not include the Guam Department of Education, the Guam Power Authority, the Guam Waterworks Authority, the Guam Community College, the Guam Economic Development Authority, the Guam Visitors Bureau, the Guam Memorial Hospital Authority, and the Guam Educational Telecommunications Corporation, which were all audited by us. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for these entities. Other auditors issued separate reports on their consideration of internal control over financial reporting and their tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Port Authority of Guam, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust. The findings, if any, included in those reports are not included herein.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered GovGuam's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 10-7 and 10-8 to be material weaknesses.

A *significant deficiency* is a deficiency or a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 10-9 to be significant deficiencies.

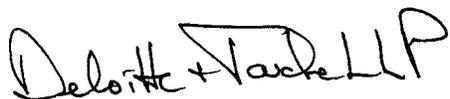
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether GovGuam's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 10-1.

We noted certain matters that we reported to management of GovGuam in a separate letter dated June 24, 2011.

GovGuam's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit GovGuam's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management of the Government of Guam, others within the entity, the Office of Public Accountability - Guam, federal awarding agencies, and pass-through entities 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.



June 24, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Honorable Eddie B. Calvo  
Governor  
Government of Guam:

### Compliance

We have audited the Government of Guam's (GovGuam's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Government of Guam's major federal programs for the year ended September 30, 2010. The Government of Guam's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs (pages 19 through 44). Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Government of Guam's management. Our responsibility is to express an opinion on the Government of Guam's compliance based on our audit.

As discussed in Note 2b to the Schedule of Expenditures of Federal Awards, GovGuam's basic financial statements include the operations of certain entities whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2010. Our audit, described below, did not include the operations of the entities identified in Note 2b as these entities conducted separate audits in accordance with OMB Circular A-133, if required.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GovGuam's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of GovGuam's compliance with those requirements.

As described in items 10-1, 10-2, 10-3, 10-5, and 10-6, in the accompanying Schedule of Findings and Questioned Costs, the Government of Guam did not comply with requirements regarding cash management, eligibility, equipment and real property management, procurement and suspension and debarment, and reporting that are applicable to its major federal programs as described in the Federal Award Findings and Questioned Cost Section of the accompanying Schedule of Findings and Questioned Costs (page 30). Compliance with such requirements is necessary, in our opinion, for the Government of Guam to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Government of Guam complied, in all material respects, with the requirements referred to above that could have a direct and material effect on CFDA 11.004 Census Intergovernmental Services; CFDA Program 15.875 Economic, Social and Political Development of the Territories; the WIA Cluster; CFDA Program 20.205 Highway Planning and Construction; CFDA Program 20.509 Formula Grants for Other Than Urbanized Areas; the Aging Cluster; CFDA Program 93.558 Temporary Assistance for Needy Families; CFDA Program 93.778 Medical Assistance Program (Medicaid); and CFDA Program 97.067 Homeland Security Grant Program. Also in our opinion, the Government of Guam complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended September 30, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-4.

### Internal Control Over Compliance

Management of GovGuam is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered GovGuam's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 10-1, 10-2, 10-3, 10-5, and 10-6 to be material weaknesses.

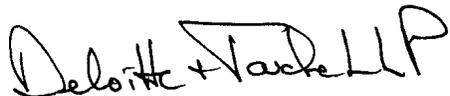
*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 10-4 to be significant deficiencies.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2010, and have issued our report thereon dated June 24, 2011, which report includes a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise GovGuam's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (pages 6 through 13) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of GovGuam. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

GovGuam's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit GovGuam's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management of the Government of Guam, others within the entity, the Office of Public Accountability - Guam, federal awarding agencies, and pass-through entities 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.

A handwritten signature in black ink that reads "Deloitte + Touche LLP". The signature is written in a cursive, stylized font.

June 24, 2011

# GOVERNMENT OF GUAM

## Summary of Schedule of Expenditures of Federal Awards, by Grantor Year Ended September 30, 2010

<u>Agency/Program</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture	\$ 109,462,643
U.S. Department of Commerce	11,489,514
U.S. Department of Defense	8,160,561
U.S. Department of Housing and Urban Development	59,246
U.S. Department of the Interior	21,278,491
U.S. Department of Justice	6,267,411
U.S. Department of Labor	6,606,021
U.S. Department of Transportation	51,246,580
National Foundation on the Arts and the Humanities	595,791
U.S. Environmental Protection Agency	2,870,261
U.S. Department of Energy	2,711,171
U.S. Department of Education	3,294,715
U.S. Department of Health and Human Services	54,508,498
Corporation for National and Community Service	1,890,031
U.S. Department of Homeland Security	<u>5,998,824</u>
GRAND TOTAL	<u>\$ 286,439,758</u>

Note: All awards are received direct from the Federal agency.

See accompanying notes to Schedule of Expenditures of Federal Awards.

# GOVERNMENT OF GUAM

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2010

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 3,549
10.156	Federal-State Marketing Improvement Program	-
10.170	Specialty Crop Block Grant Program - Farm Bill	-
10.551	Supplemental Nutrition Assistance Program	96,693,630
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	8,531,199
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	3,539,333
10.561	ARRA State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	48,589
10.572	WIC Farmers' Market Nutrition Program (FMNP)	62,141
10.664	Cooperative Forestry Assistance	327,113
10.675	Urban and Community Forestry Program	109,034
10.676	Forest Legacy Program	2,940
10.678	Forest Stewardship Program	-
10.680	Forest Health Protection	-
10.766	Community Facilities Loans and Grants	102,102
10.912	Environmental Quality Incentives Program	43,838
10.914	Wildlife Habitat Incentive Program	<u>(825)</u>
	U.S. DEPARTMENT OF AGRICULTURE TOTAL	<u>\$ 109,462,643</u>
U.S. DEPARTMENT OF COMMERCE		
11.004	Census Intergovernmental Services	\$ 9,354,081
11.407	Interjurisdictional Fisheries Act of 1986	18,212
11.419	Coastal Zone Management Administration Awards	1,203,129
11.426	Financial Assistance for National Centers for Coastal Ocean Science	124,887
11.437	Pacific Fisheries Data Program	44,303
11.454	Unallied Management Projects	12,590
11.463	Habitat Conservation	43,800
11.467	Meteorologic and Hydrologic Modernization Development	27,202
11.555	Public Safety Interoperable Communications Grant Program	<u>661,310</u>
	U.S. DEPARTMENT OF COMMERCE TOTAL	<u>\$ 11,489,514</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

# GOVERNMENT OF GUAM

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2010

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF DEFENSE		
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	\$ 114,528
12.401	National Guard Military Operations and Maintenance (O&M) Projects	2,846,159
12.607	Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	5,163,160
12.613	Growth Management Planning Assistance	<u>36,714</u>
U.S. DEPARTMENT OF DEFENSE TOTAL		<u>\$ 8,160,561</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.235	Supportive Housing Program	<u>\$ 59,246</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL		<u>\$ 59,246</u>
U.S. DEPARTMENT OF THE INTERIOR		
15.605	Sport Fish Restoration Program	\$ 1,247,922
15.608	Fish and Wildlife Management Assistance	56,593
15.611	Wildlife Restoration	188,961
15.615	Cooperative Endangered Species Conservation Fund	175,533
15.634	State Wildlife Grants	161,739
15.650	Research Grants (Generic)	20,350
15.875	Economic, Social, and Political Development of the Territories	18,873,728
15.904	Historic Preservation Fund Grants-In-Aid	406,345
15.916	Outdoor Recreation-Acquisition, Development and Planning	<u>147,320</u>
U.S. DEPARTMENT OF THE INTERIOR TOTAL		<u>\$ 21,278,491</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

# GOVERNMENT OF GUAM

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2010

CFDA#	Agency/Program	Expenditures
U.S. DEPARTMENT OF JUSTICE		
16.013	Violence Against Women Act Court Training and Improvement Grants	\$ 104,417
16.523	Juvenile Accountability Block Grants	34,985
16.532	Part E_National Priority Program Grants	201,685
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	46,918
16.548	Title V - Delinquency Prevention Program	10,160
16.554	National Criminal History Improvement Program (NCHIP)	-
16.575	Crime Victim Assistance	348,044
16.579	Edward Byrne Memorial Formula Grant Program	131,386
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	204,363
16.588	Violence Against Women Formula Grants	661,849
16.588	ARRA Violence Against Women Formula Grants	58,525
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	-
16.593	Residential Substance Abuse Treatment for State Prisoners	43,375
16.606	State Criminal Alien Assistance Program	316,925
16.609	Community Prosecution and Project Safe Neighborhoods	37,410
16.710	Public Safety Partnership and Community Policing Grants	49,361
16.710	ARRA Public Safety Partnership and Community Policing Grants	103,456
16.727	Enforcing Underage Drinking Laws Program	101,506
16.738	Edward Byrne Memorial Justice Assistance Grant Program	1,047,842
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	158,529
16.744	Anti-Gang Initiative	17,193
16.803	Recovery Act - Edward Byrne Memorial JAG Program/Grants to States and Territories	5,493
16.803	ARRA Recovery Act - Edward Byrne Memorial JAG Program/Grants to States and Territories	<u>2,583,989</u>
	U.S. DEPARTMENT OF JUSTICE TOTAL	<u>\$ 6,267,411</u>
U.S. DEPARTMENT OF LABOR		
17.002	Labor Force Statistics	\$ 59,999
17.005	Compensation and Working Conditions	39,091
17.207	Employment Service/Wagner-Peyser Funded Activities	286,120
17.207	ARRA Employment Service/Wagner-Peyser Funded Activities	164,764
17.235	Senior Community Service Employment Program	1,292,041
17.235	ARRA Senior Community Service Employment Program	149,872
17.258	WIA Adult Program	789,807
17.258	ARRA WIA Adult Program	312,134
17.259	WIA Youth Activities	2,022,302
17.259	ARRA WIA Youth Activities	135,496
17.260	WIA Dislocated Workers	769,239
17.260	ARRA WIA Dislocated Workers	281,242
17.266	Work Incentive Grants	19,251
17.273	Temporary Labor Certification for Foreign Workers	49,671
17.504	Consultation Agreements	214,551
17.801	Disabled Veterans' Outreach Program (DVOP)	<u>20,441</u>
	U.S. DEPARTMENT OF LABOR TOTAL	<u>\$ 6,606,021</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**GOVERNMENT OF GUAM**

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2010

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION		
20.205	Highway Planning and Construction	\$ 48,090,820
20.205	ARRA Highway Planning and Construction	604,340
20.218	National Motor Carrier Safety	274,624
20.509	Formula Grants for Other Than Urbanized Areas	759,827
20.600	State and Community Highway Safety	1,449,507
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	<u>67,462</u>
	U.S. DEPARTMENT OF TRANSPORTATION TOTAL	<u>\$ 51,246,580</u>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.025	Promotion of the Arts-Partnership Agreements	\$ 245,284
45.025	ARRA Promotion of the Arts-Partnership Agreements	18,750
45.310	Grants to States	153,542
45.312	National Leadership Grants	<u>178,215</u>
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	<u>\$ 595,791</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY		
66.454	ARRA Water Quality Management Planning	\$ 12,551
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support	2,618,912
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	132,696
66.805	ARRA Leaking Underground Storage Tank Trust Fund Corrective Action Program	106,102
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	<u>-</u>
	U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	<u>\$ 2,870,261</u>
U.S. DEPARTMENT OF ENERGY		
81.041	State Energy Program	\$ 136,424
81.041	ARRA State Energy Program	2,571,074
81.042	Weatherization Assistance for Low-Income Persons	<u>3,673</u>
	U.S. DEPARTMENT OF ENERGY TOTAL	<u>\$ 2,711,171</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

# GOVERNMENT OF GUAM

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2010

CFDA#	Agency/Program	Expenditures
U.S. DEPARTMENT OF EDUCATION		
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	\$ 2,084,382
84.169	Independent Living - State Grants	17,311
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	10,876
84.186	Safe and Drug-Free Schools and Communities - State Grants	517,842
84.187	Supported Employment Services for Individuals with Significant Disabilities	24,771
84.397	ARRA State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	639,533
	U.S. DEPARTMENT OF EDUCATION TOTAL	\$ 3,294,715
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	\$ 8,836
93.042	Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services	36,905
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Svcs	79,199
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Ctrs	899,954
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	1,827,291
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	257,006
93.052	National Family Caregiver Support, Title III, Part E	687,034
93.053	Nutrition Services Incentive Program	416,552
93.069	Public Health Emergency Preparedness	1,292,347
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional	567,221
93.110	Maternal and Child Health Federal Consolidated Programs	26,250
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	384,084
93.127	Emergency Medical Services for Children	36,623
93.136	Injury Prevention and Control Research and State and Community Based Programs	30,993
93.150	Projects for Assistance in Transition from Homelessness (PATH)	49,325
93.217	Family Planning - Services	326,363
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care	1,104,689
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	1,261,279
93.268	Immunization Grants	772,513
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	965,174
93.399	Cancer Control	-
	BALANCE FORWARD	\$ 11,029,638

See accompanying notes to Schedule of Expenditures of Federal Awards.

# GOVERNMENT OF GUAM

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2010

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Federal Expenditures</u>
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES BALANCE FORWARD	\$ 11,029,638
93.558	Temporary Assistance for Needy Families	4,170,384
93.563	Child Support Enforcement	2,975,784
93.575	Child Care and Development Block Grant	4,824,935
93.597	Grants to States for Access and Visitation Programs	97,671
93.630	Developmental Disabilities Basic Support and Advocacy Grants	249,523
93.667	Social Services Block Grant	2,423,659
93.703	ARRA -Health Center Integrated Services Development Initiative	822,483
93.705	ARRA Aging Home-Delivered Nutrition Services for States	-
93.707	ARRA Aging Congregate Nutrition Services for States	162,862
93.710	ARRA - Community Services Block Grant	675,634
93.712	ARRA - Immunization	41,820
93.713	ARRA Child Care and Development Block Grant	3,472,918
93.723	ARRA - Prevention and Wellness-State, Territories and Pacific Islands	49,607
93.767	Children Health Insurance Program	-
93.778	Medical Assistance Program	18,439,970
93.778	ARRA Medical Assistance Program	2,168,567
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	201,031
93.917	HIV Care Formula Grants	254,653
93.928	Special Projects of National Significance	-
93.940	HIV Prevention Activities_Health Department Based	301,160
93.941	HIV Demonstration, Research, Public and Professional Education Projects	21,220
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	242,956
93.958	Block Grants for Community Mental Health Services	183,924
93.959	Block Grants for Prevention and Treatment of Substance Abuse	858,078
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	94,843
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	-
93.991	Preventive Health and Health Services Block Grant	223,548
93.994	Maternal and Child Health Services Block Grant to the States	521,630
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL	\$ 54,508,498

See accompanying notes to Schedule of Expenditures of Federal Awards.

**GOVERNMENT OF GUAM**

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2010

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Federal Expenditures</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.003	State Commissions	\$ 151,255
94.006	AmeriCorps	1,462,354
94.006	ARRA AmeriCorps	247,317
94.009	Training and Technical Assistance	<u>29,105</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL		
		\$ <u><u>1,890,031</u></u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
97.004	State Domestic Preparedness Equipment Support Program	\$ -
97.012	Boating Safety Financial Assistance	218,475
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	542,856
97.039	Hazard Mitigation Grant	575,854
97.042	Emergency Management Performance Grants	805,128
97.067	Homeland Security Grant Program	3,696,087
97.082	Earthquake Consortium	33,327
97.089	Real ID Program	<u>127,097</u>
U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL		
		\$ <u><u>5,998,824</u></u>
GRAND TOTAL		
		\$ <u><u>286,439,758</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

# GOVERNMENT OF GUAM

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2010

### 1. Scope of Audit

The Government of Guam (GovGuam) is a governmental entity established by the 1950 Organic Act of Guam, as amended, and has the powers of a body corporate, as defined in the Act and local statutes. All significant operations of the Government of Guam are included within the scope of the audit. The U.S. Department of the Interior has been designated as the Government of Guam's cognizant agency for the Single Audit.

Programs Subject to Single Audit:

The Schedule of Expenditures of Federal Awards presents each Federal program related to the following agencies:

- Corporation for National and Community Service
- U.S. Department of Agriculture
- U.S. Department of Commerce
- U.S. Department of Defense
- U.S. Department of Education
- U.S. Department of Energy
- U.S. Department of Health and Human Services
- U.S. Department of Homeland Security
- U.S. Department of Housing and Urban Development
- U.S. Department of the Interior
- U.S. Department of Justice
- U.S. Department of Labor
- U.S. Department of Transportation
- U.S. Environmental Protection Agency
- National Foundation on the Arts and the Humanities

### 2. Summary of Significant Accounting Policies

#### a. Basis of Accounting:

For the purposes of this report, cash receipts relate to all cash derived from the federal agencies for programs within the Catalog of Federal Domestic Assistance. Also, cash receipts include adjustments from the Government of Guam. Cash receipts do not include receipts related to program income. The Government of Guam has not allocated interest income that may have been earned in part from cash received from federal programs. Indirect costs claimed by the Government of Guam from federal agencies are deducted from cash receipts and reimbursements.

All expenditures and capital outlays that represent the federal share are reported as expenditures. Expenditures are recognized on the modified accrual basis of accounting, consistent with the manner in which the Government of Guam maintains its accounting records. This includes earned reimbursements under different formula grants and entitlement programs that are accounted for as revenues in the General Fund of the Government of Guam and food stamps electronic benefits transfer (EBT) during the period.

**GOVERNMENT OF GUAM**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2010

2. Summary of Significant Accounting Policies, Continued

b. Reporting Entity:

For purposes of complying with The Single Audit Act of 1984, as amended in 1996, GovGuam’s reporting entity is defined in Note 1A to its September 30, 2010 basic financial statements; except that the Guam Department of Education, the GovGuam Retirement Fund, and all of the discretely presented component units are excluded. Accordingly, the accompanying Schedule of Expenditures of Federal Awards presents the federal award programs administered by GovGuam, as defined above, for the year ended September 30, 2010.

The Government of Guam administers certain federal awards programs through subrecipients. Those subrecipients are also not considered part of the Government of Guam reporting entity.

c. Cost Allocation:

The Government of Guam has a plan for allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2009 grant programs are based on 2009 actual expenditures and caseloads.

d. Matching Costs:

The non-Federal shares of certain programs are not included in the accompanying Schedule of Expenditures of Federal Awards.

3. Noncash Awards

Certain federal awards programs do not involve cash awards to the Government of Guam. These programs generally could include donated commodities, insurance, electronic benefit payments under the Supplemental Nutrition Assistance Program (SNAP), and loans. For the year ended September 30, 2010, the Government of Guam had the following noncash award:

U.S. Department of Agriculture Food Stamps CFDA #10.551	
SNAP EBT benefit payments	\$ <u>96,693,105</u>
Total SNAP EBT payments reported on the Schedule of Expenditures of Federal Awards	\$ <u>96,693,105</u>

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households’ income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we

## GOVERNMENT OF GUAM

### Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2010

3. Noncash Awards, Continued

cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 15 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2009.

4. American Recovery and Reinvestment Act of 2009 (ARRA)

In February 2009, the Federal Government enacted the American Recovery and Reinvestment Act of 2009 (ARRA). As of September 30, 2010, GovGuam's expenditures and related grant award notifications are as follows:

<u>CFDA</u>	<u>Grant Amount</u>	<u>FY 2010 Expenditures</u>
10.561	\$ 86,577	\$ 48,589
16.588	661,510	58,525
16.710	1,817,536	103,456
16.803	4,972,500	2,583,989
17.207	185,297	164,764
17.235	269,887	149,872
17.258	554,734	312,134
17.259	1,383,998	135,496
17.260	3,547,461	281,242
20.205	19,560,000	604,340
45.025	25,000	18,750
66.454	200,000	12,551
66.805	138,000	106,102
81.041	20,217,290	2,571,074
84.397	32,240,353	639,533
93.703	1,028,379	822,483
93.707	162,500	162,862
93.710	1,230,195	675,634
93.712	251,656	41,820
93.713	3,740,906	3,472,918
93.723	150,000	49,607
93.778	5,405,000	2,168,567
94.006	340,113	247,317
	\$ <u>98,168,892</u>	\$ <u>15,431,625</u>

GovGuam received federal funding from certain programs under ARRA, which are not subject to continuing compliance requirements, and therefore, are not included in the Schedule. For the year ended September 30, 2010, \$41.8 million of federal funds not subject to continuing compliance requirements were received, as follows:

Making Work Pay Tax Credit	\$ 31,267,500
Additional Child Tax Credit	<u>10,557,718</u>
Total ARRA receipts not included in the Schedule	\$ <u>41,825,218</u>

## GOVERNMENT OF GUAM

### Reconciliation of Schedule of Expenditures of Federal Awards to Basic Financial Statements Year Ended September 30, 2010

	<u>2010 Expenditures</u>
Federal contributions, as reported in the 2010 financial statements:	
Federal Grants Assistance Fund, expenditures	\$ 290,996,304
Less local match and contributions	(30,101,322)
Plus transfers out	<u>7,100,000</u>
Federal expenditures, transfers, and other uses	267,994,982
<u>CFDA #</u>	
Fund 633 (Census 2010 Fund):	
11.004    Census Intergovernmental Services	9,354,081
Guam Department of Education:	
15.875    Economic, Social and Political Development of the Territories	7,100,000
Superior Court of Guam:	
16.013    Violence Against Women Act Court Training and Improvement Grants	104,417
16.579    Edward Byrne Memorial Formula Grant Program	131,386
Fund 105:	
93.224    Consolidated Health Centers	1,104,689
Other federal expenditures	<u>650,203</u>
Total Federal Expenditures Subject to Audit	\$ <u>286,439,758</u>

**GOVERNMENT OF GUAM**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**YEAR ENDED SEPTEMBER 30, 2010**

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2010

**Part I - Summary of Auditors' Results Section**

*Financial Statements*

- |  |             |
|--|-------------|
| 1. Type of auditors' report issued:                          | Unqualified |
| Internal control over financial reporting:                   |             |
| 2. Material weakness(es) identified?                         | Yes         |
| 3. Significant deficiency(ies) identified?                   | Yes         |
| 4. Noncompliance material to the financial statements noted? | Yes         |

*Federal Awards*

- |   |             |
|---|-------------|
| Internal control over major programs:   |             |
| 5. Material weakness(es) identified?  | Yes         |
| 6. Significant deficiency(ies) identified?  | Yes         |
| 7. Type of auditors' report issued on compliance for major programs:  |             |
| SNAP Cluster  | Unqualified |
| 12.607  | Unqualified |
| CCDF Cluster  | Unqualified |
| All other major programs  | Qualified   |
| 8. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | Yes         |
| 9. Identification of major programs:  |             |

CFDA

<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
SNAP Cluster:	
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the SNAP
11.004	Census Intergovernmental Services
12.607	Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation
15.875	Economic, Social and Political Development of the Territories
WIA Cluster:	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
20.205	Highway Planning and Construction
20.509	Formula Grants for Other Than Urbanized Areas
Aging Cluster:	
93.044	Special Programs for the Aging—Title III, Part B--Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging—Title III, Part C—Nutrition Services
93.053	Nutrition Services Incentive Program
93.705	ARRA – Aging Home-Delivered Nutrition Services for States
93.707	ARRA – Aging Congregate Nutrition Services for States
93.558	Temporary Assistance for Needy Families
CCDF Cluster:	
93.575	Child Care and Development Block Grants
93.713	ARRA Child Care and Development Block Grant
93.778	Medical Assistance Program (Medicaid)
97.067	Homeland Security Grant Program

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2010

**Part I - Summary of Auditors' Results Section, Continued**

10. Dollar threshold used to distinguish between Type A and Type B Programs:	\$3,000,000
11. Auditee qualified as a low-risk auditee?	No

**Part II – Financial Statement Findings Section**

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
10-1	Cash Management	\$ 0
10-7	Fixed Assets	\$ 0
10-8	Post-Closing Adjustments	\$ 0
10-9	Revenues	\$ 0

**Part III - Federal Award Findings and Questioned Cost Section**

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
10-1	11.004 Cash Management	\$ 0
10-2	15.875 Reporting	0
10-6	15.875 Equipment and Real Property Management	0
10-2	WIA Reporting	0
10-6	20.205 Equipment and Real Property Management	0
10-2	20.509 Reporting	0
10-3	Aging Procurement and Suspension and Debarment	0
10-2	93.558 Reporting	0
10-5	93.558 Eligibility	0
10-4	CCDF Eligibility	3,734
10-5	93.778 Eligibility	0
10-2	97.067 Reporting	0
10-6	97.067 Equipment and Real Property Management	<u>0</u>
Total Federal Questioned Costs		\$ <u>3,734</u>

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2010

Finding No.: 10-1  
Federal Agency: U.S. Department of Commerce  
CFDA Program: 11.004 Census Intergovernmental Agencies  
Federal Agency: U.S. Department of Justice  
CFDA Program: 16.803 Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories  
Federal Agency: U.S. Department of the Treasury, Internal Revenue Service  
Area: Cash Management  
Questioned Costs: \$0

Criteria:

In accordance with applicable cash management requirements and contract provisions, the following apply:

1. The Government of Guam will return any surplus funds to the U.S. Bureau of the Census within 90 days of closing the Guam Local Census Office (LCO) (i.e., by November 30, 2010).
2. A minimum level of cash-on-hand should be maintained. Furthermore, Program funds may not be used to pay debts or expenditures incurred by other activities beyond the scope of the Program.

Condition:

1. Surplus funds totaling \$1,068,729 were not returned as required, as follows:

Total contract amount received	\$10,422,806
Less FY 10 Expenditures	( <u>9,354,077</u> )
Total surplus funds	\$ <u>1,068,729</u>

Subsequently, in March 2011, the U.S. Census Bureau Contracting Officer determined that "...it is the Census's [sic] Bureau's position that GovGuam met and satisfied all of the requirements under Fixed Price with Economic Price Adjustment (EPA) contract #YA1323-09-CN-0048 for a total value of \$10,422,806.00. As a result, the Census Bureau does not expect GovGuam to return funds under this fixed price contract being that no economic adjustments were made." Based on our analysis above, the Census Bureau no longer expects GovGuam to return the unexpended contract amount of \$1,068,729 as of September 30, 2010.

2. As of September 30, 2010, a cash balance of \$3,061,916 was maintained in the bank account for CFDA # 16.803. Furthermore, based on our reading of subsequent bank statements, we noted a debit memo on December 6, 2010, in the amount of \$3,000,000, with subsequent deposits on January 13, 2011, and January 18, 2011, in the amount of \$1,000,000 and \$2,000,000, respectively. It would appear these transactions represent use of Program funds to pay debts or expenditures incurred by other activities beyond the scope of the Program.
3. As of September 30, 2010, a cash balance exists of \$4,877,517 for Internal Revenue Service (IRS) income tax rebates relative to the Economic Stimulus Act of 2008, which prohibited the IRS from issuing payments after December 31, 2008. As the general Federal closeout timeframe is 90 days, any unexpended cash balances should have been returned to the IRS by March 31, 2009; however, we noted that the unexpended cash balance was not returned until January 2011.

Cause:

There appears to be a lack of monitoring controls over compliance with cash management requirements and contract provisions.

# GOVERNMENT OF GUAM

## Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding No.: 10-1, Continued  
Federal Agency: U.S. Department of Commerce  
CFDA Program: 11.004 Census Intergovernmental Agencies  
Federal Agency: U.S. Department of Justice  
CFDA Program: 16.803 Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories  
Federal Agency: U.S. Department of the Treasury, Internal Revenue Service  
Area: Cash Management  
Questioned Costs: \$0

### Effect:

The Government of Guam may be in noncompliance with applicable cash management requirements and contract provisions. The effects of these conditions are as follows:

1. No questioned cost is presented at this finding for CFDA # 11.004 since the funds were not due back to the grantors as of September 30, 2010.
2. No questioned cost is presented at this finding for CFDA # 16.803 since the funds, including interest, are maintained in a separate trust account, and the questionable transfer activity occurred subsequent to September 30, 2010.
3. No questioned cost is presented at this finding for the economic stimulus tax rebates because the unexpected cash balance was subsequently returned to the IRS in January 2011. However, as of September 30, 2010, an estimated interest liability of \$5,775 exists.

### Recommendation:

Government of Guam management should monitor cash management activity to ensure compliance with applicable contract provisions.

Auditee Corrective Action Plan:

*Name and job title of responsible personnel:*

Mary Grace Edrosa, General Accounting Supervisor, Federal Grants Section

*Specific corrective procedures to be performed:*

Bureau of Plans and Statistics is the grantee for the Census 2010 Grant. All communications, related to the grant, from the grantor are made directly to the grantee. Accordingly, verbal notifications that the funds were not expected to be returned has been communicated by the grantor prior to the ending of the grant, however, a written documentation was received only in March 2011.

We agree with the auditor's recommendation. We will work closely with the grantee to ensure that appropriate documentations related to the grants are available by the closing of the grant period.

*Date for performance of corrective action:*

N/A

# GOVERNMENT OF GUAM

## Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding No.: 10-2  
 CFDA Program: U.S. DOI 15.875 Economic, Social and Political Development of the Territories  
 CFDA Program: U.S. DOL 17.258/17.259/17.260 WIA Cluster  
 CFDA Program: U.S. DOT 20.509 Formula Grants for other than Urbanized Areas  
 CFDA Program: U.S. HHS 93.558 Temporary Assistance for Needy Families Grant (TANF)  
 CFDA Program: U.S. DHS 97.067 Homeland Security Grant Program  
 Area: Reporting  
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, reports (i.e., SF-269, SF-272, SF-425, ACF-199, ACF-204, ACF 209, ETA-9130, and ARRA 1512) should be prepared accurately and submitted, as applicable.

Condition:

1. **CFDA 15.875:**

Total outlays reported on the SF-425 as of December 31, 2010, do not reconcile with the expenditures per AS400 or other underlying accounting records as of 12/31/10, as follows:

<u>Grant Year</u>	<u>Grant Award: DOI GR#670086, GUAM-COFA-2006-1</u>	<u>Outlays per FSR</u>	<u>Outlays per AS400</u>	<u>Variance</u>
2006	FY06 DMHSA BLDG IMPROVEMENTS & EMQT	\$755,753	\$800,000	\$44,247

No questioned cost results from this condition because variance represents under reported outlays.

2. **CFDA WIA Cluster:**

At September 30, 2010, expenditures reported on the ETA-9130, Financial Reports do not agree with amounts stated in the schedule of expenditures extracted from AS400 accounting system as follows:

<u>CFDA</u>	<u>Grant Year</u>	<u>Total Expenditures Per AS400</u>	<u>ETA Financial Report</u>	<u>Under (Over) Reporting Variance</u>	<u>Grant Award PMS DOC #</u>	<u>Program</u>
17.259	2007	\$ 48,444	\$ 41,385	\$ 7,059	AA16068YHO	State Rapid Response
17.259	2007	9,040	0	9,040	Unknown	Unknown
17.259	2007	138,332	138,473	(141)	AA16068XY0	Local Youth
					AA16068YF0	Local Adult
					AA16068YH0	Local Dislocated Worker
17.259	2008	822,182	830,156	(7,974)	AA16068ZN0	Local Dislocated Worker
17.259	2008	146,723	145,429	1,294	AA171612M0	Local Dislocated Worker
17.259	2008	604,023	605,852	(1,829)	AA16068ZL0	Local Adult
17.259	2008	66,909	67,287	(378)	AA16068ZL0	Local Adult
17.259	2008	8,116	122,986	(114,870)	AA16068ZN0	State Rapid Response
17.259	2008	113,639	112,535	1,104	AA16068ZL0	State Adult
17.259	2008	184,302	184,479	(177)	AA16068ZN0	State Dislocated Worker
17.259	2008	92,002	92,240	(238)	AA16068ZN0	Local Dislocated Worker
17.260	2009	314,779	335,461	(20,682)	AA171614B0	Local Dislocated Worker
17.258	2009	261,760	261,770	(10)	AA171615K0	Local Adult
17.260	2009	20,577	19,964	613	AA186817A0	Local Dislocated Worker
17.260	2009	168,572	168,192	380	AA186817A0	Local Dislocated Worker

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2010

Finding No.: 10-2, Continued  
 CFDA Program: U.S. DOI 15.875 Economic, Social and Political Development of the Territories  
 CFDA Program: U.S. DOL 17.258/17.259/17.260 WIA Cluster  
 CFDA Program: U.S. DOT 20.509 Formula Grants for other than Urbanized Areas  
 CFDA Program: U.S. HHS 93.558 Temporary Assistance for Needy Families Grant (TANF)  
 CFDA Program: U.S. DHS 97.067 Homeland Security Grant Program  
 Area: Reporting  
 Questioned Costs: \$0

Condition, Continued:

<u>CFDA</u>	<u>Grant Year</u>	<u>Total Expenditures</u> Per AS400	<u>ETA Financial</u> Report	<u>Under (Over) Reporting</u> Variance	<u>Grant Award PMS</u> DOC #	<u>Program</u>
17.259	2009	779,374	805,810	(26,436)	AA186816F0	Local Youth
17.258	2009	13,177	0	13,177	AA186816Y0	Local Adult
17.258	2009	5,926	8,036	(2,110)	AA186816Y0	Local Adult
17.258	2009	570,505	625,330	(54,825)	AA171613Z0	Local Adult
17.258	2009	113,125	113,610	(485)	AA171613Z0	State Adult
17.260	2010	107,034	105,909	1,125	AA186818G0	Local Dislocated Worker
17.258	2010	-	5,204	(5,204)	AA20233AT0	Local Adult
		\$ 4,588,541	\$ 4,790,108	\$ (201,567)		

Furthermore, administrative expenditures was not segregated and reported separately on the ETA-Financial Reports as follows:

<u>Grant Year</u>	<u>Administrative Expenditure</u>	<u>Grant Award PMS DOC #</u>	<u>Program</u>
2009	\$ 13,177	AA186816Y0	Local Adult

Moreover, the Total Federal Amount of ARRA Funds Received/Invoiced of \$1,416,743 is reported as a key data element of Section 1512 ARRA Reporting for the period ended June 30, 2010. The underlying draw-down balance reported on AS400 accounting system is \$1,362,223. A variance of \$54,520 exists.

3. **CFDA 20.509 and WIA:**

The following reports were not provided for examination:

<u>Report</u>	<u>20.509 Grants</u>	<u>WIA Grants</u>
SF 269A, <i>Financial Status Report</i>	GU-18-X025-00/GU-18-X026-00	Not applicable
SF 272, <i>Federal Cash Transactions Report</i>	Not applicable	Program Years 2008, 2009, 2010
SF 425, <i>Federal Financial Report</i>	GU-18-X025-00/GU-18-X026-00	Program Years 2008, 2009, 2010

4. **CFDA 93.558:**

Total outlays reported on the ACF-204 as of September 30, 2010, do not reconcile with the expenditures per AS400 or other underlying accounting records as of 9/30/10, as follows:

<u>Grant Year</u>	<u>Grant Award #</u>	<u>Outlays per ACF</u>	<u>Outlays per AS400</u>	<u>Variance</u>
2006-2010	0*01GUTANF	\$ 1,299,535	\$ 1,444,935	\$ 145,400

No questioned cost results from this condition because the variance represents under reported outlays.

Furthermore, the following reports were not provided for examination:

- a) ACF-199, *TANF Data Report (OMB No. 0970-0309)*
- b) ACF 209, *SSP-MOE Data Report (OMB No. 0970-0309)*

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2010

Finding No.: 10-2, Continued  
CFDA Program: U.S. DOI 15.875 Economic, Social and Political Development of the Territories  
CFDA Program: U.S. DOL 17.258/17.259/17.260 WIA Cluster  
CFDA Program: U.S. DOT 20.509 Formula Grants for other than Urbanized Areas  
CFDA Program: U.S. HHS 93.558 Temporary Assistance for Needy Families Grant (TANF)  
CFDA Program: U.S. DHS 97.067 Homeland Security Grant Program  
Area: Reporting  
Questioned Costs: \$0

Condition, Continued:

5. **CFDA 97.067:**

Total outlays reported on the SF-425 as of September 30, 2010, do not reconcile with the expenditures per AS400 or other underlying accounting records as of 9/30/10, as follows:

<u>Grant Year</u>	<u>Grant Award #</u>	<u>Outlays per FSR</u>	<u>Outlays per AS400</u>	<u>Variance</u>
2005	2005GET0036	\$ 4,705,587	\$ 4,749,284	\$ 43,697

No questioned cost results from this condition because the variance represents under reported outlays.

Cause:

It appears that Government of Guam management did not consistently prepare required reports. Furthermore, for certain reports that were prepared, Government of Guam management did not maintain underlying accounting records to support reported amounts.

Effect:

The Government of Guam is in noncompliance with applicable reporting requirements. No questioned costs are presented for reasons described in the conditions above.

Recommendation:

Government of Guam management should maintain underlying accounting records to substantiate reported amounts and should prepare, submit, and maintain required reports.

Auditee Response and Corrective Action Plan:

[Condition 4]:

*Name and job title of responsible personnel:*

The grant reporting requirement is under the purview of DPHSS – Division of Public Welfare Administrator Linda Susuico. DOA General Accounting Supervisor of the FGIA branch, Mary Grace Edrosa will be reviewing ACF reports to be assisted by the General Accounting Supervisor for the DFM branch, Gaudencio “Goody” Rosario.

Also, Ms. Ceclia Perez, Administrative Officer

## GOVERNMENT OF GUAM

### Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding No.:	10-2, Continued
CFDA Program:	U.S. DOI 15.875 Economic, Social and Political Development of the Territories
CFDA Program:	U.S. DOL 17.258/17.259/17.260 WIA Cluster
CFDA Program:	U.S. DOT 20.509 Formula Grants for other than Urbanized Areas
CFDA Program:	U.S. HHS 93.558 Temporary Assistance for Needy Families Grant (TANF)
CFDA Program:	U.S. DHS 97.067 Homeland Security Grant Program
Area:	Reporting
Questioned Costs:	\$0

#### Auditee Response and Corrective Action Plan, Continued:

##### *Corrective action to be performed:*

DOA will require early submission of TANF's financial and data reporting system from DPHSS. This will give DOA ample time to verify and reconcile the TANF ACF reports with as400 expenditures taking into consideration the complex cost allocation process.

Also, the Administrative Officer will ensure that accounting records are maintained to substantiate reported amounts. The Administrative Office will ensure required reports are prepared and maintained on file.

##### *Date for performance of corrective action:*

October 1, 2011 [for corrective action by the Administrative Officer]

# GOVERNMENT OF GUAM

## Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding No.: 10-3  
Federal Agency: U.S. Department of Health and Human Services  
CFDA Program: 93.044/93.045/93.053/93.705/93.707 Aging Cluster  
Grant Number: 10AAGUT3SP  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

### Criteria:

In accordance with applicable procurement requirements, the grantee will conduct procurement transactions in a manner providing full and open competition, and will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Furthermore, in accordance with the applicable local procurement law, the Guam General Services Agency shall use competitive sealed bidding when the procurement exceeds the small purchase threshold of \$14,999; for extension of time on indefinite quantity contracts, the time of performance of an indefinite quantity contract may be extended upon agreement of the parties, provided the extension is for 90 days or less and the CPO determines in writing that it is not practical to award another contract at the time of such extension.

### Condition:

For three (or 8%) of 39 transactions tested, the contract ended 9/30/09, but services were extended past the end of the contract period. No written determination was noted on file indicating why it was not practical to award another contract at the time of extension.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>
02/16/10	EFT_030110	G3006001	P106A00219	DPHSS	\$ 74,682
02/17/10	EFT_030110	G3006001	P106A00219	DPHSS	12,947
02/23/10	0411911	K1571701	P106A00218	DPHSS	<u>98,611</u>
					<u>\$ 186,240</u>

### Cause:

The Chief Procurement Officer believed that local procurement provisions were applied appropriately.

### Effect:

The Government of Guam may be in noncompliance with applicable procurement requirements. No questioned costs are presented at this finding because the scopes of services under the extended contracts were consistent with program objectives. Also, the Government of Guam expended approximately \$4.4 million in local funds in excess of local match requirements for the program in FY 2010.

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2010

Finding No.: 10-3, Continued  
Federal Agency: U.S. Department of Health and Human Services  
CFDA Program: 93.044/93.045/93.053/93.705/93.707 Aging Cluster  
Grant Number: 10AAGUT3SP  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

Recommendation:

Government of Guam management should enforce established procurement regulations and should maintain records sufficient to detail the significant history of a procurement to substantiate compliance with applicable procurement requirements.

Auditee Response and Corrective Action Plan:

*Name and Title of responsible personnel:*

Anita T. Cruz, Buyer Supervisor II

*Specific Corrective Procedure to be performed:*

GSA will issue a circular reminding all departments and agencies that requisitions shall be submitted to GSA no later than 30 days prior to the expiration of a contract wherein services are mandated by local or federal requirements.

*Date for performance of corrective action:*

To be effective July 5, 2011. GSA will issue circular no later than July 5, 2011 to all departments and agencies.

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2010

Finding No.: 10-4  
 Federal Agency: U.S. Department of Health and Human Services  
 CFDA Program: 93.575/93.718 CCDF Cluster  
 Grant Number: G-1001GUCCDF  
 Area: Eligibility  
 Questioned Costs: \$3,734

Criteria:

In accordance with the eligibility requirements, the following requirements apply:

1. Children must be under age 13 (or, at the option of the grantee, up to age 19, if physically or mentally incapable of self-care or under court supervision), who reside with a family whose income does not exceed 150 percent of the US Federal Poverty Guideline for a family of the same size, and who reside with a parent (or parents) who are working or attending job training or educational programs; or are in need of, or are receiving protective services.
2. The agency must ensure proper data collection, evaluation and analysis of various child care program information in order to provide annually aggregate data on families, children in care, providers, payment methods, and consumer education. Quarterly case-level reports are also required to provide data on families, children, and providers, and payment information.

Condition:

1. Two of the 51 participants tested were found ineligible as their family income exceeds 150 percent of the US Federal Poverty Guideline for a family of the same size as follows:

<u>Case Number</u>	<u>Household Size</u>	<u>Annual Family Income</u>	<u>Income Threshold</u>	<u>Meet Income Requirement?</u>	<u>Benefits Paid in FY10</u>
70-03983	3	29,395.20	27,465	No	\$ 2,550
70-04241	2	23,676.00	21,855	No	1,184
					\$ <u>3,734</u>

2. One case file (i.e., 70-04774) of the 51 selected for testing could not be located. Benefits paid in relation to this case file in FY 2010 is \$0.

Cause:

The Government of Guam did not adhere to the appropriate poverty guideline published by the US Federal for the designated period. Furthermore, the Government of Guam did not properly manage the files containing the participant’s personal data. There is no system in place to properly track the usage and location of each participant’s file.

Effect:

The Government of Guam is not in compliance with applicable eligibility requirements. A questioned cost of \$3,734 exists. Although the known questioned cost is below \$10,000, the projected questioned cost exceeds the threshold; therefore, this finding is considered reportable.

Recommendation:

Government of Guam management should develop more specific control procedures over monitoring the acceptance and renewal of participants. Respective case workers should disqualify applicants or existing participants should their annual family income exceed the established poverty guideline for the year. The supervisor should also oversee this effort. Furthermore, Government of Guam management should develop more specific control procedures over monitoring the maintenance of data files. A tracking system should be developed for proper placement of each participant’s file. Accountability should be established between the case workers and the supervisors to maintain the confidentiality and privacy of the personal data contained within each participant’s file.

# GOVERNMENT OF GUAM

## Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding No.:	10-4, Continued
Federal Agency:	U.S. Department of Health and Human Services
CFDA Program:	93.575/93.718 CCDF Cluster
Grant Number:	G-1001GUCCDF
Area:	Eligibility
Questioned Costs:	\$3,734

### Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

# GOVERNMENT OF GUAM

## Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding No.: 10-5  
Federal Agency: U.S. Department of Health and Human Services  
CFDA Program: 93.778 Medical Assistance Program  
Grant Number: 75X0512  
CFDA Program: 93.558 Temporary Assistance for Needy Families  
Grant Number: G-1001GUTANF  
Area: Eligibility  
Questioned Costs: \$0

### Criteria:

In accordance with applicable eligibility requirements, the income and eligibility verification system (IEVS) shall be used to verify eligibility using wage information available from such sources as the agencies administering State unemployment compensation laws, Social Security Administration (SSA), the Internal Revenue Service, or other alternative sources approved by the grantor to verify income eligibility and the amount of eligible benefits.

### Condition:

For all 70 cases tested, aggregating \$2,386,675 in total claims, we noted there is no documentation to indicate that the income and eligibility verification system (IEVS) was used to verify eligibility.

### Cause:

Government of Guam management experienced issues with test attempts to implement the system.

### Effect:

The Government of Guam is in noncompliance with applicable eligibility requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

### Recommendation:

The Program Administrator should implement an IEVS in accordance with applicable eligibility requirements. Furthermore, if the grantee is unable to use the IEVS, then the Program Administrator should consider discussing the issue with the grantor agency and obtaining a written waiver or approved alternative.

### Auditee Response and Corrective Action Plan:

#### *Name and job title of responsible personnel:*

Elsa S. Perez  
Human Services Administrator, Bureau of Economic Security

#### *Specific corrective procedures to be performed:*

The PH Pro eligibility system is targeted for implementation January 2012 which will include the IEVS requirement.

#### *Date for performance of corrective action:*

The PH Pro Eligibility System - target implementation date is January 2012

## GOVERNMENT OF GUAM

### Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding No.: 10-6  
 CFDA Program: 15.875 DOI Economic, Social and Political Development of the Territories  
 CFDA Program: 20.205 DOT Highway Planning and Construction  
 CFDA Program: 97.067 DHS Homeland Security Grant Program  
 Area: Equipment and Real Property Management  
 Questioned Costs: \$0

Criteria:

In accordance with the applicable equipment management requirements, grantees that acquire equipment with Federal funds are required to perform a physical inventory of the property and reconcile results with property records at least once every two years. Such property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date and cost of the property, percentage of Federal participation in the cost of the property, the location use and condition of the property, and any ultimate disposition data, including the date of disposal and sale price of the property. In addition, adequate maintenance procedures must be established to keep the property in good condition.

Condition:

The Government of Guam has not performed the required comprehensive physical inventories of its property in FY 2010 or in the two prior years. We are unable to assess the overall cumulative monetary value of this deficiency. However, a summary of total capital outlays over the past five years for the Government of Guam's FY 2010 major programs is as follows:

		<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>Total</u>
	<u>Program CFDA #s</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	
1.	10.551/10.561	\$ 0	0	0	153,222	136,679	289,901
2.	11.004	14,749	0	0	0	0	14,749
3.	12.607	0	0	0	0	0	0
4.	15.875	1,201,607	701,368	544,666	792,224	2,141,421	5,381,286
5.	17.258/259/260	0	0	0	0	0	0
6.	20.205	11,506,775	3,931,920	2,962,379	1,396,487	2,956,688	22,754,249
7.	20.509	0	0	0	0	0	0
8.	93.044/045/053/705/707	0	0	0	0	0	0
9.	93.558	0	0	0	0	52,349	52,349
10.	93.575/596/713	0	0	0	0	4,018	4,018
11.	93.778	0	0	0	0	0	0
12.	97.067	226,997	738,178	880,622	2,054,971	1,748,804	5,649,572

Cause:

Noncompliance with applicable equipment management requirements has been a continuing finding from prior audits, and Government of Guam management is still in the process of effecting corrective action and of developing an equipment management system that complies with applicable equipment management standards. Efforts are being made to tag all equipment with bar code property identification labels. Until the Government completes tagging of all equipment, it will not be able to conduct a comprehensive physical inventory.

## GOVERNMENT OF GUAM

### Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding No.: 10-6, Continued  
CFDA Program: 15.875 DOI Economic, Social and Political Development of the Territories  
CFDA Program: 20.205 DOT Highway Planning and Construction  
CFDA Program: 97.067 DHS Homeland Security Grant  
Area: Equipment and Real Property Management  
Questioned Costs: \$0

Effect:

The Government is in noncompliance with applicable equipment management requirements. The underlying capital outlays are not considered questioned costs as corrective action is in progress. This noncompliance applies to the following major programs, for which cumulative capital outlays over the past five years exceeds FY 2010 materiality levels: CFDA numbers 15.875, 20.205, and 97.067.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior year audit of the Government of Guam.

Recommendation:

The Government of Guam should complete tagging of all equipment and conduct a physical inventory immediately thereafter.

Auditee Response and Corrective Action Plan:

*Name and job title of responsible personnel:*

The fixed assets section is under the appropriations branch, in which the General Accounting Supervisor is Michael Cabral. Additionally, he will be assisted by the General Accounting Supervisor for the general ledger branch, Corey Diaz.

*Specific corrective procedures to be performed:*

In October 2010, DOA revised and updated the Government of Guam's Fixed Assets Policies. During the 4<sup>th</sup> quarter of FY2011, DOA plans to provide training to all departments and agencies of the government. Additionally, DOA plans to begin performing the comprehensive physical fixed assets inventory 1<sup>st</sup> count during this period as well. DOA plans to perform the 2<sup>nd</sup> count in FY2012 and complete such, including updating the fixed assets records in the financial management system by end of the 2<sup>nd</sup> quarter of FY2012.

*Date for performance of corrective action plan:*

September 30, 2011 and March 31, 2012.

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2010

Finding: 10-7  
Area: Fixed Assets

Criteria:

Transactions that are considered construction work in progress should be properly recorded. Upon completion, these assets should be capitalized. Furthermore, transactions that meet the capitalization threshold of \$50,000 per item purchased and are capitalizable in nature should be recorded as fixed assets.

Condition:

1. The following projects were not recorded as construction work in progress during fiscal year 2010:

<u>Project</u>	<u>Amount</u>
Layon Landfill	\$ 43,707,540
Southern Region Health Center	6,048,577
Federal Highway Projects	<u>882,175</u>
	<u>\$ 50,638,292</u>

2. Total unrecorded equipment for the Superior Court is \$615,236.

Cause:

The cause of this condition appears to be that substantial extra duties have been assigned to existing personnel. Due to the need for additional personnel well versed in accounting reconciliations and processes, projects such as the cash flow model required substantial attention of existing managers and therefore, sufficient time was not available to timely reconcile and investigate capital asset accounts.

Effect:

An understatement of construction work in progress and equipment occurred prior to the proposed audit adjustment.

Recommendation:

We recommend that account balances be timely reviewed and capitalizable transactions be recorded as fixed assets. Additionally, the Division of Accounts should investigate whether additional trained accountants may be required to allow for the timely investigation and recordation of capital assets, especially given the substantial capital asset construction that is currently being undertaken by the Government of Guam.

Auditee Response and Corrective Action Plan:

*Name and job title of responsible personnel:*

The fixed assets section is under the appropriations branch, in which the General Accounting Supervisor is Michael Cabral. Additionally, he will be assisted by the General Accounting Supervisor for the general ledger branch, Corey Diaz.

# GOVERNMENT OF GUAM

## Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding: 10-7, Continued  
Area: Fixed Assets

### Auditee Response and Corrective Action Plan, Continued:

#### *Specific corrective procedures to be performed:*

In October 2010, DOA revised and updated the Government of Guam's Fixed Assets Policies. During the 4<sup>th</sup> quarter of FY2011, DOA plans to provide training to all departments and agencies of the government. As many of the infrastructure projects are under the Department of Public Works, DOA will work with the respective divisions to assist with updating the Construction in Progress records and to ensure the new policies are properly applied and the fixed assets register updated and reconciled in a timely manner. Furthermore, we will coordinate with all respective agencies to include the Unified Courts and Legislature to ensure the fixed assets register is updated for assets acquired by them.

#### *Date for performance of corrective action plan:*

September 30, 2011

## GOVERNMENT OF GUAM

### Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2010

Finding: 10-8  
Area: Post-Closing Adjustments

Criteria:

Financial statements should reflect existing business circumstances and economic conditions in accordance with adopted accounting policies.

Supplier invoices and credit notes received at, before, or after the end of an accounting period are to be scrutinized and/or reconciled to ensure complete and consistent recording in the appropriate period and to be timely recognized in the financial statements.

Condition:

The financial statements included a significant number of post-closing adjustments approved seven to eight months subsequent to the fiscal year end.

Cause:

The cause of this condition appears to be that substantial extra duties have been assigned to existing personnel. Due to the need for additional personnel well versed in accounting reconciliations and processes, projects such as the cash flow model required substantial attention of existing managers and therefore, sufficient time was not available to timely reconcile all required accounts.

Effect:

Incorrect cutoff could lead to a material misstatement of the financial statements.

Financial statements may not reflect existing business circumstances and economic conditions in accordance with the adopted accounting policies.

Recommendation:

It appears that additional manager level personnel may be required to allow for timely reconciliation of all required accounts.

Auditee Response and Corrective Action Plan:

*Name and job title of responsible personnel:*

The Division of Accounts is under the supervision of the Deputy Financial Manager, Kathy Kakigi.

*Specific corrective procedures to be performed:*

The close of the fiscal year normally occurs 3 months subsequent to the fiscal period. As such, the Division will work on updating our records in a timely manner subsequent to the close of the fiscal year to ensure reviews and analysis' are performed and all appropriate adjustments included.

*Date for performance of corrective action plan:*

January 31, 2012

**GOVERNMENT OF GUAM**

Schedule of Findings and Questioned Costs, Continued  
Year Ended September 30, 2010

Finding: 10-9  
Area: Revenues

Criteria:

Invoices are sequentially pre-numbered and accounted for.

Condition:

The Guam Customs and Quarantine Agency receives over \$4M of revenues annually. Over 2,000 invoices were not accounted for.

Effect:

Revenues may be misstated and opportunity may exist for fraudulent transactions to occur.

Recommendation:

We recommend the Government of Guam strengthen internal controls to ensure that all invoices are accounted for and processed.

Auditee Response and Corrective Action Plan:

*Name and job title of responsible personnel:*

The Division of Accounts is under the supervision of the Deputy Financial Manager, Kathy Kakigi.

*Specific corrective procedures to be performed:*

The Division of Accounts, including the Treasurer of Guam and Data Department met with management of the Department of Customs and Quarantine regarding implementation of the Point of Sale System at their airport cargo location. The meeting occurred on June 16, 2011 to determine the needs of the Department. Based on the outcome of the meeting, the use of the POS will be implemented in the Department's airport cargo location to assist with minimizing any potential for fraud or errors with collection of taxes and fees. The respective Department's personnel will be adequately trained on the use of the system prior to full implementation.

*Date for performance of corrective action plan:*

July 31, 2011

**GOVERNMENT OF GUAM**

Summary of Unresolved Questioned Costs Arising from  
Prior Year Single Audits  
Year Ended September 30, 2010

	<u>Prior Year Listed Unresolved Questioned Costs</u>	<u>Questioned Costs Resolved During the Year</u>	<u>End of Year</u>
Unresolved Questioned Costs FY 04	\$ 15,700	\$ 15,700	\$ -
Unresolved Questioned Costs FY 05	39,741	39,741	-
Unresolved Questioned Costs FY 06	120,115	120,115	-
Unresolved Questioned Costs FY 07	2,562,455	1,504,173	1,058,282
Unresolved Questioned Costs FY 08	1,878,393	626,848	1,251,545
Unresolved Questioned Costs FY 09	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,616,404</u>	<u>\$ 2,306,577</u>	2,309,827
Add Questioned Costs for FY 2010			<u>3,734</u>
Total Unresolved Questioned Costs at September 30, 2010			\$ <u>2,313,561</u>

**GOVERNMENT OF GUAM**

Summary of Unresolved Questioned Costs Arising from  
Prior Year Single Audits, Continued  
Year Ended September 30, 2010

<u>CFDA #</u>		<u>2010</u>	<u>2008</u>	<u>2007</u>	<u>Total</u>
15.875	Compact Impact	\$ -	\$ -	\$ 821,288	\$ 821,288
20.205	Highway Planning & Construction	-	-	126,170	126,170
93.575	CCDF	3,734	-	-	3,734
93.778	Medicaid	-	388,976	-	388,976
97.004/97.067	Homeland Security	-	809,146	-	809,146
	Nonmajor Programs	<u>-</u>	<u>53,423</u>	<u>110,824</u>	<u>164,247</u>
	Totals	\$ <u>3,734</u>	\$ <u>1,251,545</u>	\$ <u>1,058,282</u>	\$ <u>2,313,561</u>

**GOVERNMENT OF GUAM**

Summary of Unresolved Questioned Costs Arising from  
Prior Year Single Audits, Continued  
Summary Schedule of Resolved Prior Audit Findings as  
Represented by the Government of Guam  
Year Ended September 30, 2010

Finding #	CFDA #	Questioned Costs Resolved in 2010	Responding Office
2004-21	93.994	\$ 15,700	OMB Circular A-133, Section .315(b)(4)
2005-19	93.283	\$ 19,413	OMB Circular A-133, Section .315(b)(4)
2005-23	93.283	\$ 20,328	OMB Circular A-133, Section .315(b)(4)
2006-33	97.039	\$ 43,106	OMB Circular A-133, Section .315(b)(4)
2006-34	97.039	\$ 77,009	OMB Circular A-133, Section .315(b)(4)
2007-15	93.575	\$ 41,850	U.S. DHS, June 17, 2010
2007-16	93.575	\$ 7,161	U.S. DHS, June 17, 2010
2007-21	97.004	\$ 22,495	OMB Circular A-133, Section .315(b)(4)
2007-22	97.004	\$ 1,432,667	OMB Circular A-133, Section .315(b)(4)
2008-02	10.557	\$ 44,048	U.S. USDA, April 6, 2010
2008-03	15.875	\$ 192,770	OMB Circular A-133, Section .315(b)(4)
2008-06	66.600	\$ 109,487	U.S. U.S. EPA, August 26, 2010
2008-07	66.600	\$ 42,377	U.S. U.S. EPA, August 26, 2010
2008-10	93.575	\$ 2,909	U.S. DHS, January 27, 2011
2008-12	93.575	\$ <u>235,257</u>	U.S. DHS, January 27, 2011
Total Questioned Costs Resolved		\$ <u>2,306,577</u>	