

GOVERNMENT OF GUAM

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2020

GOVERNMENT OF GUAM
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YEAR ENDED SEPTEMBER 30, 2020

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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 Lourdes A. Leon Guerrero
Governor
Government of Guam:

We have audited, 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, 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, 2020, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements, and have issued our report thereon dated May 29, 2021. Our report includes a reference to other auditors and an emphasis-of-matter paragraph for the impact of COVID-19. Other auditors audited the financial statements of the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing Corporation, the Guam Economic Development Authority, the Guam Preservation Trust, and the Guam Educational Telecommunications Corporation, 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 Chamorro Land Trust Commission, the Guam Ancestral Lands Commission, the Solid Waste Operations Fund, the Guam Community College, the Guam Housing and Urban Renewal Authority, the Guam Memorial Hospital Authority, the Guam Power Authority, the Guam Visitors Bureau, the Guam Waterworks Authority, the Port Authority of Guam, and the University of Guam, 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 Guam Economic Development Authority, the Guam Housing Corporation, the Guam Preservation Trust, and the Guam Educational Telecommunications Corporation. The findings, if any, included in those reports are not included herein.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GovGuam's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 through 2020-003 that we consider to be material weaknesses.

Compliance and Other Matters

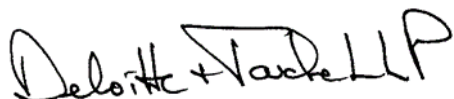
As part of obtaining reasonable assurance about whether GovGuam's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

GovGuam's Responses to Findings

GovGuam's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 29, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Lourdes A. Leon Guerrero
Governor
Government of Guam:

Report on Compliance for Each Major Federal Program

We have audited the Government of Guam's (GovGuam's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of GovGuam's major federal programs for the year ended September 30, 2020. GovGuam's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

As discussed in Note 3b 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, 2020. Our audit, described below, did not include the operations of the entities identified in Note 3b as these entities conducted separate audits in accordance with the Uniform Guidance, if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of GovGuam's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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). Those standards and the Uniform Guidance 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of GovGuam's compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in Findings 2020-003, 2020-005, 2020-007, 2020-008, 2020-011, 2020-013, 2020-015, and 2020-016 in the accompanying Schedule of Findings and Questioned Costs, GovGuam did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2020-005	10.551 10.561	SNAP Cluster	Special Tests and Provisions
2020-003	15.875	Economic, Social and Political Development of the Territories	Equipment and Real Property Management
2020-007	15.875	Economic, Social and Political Development of the Territories	Reporting
2020-008	16.034	Coronavirus Emergency Supplemental Funding Program	Procurement and Suspension and Debarment
2020-011	21.019	Coronavirus Relief Fund	Activities Allowed or Unallowed
2020-013	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2020-003	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	Equipment and Real Property Management
2020-015	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases	Procurement and Suspension and Debarment
2020-016	93.778	Medicaid Cluster	Eligibility

Compliance with such requirements is necessary, in our opinion, for GovGuam to comply with the requirements applicable to those programs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, GovGuam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the SNAP Cluster, CFDA 15.875 Economic, Social and Political Development of the Territories; CFDA 16.034 Coronavirus Emergency Supplemental Funding Program; 21.019 Coronavirus Relief Fund, 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases; and the Medicaid Cluster for the year ended September 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GovGuam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors’ results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-004, 2020-006, 2020-009, 2020-010, 2020-012, 2020-014, 2020-017, and 2020-018. Our opinion on each major federal program is not modified with respect to these matters.

GovGuam’s response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GovGuam’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

GovGuam is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. GovGuam's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of GovGuam is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GovGuam's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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 a 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 2020-003, 2020-005, 2020-007, 2020-008, 2020-011, 2020-013, 2020-015, and 2020-016 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 2020-004, 2020-006, 2020-009, 2020-010, 2020-012, 2020-014, 2020-017, and 2020-018 to be significant deficiencies.

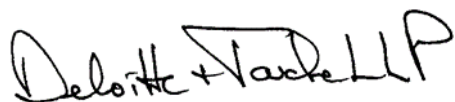
GovGuam's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

GovGuam is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. GovGuam's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 GovGuam as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements. We issued our report thereon dated May 29, 2021, which contained unmodified opinions on those financial statements and which report included a reference to other auditors and an emphasis-of-matter paragraph for the impact of COVID-19. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Handwritten signature of Deloitte + Tatchell LLP in black ink.

May 29, 2021

GOVERNMENT OF GUAM

Summary of Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2020

<u>Federal Agency</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture	\$ 124,501,969
U.S. Department of Commerce	13,913,849
U.S. Department of Defense	6,258,908
U.S. Department of Housing and Urban Development	-
U.S. Department of the Interior	19,684,989
U.S. Department of Justice	5,489,496
U.S. Department of Labor	384,038,756
U.S. Department of Transportation	30,132,694
U.S. Department of the Treasury	64,942,518
National Foundation on the Arts and the Humanities	278,073
U.S. Environmental Protection Agency	2,816,798
U.S. Department of Energy	547,819
U.S. Department of Education	1,602,833
U.S. Department of Health and Human Services	177,261,778
Corporation for National and Community Service	1,836,326
U.S. Department of Homeland Security	<u>4,185,113</u>
GRAND TOTAL	<u>\$ 837,491,919</u>

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

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Federal Expenditures	Amounts Passed Through To Subrecipients
U.S. DEPARTMENT OF AGRICULTURE			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 17,022	
10.170	Specialty Crop Block Grant Program - Farm Bill	141,479	\$ 141,479
10.535	Snap Fraud Framework Implementation Grant	93,255	
SNAP Cluster:			
10.551	Supplemental Nutrition Assistance Program	114,558,356	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>1,916,477</u>	<u>139,716</u>
	Subtotal SNAP Cluster	<u>116,474,833</u>	<u>139,716</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	7,556,366	
10.572	WIC Farmers' Market Nutrition Program (FMNP)	6,194	
10.579	Child Nutrition Discretionary Grants Limited Availability	12,845	
10.664	Cooperative Forestry Assistance	199,975	11,706
Community Facilities Loans and Grants Cluster:			
10.766	Community Facilities Loans and Grants	<u>-</u>	
	Subtotal Community Facilities Loans and Grants Cluster	<u>-</u>	
	U.S. DEPARTMENT OF AGRICULTURE TOTAL	<u>\$ 124,501,969</u>	<u>\$ 292,901</u>
U.S. DEPARTMENT OF COMMERCE			
11.001	Census Bureau Data Products	\$ 12,239,682	
Economic Development Cluster:			
11.307	Economic Adjustment Assistance	<u>-</u>	
	Subtotal Economic Development Cluster	<u>-</u>	
11.407	Interjurisdictional Fisheries Act of 1986	10,325	
11.419	Coastal Zone Management Administration Awards	971,586	\$ 4,290
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	28	
11.437	Pacific Fisheries Data Program	49,938	
11.441	Regional Fishery Management Councils	-	
11.454	Unallied Management Projects	-	
11.467	Meteorologic and Hydrologic Modernization Development	58,888	
11.472	Unallied Science Program	58,282	
11.482	Coral Reef Conservation Program	363,410	205,743
11.549	State and Local Implementation Grant Program	<u>161,710</u>	
	U.S. DEPARTMENT OF COMMERCE TOTAL	<u>\$ 13,913,849</u>	<u>\$ 210,033</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal CFDA Number	Federal Grantor/Program or Cluster Title	<u>Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
	U.S. DEPARTMENT OF DEFENSE		
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	\$ 120,036	
12.401	National Guard Military Operations and Maintenance (O&M) Projects	3,535,673	
12.600	Community Investment	626,905	
12.607	Community Economic Adjustment Assistance for Realignment or Closure of Military Installation	-	
12.610	Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	297,193	
12.618	Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation	<u>1,679,101</u>	\$ <u>1,267,482</u>
	U.S. DEPARTMENT OF DEFENSE TOTAL	\$ <u><u>6,258,908</u></u>	\$ <u><u>1,267,482</u></u>
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.267	Continuum of Care Program	\$ <u>-</u>	
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL	\$ <u><u>-</u></u>	
	U.S. DEPARTMENT OF THE INTERIOR		
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration	\$ 952,921	
15.611	Wildlife Restoration and Basic Hunter Education	<u>554,627</u>	
	Subtotal Fish and Wildlife Cluster	1,507,548	
15.615	Cooperative Endangered Species Conservation Fund	336,384	
15.622	Sportsfishing and Boating Safety Act	6,880	
15.634	State Wildlife Grants	94,252	\$ 1,275
15.875	Economic, Social, and Political Development of the Territories	17,415,527	10,145,339
15.904	Historic Preservation Fund Grants-In-Aid	<u>324,398</u>	
	U.S. DEPARTMENT OF THE INTERIOR TOTAL	\$ <u><u>19,684,989</u></u>	\$ <u><u>10,146,614</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
U.S. DEPARTMENT OF JUSTICE			
16.017	Sexual Assault Services Formula Program	\$ 38,441	\$ 38,295
16.034	Coronavirus Emergency Supplemental Funding	1,066,759	
16.527	Supervised Visitation, Safe Havens for Children	-	
16.528	Enhanced Training and Services to End Violence and Abuse of Women Later in Life	-	
16.540	Juvenile Justice and Delinquency Prevention Program	37,712	
16.554	National Criminal History Improvement Program (NCHIP)	513,410	
16.575	Crime Victim Assistance	1,027,068	381,178
16.576	Victim Compensation Program	33,000	33,000
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	-	
16.582	Crime Victim Assistance/Discretionary Grants	4,620	
16.585	Drug Court Discretionary Grant Program	205,553	
16.588	Violence Against Women Formula Grants	435,439	284,721
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	-	
16.593	Residential Substance Abuse Treatment for State Prisoners	69,125	59,719
16.606	State Criminal Alien Assistance Program	380,487	
16.710	Public Safety Partnership and Community Policing Grants	385,254	
16.727	Combating Underage Drinking	-	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	558,824	508,126
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	72,321	59,248
16.750	Support for Adam Walsh Act Implementation Grant Program	129,204	
16.751	Edward Byrne Memorial Competitive Grant Program	20,829	20,829
16.754	Harold Rogers Prescription Drug Monitoring Program	263,341	
16.812	Second Chance Act Reentry Initiative	153,285	
16.816	John R. Justice Prosecutors and Defenders Incentive Act	-	
16.828	Innovative Responses to Behavior in the Community: Swift, Certain, and Fair Supervision Program	82,762	
16.922	Equitable Sharing Program	12,062	
U.S. DEPARTMENT OF JUSTICE TOTAL		<u>\$ 5,489,496</u>	<u>\$ 1,385,116</u>
U.S. DEPARTMENT OF LABOR			
17.002	Labor Force Statistics	\$ 59,182	
17.005	Compensation and Working Conditions	43,668	
Employment Service Cluster:			
17.207	Employment Service/Wagner-Peyser Funded Activities	380,680	
17.801	Jobs for Veterans State Grants	134,845	
Subtotal Employment Service Cluster		<u>515,525</u>	
17.225	COVID-19 - Unemployment Insurance	<u>378,466,950</u>	
BALANCE FORWARD		<u>\$ 379,085,325</u>	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF LABOR		
	BALANCE FORWARD	\$ 379,085,325	
17.235	Senior Community Service Employment Program	912,492	
	WIOA Cluster:		
17.258	WIOA Adult Program	613,879	
17.259	WIOA Youth Activities	653,556	
17.278	WIOA National Dislocated Worker Formula Grants	709,155	
	Subtotal WIOA Cluster	<u>1,976,590</u>	
17.273	Temporary Labor Certification for Foreign Workers	79,758	
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	205,659	
17.277	COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	512,789	
17.281	WIOA Dislocated Worker National Reserve Technical Assistance and Training	-	
17.285	Apprenticeship USA Grants	972,131	
17.504	Consultation Agreements	294,012	
17.604	Safety and Health Grants	-	
	U.S. DEPARTMENT OF LABOR TOTAL	<u>\$ 384,038,756</u>	
	U.S. DEPARTMENT OF TRANSPORTATION		
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	\$ 27,680,759	
	Subtotal Highway Planning and Construction Cluster	<u>27,680,759</u>	
20.218	Motor Carrier Safety Assistance	232,358	
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	-	
	Federal Transit Cluster:		
20.500	Federal Transit Capital Investment Grants	<u>111,069</u>	
	Subtotal Federal Transit Cluster	111,069	
20.509	Formula Grants for Rural Areas and Tribal Transit Program	1,418,592	
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	61,449	
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	384,790	
20.602	Occupant Protection Incentive Grants	62,255	
20.610	State Traffic Safety Information System Improvement Grants	4,715	
20.616	National Priority Safety Programs	<u>123,632</u>	
	Subtotal Highway Safety Cluster	575,392	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	<u>53,075</u>	
	U.S. DEPARTMENT OF TRANSPORTATION TOTAL	<u>\$ 30,132,694</u>	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF THE TREASURY		
21.016	Equitable Sharing Program	\$ 104,892	
21.019	COVID-19 - Coronavirus Relief Fund	<u>64,837,626</u>	\$ <u>21,704,348</u>
	U.S. DEPARTMENT OF THE TREASURY TOTAL	\$ <u>64,942,518</u>	\$ <u>21,704,348</u>
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.025	Promotion of the Arts Partnership Agreements	\$ 171,668	\$ 39,260
45.310	Grants to States	<u>106,405</u>	
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	\$ <u>278,073</u>	\$ <u>39,260</u>
	U.S. ENVIRONMENTAL PROTECTION AGENCY		
66.040	State Clean Diesel Grant Program	\$ 12,952	\$ 12,952
66.600	Environmental Protection Consolidated Grants for the Insular Areas-Program Support	2,803,846	
66.804	Underground Storage Tank (UST) Prevention, Detection and Compliance Program	<u>-</u>	
	U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	\$ <u>2,816,798</u>	\$ <u>12,952</u>
	U.S. DEPARTMENT OF ENERGY		
81.041	State Energy Program	\$ 224,194	
81.042	Weatherization Assistance for Low-Income Persons	323,625	
81.119	State Energy Program Special Projects	<u>-</u>	
	U.S. DEPARTMENT OF ENERGY TOTAL	\$ <u>547,819</u>	
	U.S. DEPARTMENT OF EDUCATION		
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	\$ 1,420,206	
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	-	
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	2,381	
84.403	Consolidated Grant to the Outlying Areas	<u>180,246</u>	\$ <u>161,905</u>
	U.S. DEPARTMENT OF EDUCATION TOTAL	\$ <u>1,602,833</u>	\$ <u>161,905</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	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	\$ -	
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	8,520	
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	15,000	\$ 15,000
	Aging Cluster:		
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	482,308	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	2,365,124	
93.045	COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	648,011	
93.053	Nutrition Services Incentive Program	387,574	
	Subtotal Aging Cluster	<u>3,883,017</u>	<u>-</u>
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	71,892	
93.048	COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	6,914	
93.052	National Family Caregiver Support, Title III, Part E	314,886	
93.069	Public Health Emergency Preparedness	314,514	
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	-	
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	346,314	
93.077	Family Smoking Prevention and Tobacco Control Act Regulatory Research	214,114	
93.103	Food and Drug Administration Research	(2,391)	
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	-	
93.110	Maternal and Child Health Federal Consolidated Programs	33,292	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Program	898,657	
93.127	Emergency Medical Services for Children	69,361	
93.136	Injury Prevention and Control Research and State and Community Based Programs	-	
93.150	Projects for Assistance in Transition from Homelessness (PATH)	40,756	
93.217	Family Planning Services	132,902	
	Health Center Program Cluster:		
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	2,097,476	
93.224	COVID-19 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	219,934	
	Subtotal Health Center Program Cluster	<u>2,317,410</u>	
	BALANCE FORWARD	<u>\$ 8,665,158</u>	<u>\$ 15,000</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	BALANCE FORWARD	\$ 8,665,158	\$ 15,000
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	2,663,378	
93.268	Immunization Cooperative Agreements	1,018,400	
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	-	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	824,475	
93.323	COVID-19-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	409,130	
93.324	State Health Insurance Assistance Program	25,534	
93.336	Behavioral Risk Factor Surveillance System	-	
93.354	State Health Department Response to Crisis	165,171	
93.369	ACL Independent Living State Grants	-	
93.377	Prevention and Control of Chronic Disease and Associated Risk Factors in the U.S. Affiliated Pacific Islands, U.S. Virgin Islands, and P.R.	412,518	
93.387	National State Tobacco Program	2,544	
93.434	Prevention and Control of Chronic Disease	-	
93.504	Family to Family Health Information Centers	106,457	
93.505	ACA Maternal, Infant, and Early Childhood Home Visiting Program	-	
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements;PPHF	37,187	
	TANF Cluster:		
93.558	Temporary Assistance for Needy Families	948,470	
	Subtotal TANF Cluster	<u>948,470</u>	
93.560	Family Support Payments to States Assistance Payments	1,207,732	
93.563	Child Support Enforcement	3,904,829	
	CCDF Cluster:		
93.575	Child Care and Development Block Grant	7,328,543	
	Subtotal CCDF Cluster	<u>7,328,543</u>	
93.597	Grants to States for Access and Visitation Programs	74,980	
93.630	Developmental Disabilities Basic Support and Advocacy Grants	252,493	
93.667	Social Services Block Grant	2,530,311	
93.685	Formula Grants U.S. DHHS	101,412	
93.735	State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by Prevention and Public Health Funds (PPHF)	78,957	
93.745	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund	254,681	
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	-	
93.767	Children's Health Insurance Program	28,743,521	
	BALANCE FORWARD	\$ <u>59,755,881</u>	\$ <u>15,000</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	BALANCE FORWARD	\$ 59,755,881	\$ 15,000
	Medicaid Cluster:		
93.778	Medical Assistance Program	112,824,800	
	Subtotal Medicaid Cluster	<u>112,824,800</u>	
93.788	Opioid STR	267,910	
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for the Infectious Diseases (ELC)	286,679	
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	61,055	
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	665,073	
93.889	National Bioterrorism Hospital Preparedness Program	18,417	
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	558,196	
93.917	HIV Care Formula Grants	295,530	
93.945	Assistance Programs for Chronic Disease Prevention and Control	56,938	
93.958	Block Grants for Community Mental Health Services	322,101	
93.958	COVID-19 - Block Grants for Community Mental Health Services	18,209	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	1,182,321	
93.991	Preventive Health and Health Services Block Grant	275,857	
93.994	Maternal and Child Health Services Block Grant to the States	<u>672,811</u>	
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL	<u>\$ 177,261,778</u>	<u>\$ 15,000</u>
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.003	State Commissions	\$ 235,982	
94.006	AmeriCorps	1,439,430	\$ 1,439,430
94.007	Program Development and Innovation Grants	-	
94.009	Training and Technical Assistance	<u>160,914</u>	
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL	<u>\$ 1,836,326</u>	<u>\$ 1,439,430</u>
	U.S. DEPARTMENT OF HOMELAND SECURITY		
97.008	Non-Profit Security Program	\$ 79,108	
97.012	Boating Safety Financial Assistance	496,408	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	1,020,778	
97.042	Emergency Management Performance Grants	1,079,553	
97.047	Pre-Disaster Mitigation	287,426	\$ 212,506
97.067	Homeland Security Grant Program	<u>1,221,840</u>	
	U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL	<u>\$ 4,185,113</u>	<u>\$ 212,506</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ 837,491,919</u>	<u>\$ 36,887,547</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, 2020

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 GovGuam are included within the scope of the audit. The U.S. Department of the Interior has been designated as GovGuam's cognizant agency for the Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GovGuam under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the 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)*. Because the Schedule presents only a selected portion of the operations of GovGuam, it is not intended to and does not present the financial positions or changes in financial positions of GovGuam.

3. Summary of Significant Accounting Policies

a. Basis of Accounting:

All expenditures and capital outlays that represent the federal share are reported as expenditures. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, consistent with the manner in which GovGuam 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 GovGuam and Supplemental Nutrition Assistance Program (SNAP) electronic benefits transfer (EBT) during the period. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. GovGuam does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance.

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, 2020 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, 2020.

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

3. Summary of Significant Accounting Policies, Continued

The federal expenditure totals for the excluded departments and component units as of September 30, 2020, are as follows:

<u>Department or Component Unit</u>	<u>Federal Expenditure Total</u>
Antonio B. Won Pat International Airport Authority	\$ 27,148,682
GovGuam Retirement Fund	\$ -
Guam Community College	\$ 9,318,816
Guam Department of Education	\$ 75,401,357
Guam Economic Development Authority	\$ -
Guam Educational Telecommunications Corporation	\$ -
Guam Housing and Urban Renewal Authority	\$ 49,846,977
Guam Housing Corporation	\$ -
Guam Memorial Hospital Authority	\$ 9,621,671
Guam Power Authority	\$ 80,066
Guam Preservation Trust	\$ -
Guam Visitors Bureau	\$ -
Guam Waterworks Authority	\$ 72,473,280
Port Authority of Guam	\$ 2,926,141
University of Guam	\$ 32,584,551

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

c. Cost Allocation:

GovGuam has a plan for the allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2020 federal awards programs are based on 2020 actual expenditures and caseloads.

d. Matching Costs:

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

4. Noncash Awards

Certain federal award programs do not involve cash awards to GovGuam. 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, 2020, GovGuam had the following noncash award:

U.S. Department of Agriculture CFDA #10.551	
SNAP EBT payments	\$ <u>114,558,356</u>
Total SNAP EBT payments reported on the Schedule of Expenditures of Federal Awards	\$ <u>114,558,356</u>

GOVERNMENT OF GUAM

Reconciliation of Schedule of Expenditures of Federal Awards to
Basic Financial Statements
Year Ended September 30, 2020

	<u>2020 Expenditures</u>
Federal Grants Assistance Fund:	
Total expenditures	\$ 389,768,504
Less transfers in from other funds	(17,485,095)
Plus transfers out to other funds	6,337,459
CARES Act Unemployment Assistance Fund	376,729,318
COVID-19 Fund:	
Total expenditures	62,870,918
Plus transfers out to other funds	<u>1,966,678</u>
Federal expenditures, transfers, and other uses	820,187,782
<u>CFDA #</u>	
11.001 Fund 633 Census 2020	
Census Bureau Data Products	12,239,682
Superior Court of Guam:	
16.554 National Criminal History Improvement Program (NCHIP)	513,410
16.585 Drug Court Discretionary Grant Program	205,553
16.750 Support for Adam Walsh Act Implementation Grant Program	128,996
16.812 Second Chance Act Reentry Initiative	153,285
16.828 Swift Certain and Fair Sanctions Program	82,762
16.922 Equitable Sharing Program	12,062
84.403 Consolidated Grant to the Outlying Areas	180,246
93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance	329,310
93.224 Fund 105 Community Health Centers:	
Health Centers Program	2,317,410
Variance	<u>1,141,421</u>
Total Federal Expenditures Subject to Audit	<u>\$ 837,491,919</u>

GOVERNMENT OF GUAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2020

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

1. Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 2. Material weakness(es) identified? Yes
- 3. Significant deficiency(ies) identified? None reported
- 4. Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- 5. Material weakness(es) identified? Yes
- 6. Significant deficiency(ies) identified? Yes
- 7. Type of auditors' report issued on compliance for major federal programs:
 - 11.001 Unmodified
 - 12.401 Unmodified
 - 17.225 Unmodified
 - Aging Cluster Unmodified
 - All other major programs Qualified
- 8. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes
- 9. Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.551	SNAP Cluster: Supplemental Nutrition Assistance Program (SNAP)
10.561	
11.001	Census Bureau Data Products
12.401	National Guard Military Operations and Maintenance (O&M) Projects
15.875	Economic, Social and Political Development of the Territories
16.034	Coronavirus Emergency Supplemental Funding Program
17.225	Unemployment Insurance
21.019	Coronavirus Relief Fund
93.044	Aging Cluster: Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	
93.053	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.778	Medicaid Cluster: Medical Assistance Program

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Section I - Summary of Auditors' Results, Continued

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

Section II – Financial Statement Findings

<u>Reference Number</u>	<u>Finding</u>
2020-001	Financial Management Information System
2020-002	General Ledger and SEFA Reconciliations
2020-003	Capital Assets

Section III - Federal Award Findings and Questioned Costs

<u>Reference Number</u>	<u>CFDA Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
2020-004	10.551/10.561	Special Tests and Provisions – ADP System	\$ 2,096
2020-005	10.551/10.561	Special Tests and Provisions – EBT Reconciliation	-
2020-003	15.875	Equipment and Real Property Management	-
2020-006	15.875	Procurement and Suspension and Debarment	218,183
2020-007	15.875	Reporting	-
2020-008	16.034	Procurement and Suspension and Debarment	-
2020-009	17.225	Allowable Costs/Cost Principles	-
2020-010	17.225	Eligibility	6,626
2020-011	21.019	Activities Allowed or Unallowed	399,830
2020-012	21.019	Reporting	-
2020-013	21.019	Subrecipient Monitoring	-
2020-003	93.323	Equipment and Real Property Management	-
2020-014	93.323	Period of Performance	47,259
2020-015	93.323	Procurement and Suspension and Debarment	-
2020-016	93.778	Eligibility	226,368
2020-017	93.778	Reporting	-
2020-018	93.778	Special Tests and Provisions - Overpayments	413,154
Total Federal Questioned Costs			\$ 1,313,516

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No.: 2020-001
Area: Financial Management Information System (FMIS)

Criteria:

A well-functioning FMIS provides timely, reliable, and comprehensive reports that support the implementation of an entity's fiscal policies and fiscal rules, as well as the formulation, control, monitoring, and execution of the budget; and facilitates a timely and periodic closing process.

Condition:

As of May 2021, the Department of Administration (DOA) had not closed the general ledger accounting system. Accordingly, the AS400 financial data provided for audit in December 2020 included data for both FY 2019 and FY 2020. Additional time and effort were required to segregate the financial data and to reconcile individual beginning fund balances to facilitate timely completion of the FY 2020 audit.

Cause:

GovGuam's existing AS400 FMIS does not facilitate a timely and periodic closing process through functional and standardized year-end closing features.

Effect:

The Division of Accounts (DOA) is not able to generate timely financial information throughout the fiscal year to support fiscal monitoring and decision-making, as well as to expedite timely year-end closing that facilitates commencement and completion of the annual audit process.

Recommendation:

Our understanding is that DOA is currently in the process of procuring a replacement for the AS400 with an FMIS that facilitates timely processing and generation of financial information to better meet GovGuam's current needs. DOA should also continue to examine personnel staffing requirements and qualifications associated with operating the new system.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No: 2020-002
Area: General Ledger and Schedule of Expenditures of Federal Awards Reconciliations

Criteria:

General ledger balances should be timely reconciled to the subsidiary ledger or supporting details and reviewed for ongoing pertinence. The Schedule of Expenditures of Federal Awards (SEFA) should present all amounts passed through to subrecipients.

Condition:

1. Reconciliation between the general ledger and the subsidiary ledgers should be timely performed.
 - Approximately \$15.6M in claims funded by CFDA 17.225 Unemployment Insurance for the Pandemic Unemployment Assistance (PUA) and Federal Pandemic Unemployment Compensation (FPUC) programs for the batch ended 09/29/2020 was unreconciled between the general ledger and subsidiary claims register. On April 23, 2021, GovGuam recorded a post-closing audit adjustment in the amount of \$15.6M to correct the misstatement.
 - A reconciliation was provided on May 26, 2021, to reconcile \$31M of Medicaid expenditures in the general ledger. Approximately \$10.3M of Medicaid expenditures were still unreconciled between the general ledger and the SEFA.
 - A revised SEFA was provided on May 5, 2021, increasing the previously reported expenditures by \$28.5M in Medicaid costs funded by CFDA 93.778 Medical Assistance Program. Thereafter, a revised SEFA was provided on May 26, 2021, decreasing the previously reported expenditures by \$7.4M in Medicaid costs.
2. Approximately \$88.8M in recorded expenditures related to amounts passed through to subrecipients were not reconciled in the SEFA until May 20, 2021. A final SEFA was provided on May 28, 2021, and approximately \$1.6M of amounts passed through to subrecipients were still unreconciled between the general ledger and the SEFA.

Cause:

GovGuam did not perform timely reconciliations and did not effectively perform monitoring controls over the completeness of the SEFA to detect and correct understatements relative to expenditures and subrecipient transactions.

Effect:

The aforementioned accounts and SEFA amounts were misstated.

Identification as a Repeat Finding: 2019-007

Recommendation:

GovGuam management should develop and implement a Gantt chart for financial reporting purposes that includes the reconciliation of general ledger accounts with corresponding subsidiary ledgers at least monthly or quarterly. Furthermore, the Division of Accounts should assess whether additional personnel well versed in accounting reconciliations and in SEFA preparation or additional training of existing responsible personnel may be required to allow for accurate and complete financial reporting.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No: 2020-002, Continued
Area: General Ledger and Schedule of Expenditures of Federal Awards Reconciliations

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-003
 CFDA Program: 15.875 DOI Economic, Social and Political Development of the Territories
 CFDA Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
 Area: Equipment and Real Property Management
 Area: Capital Assets
 Questioned Costs: \$0

Criteria:

1. 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.
2. Reconciliation with inventory records, capital asset ledgers and the general ledger should be timely performed.
3. Capital assets should be reviewed for ongoing pertinence to minimize the opportunity for misstatements and to identify retired assets that have been replaced, disposed, or that have no further value or use.
4. Capital assets should be recorded in accordance with the applicable capitalization policy.

Condition:

Equipment and Real Property Management

1. GovGuam performed the required comprehensive physical inventory of its property in January 2016; however, the required reconciliation was not completed. As of September 30, 2020, the required biannual physical inventory and reconciliation were not performed.

We are unable to assess the overall cumulative monetary value of this deficiency. However, the table below summarizes each of the Government of Guam FY 2020 major programs that have a level of total capital outlays over the past five years that is material to the major program.

<u>Program</u> <u>CFDA #s</u>		<u>2020</u> <u>Purchases</u>	<u>2019</u> <u>Purchases</u>	<u>2018</u> <u>Purchases</u>	<u>2017</u> <u>Purchases</u>	<u>2016</u> <u>Purchases</u>	<u>Total</u>
15.875	\$	527,784	843,717	1,886,709	2,338,541	4,704,637	\$10,301,388
93.323	\$	86,277	12,500	-	23,555	-	\$ 122,332

Capital Assets

2. Twelve assets were not made available for verification of physical existence.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-003, Continued
CFDA Program: 15.875 DOI Economic, Social and Political Development of the Territories
CFDA Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Equipment and Real Property Management
Area: Capital Assets
Questioned Costs: \$0

Condition, Continued:

3. Capital assets were not recorded in accordance with the applicable capitalization policy. \$345K were less than the \$50,000 threshold per the applicable capitalization policy or were not capitalizable expenses. A subsequent adjustment was recorded to correct this misstatement.

	<u>Description</u>	<u>Cost</u>
1	P156A03634-2016 FORD EXPLORER	\$ 49,290
2	P156A03634-2016 FORD EXPLORER	49,290
3	P166A04872-2016 FORD TRANSIT VAN (VIN: 1FBZX2YM7GKB26591)	48,698
4	P166A04872-2016 FORD TRANSIT VAN (VIN: 1FBZX2YM9GKB26592)	48,698
5	P166A02867-2016 DODGE DURANGO (VIN: 1C4RDJGF1GC460444)	49,779
6	P166A02867-2016 DODGE DURANGO (VIN: 1C4RDJFGGC480394)	49,779
7	P166A02867-2016 DODGE DURANGO (VIN: 1C4RDJGF1GC460443)	<u>49,779</u>
		\$ <u>345,313</u>

4. Construction costs were not easily identifiable by project. Capital asset subsidiary ledger included details of transactions from the general ledger and were not organized in a manner that can be identified by project.
5. Construction in progress was understated by \$19M related to the Layon Landfill Cell#3. An audit adjustment was proposed to correct this misstatement.
6. Depreciation expenditures were overstated by \$4.8M due to items that were depreciated in excess of the acquisition costs. Additionally, an understatement of depreciation expenditures was also identified of \$2.3M due to assets that were not depreciated for current year. An audit adjustment was proposed to correct this misstatement.
7. Capital assets were understated by \$4.5M which includes retention release payments associated with CWIP infrastructure additions and a \$350K escrow payment for the purchase of Hesler building.
8. Capital assets were disposed and surveyed, but were not removed from the capital asset register.

	<u>Description</u>	<u>Cost</u>
1	P906A04706-AMBULANCE VIN: 1FDKE30M8LHB04252	\$ 78,091
2	P906A04706-AMBULANCE VIN: 1FDKF38MXMNA04075	\$ 86,184

Cause:

The processes over inventory, maintenance and reconciliation of capital assets are not routine. GovGuam requires more funding and human resources to fully develop a reliable equipment management system.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No.: 2020-003, Continued
CFDA Program: 15.875 DOI Economic, Social and Political Development of the Territories
CFDA Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Equipment and Real Property Management
Area: Capital Assets
Questioned Costs: \$0

Effect:

GovGuam is in noncompliance with applicable equipment management requirements. The underlying capital outlays are not considered questioned costs, as we are unable to quantify the extent of noncompliance. This noncompliance applies to CFDA 15.875 and 93.323, for which cumulative capital outlays over the past five years exceed the program's FY 2020 materiality level.

Furthermore, depreciable assets and amounts reported as construction in progress may be materially misstated. Such potential misstatements were mitigated through the proposed audit adjustment.

Identification as a Repeat Finding: 2019-008

Recommendation:

GovGuam should complete the required biannual physical inventory and reconciliations during FY 2021 and should consider developing a more detailed corrective action plan with timetables for completing planned actions, such as requesting Federal assistance, processing required reconciliations and reports, training personnel, and coordinating with other governmental units on property management requirements.

GovGuam should continue implementing controls over timely tagging all equipment and over performing the required future inventories and reconciliations in accordance with applicable equipment management requirements.

GovGuam should record capital assets in accordance with the Government's capitalization policy and should implement a policy to monitor replacements, disposals, transfers of assets and construction in progress by project. Additionally, we recommend management revisit the capitalization policy and consider including all vehicles as part of reported capital asset inventory.

The Division of Accounts should investigate whether additional personnel well versed in accounting reconciliations and processes may be required to allow for timely review and recordation of capital assets, especially given the substantial capital asset construction that is undertaken by GovGuam. Furthermore, coordination with DPW and engineering firms must occur at project commencement so that accounts are established to track capital costs and to allow for the preparation of periodic reports documenting a project's percentage of completion.

Equipment management has been a continuing finding in prior audits, and GovGuam management is still in the process of effecting corrective action to develop and fund an equipment management system.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-004
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 207GUGU4S2514
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$2,096

Criteria:

In accordance with applicable special tests and provisions requirements, the State’s Automated Data Processing (ADP) system for SNAP must accurately and completely process and store all case file information for eligibility determination and benefit calculation.

Condition:

For 1 (or 4%) of 25 case files tested, aggregating \$11,945 out of \$114.6 million in total SNAP benefits, the case file information did not include a full application form or mayor’s certification to substantiate the household size of four members in the ADP system. Therefore, the accuracy of the ADP system for eligibility determination and benefit calculation cannot be validated.

<u>Case #</u>	<u>Issue Date</u>	<u>Amount Overpaid</u>	<u>FY2020 Issuances and Questioned Cost</u>
830052158	10/2019	\$524	\$2,096

Cause:

DPHSS management did not effectively monitor the ADP System for compliance with applicable special tests and provisions.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements for the ADP System. Projected questioned costs exceed \$25,000, and the known questioned cost is \$2,096.

Identification as a Repeat Finding: 2019-002

Recommendation:

Responsible personnel should enforce monitoring and recordkeeping controls over compliance with applicable special tests and provisions requirements. Responsible personnel should maintain complete case file information to substantiate the accuracy of the ADP system data.

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-005
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 207GUGU4S2514
Area: Special Tests and Provisions – EBT Reconciliation
Questioned Costs: \$0

Criteria:

In accordance with applicable special tests and provisions requirements, States must have systems in place to reconcile all of the funds entering into, exiting from, and remaining in the system each day with the State’s benefit account with Treasury and electronic benefits transfer (EBT) contractor records. This includes a reconciliation of the State’s issuance files of postings to recipient accounts with the EBT contractor. The State must reconcile the financial and management data that comes from the EBT contractor to the SNAP issuance files and settlement data to ensure that benefits are authorized by the State and funds have been properly drawn down.

Condition:

Of fifty-two reconciliation dates tested, the reconciliation data contained no dates relative to signoffs, system extractions, or printing, etc., to substantiate whether the daily reconciliation occurred.

Cause:

DPHSS management did not effectively monitor compliance with applicable EBT reconciliation requirements.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements for the EBT reconciliation. A potential misstatement of federal expenditures within the Schedule of Expenditures of Federal Awards and basic financial statements or related disclosures could exist undetected and uncorrected. No questioned cost is presented, as ending year balances between the State and the EBT contractor are reconciled.

Identification as a Repeat Finding: Finding 2019-003

Recommendation:

DPHSS management should more closely monitor the EBT reconciliation process so that the required daily reconciliations are completed in accordance with applicable special tests and provisions requirements. If reconciliations are not feasible on a daily basis, responsible personnel should consider seeking approval from the Grantor agency for an alternative reconciliation schedule.

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-006
 Federal Agency: U.S. Department of the Interior
 CFDA Program: 15.875 Economic, Social and Political Development of the Territories
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$218,183

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, when procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. Government of Guam procurement regulations, specify the following:

1. The small purchases method applies to procurements less than \$25,000 for supplies and services and less than \$100,000 for construction, and procurement requirements shall not be artificially divided so as to constitute a small purchase. For small purchases, no less than three positive written quotations from businesses shall be solicited, recorded and placed in the procurement file.
2. Emergency procurement shall be made with such competition as is practicable under the circumstances, and the procurement agent must solicit at least three informal price quotations.

Condition:

Of 25 procurement transactions tested, aggregating \$13.5 million out of \$16.3 million in total non-payroll program expenditures, we noted the following:

1. For one (or 4%), the small purchases method was used to procure construction services to upgrade interior bay lighting at a gym under purchase order P206P00504, dated 01/16/2020, for \$62,588. The bid abstract lists only two positive quotations, with one specified as a “no quote.” We further noted that purchase order P206P00503, also dated 01/16/2020, was for \$56,300 and was awarded to the same contractor for construction services to refurbish the interior wood arena flooring at the same gym. Since total construction services at the gym exceeded \$100,000, formal bid procedures should have been performed. Instead, it appears the procurement was artificially divided.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2020 Expenditures and Questioned Costs</u>
D18AF00045	P206P00504	01/16/2020	T0093040	\$62,588	\$62,588

2. For two (or 8%), the small purchases method was used to procure construction services for the Guam Department of Parks and Recreation’s public restrooms and recreational facilities at various locations under purchase order P206P00509, dated 04/30/2020, for \$66,600 and purchase order P206P00510, dated 05/07/2020, for \$88,995. Given the consecutive purchase order numbers, nearness of dates, and similarity of projects, it appears formal bid procedures should have been performed for the procurement of total construction services in excess of \$100,000. Instead, it appears the procurement was artificially divided. Additionally, for P206P00509, four contractors were solicited, with one withdrawing due to scheduling conflicts with current projects; for P206P00510, six contractors were solicited, including the contractor who had withdrawn from P206P00509, as well as two others from P206P00509, and excluding the second lowest bidder from P206P00509.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>	<u>FY 2020 Expenditures and Questioned Costs</u>
D18AF00045	P206P00509	04/30/2020	M0016808	\$46,800	\$ 66,600
D18AF00045	P206P00510	05/07/2020	T0093040	\$66,746	88,995
					<u>\$ 155,595</u>

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-006, Continued
Federal Agency: U.S. Department of the Interior
CFDA Program: 15.875 Economic, Social and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$218,183

Condition, Continued:

3. For one (or 4%), the emergency procurement method was used to procure three ambulances in April 2020. The procurement file includes three quotations, of which one indicates “no quote.” Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in this federally funded transaction. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
D19AF00065	P206E00208	04/13/2020	C0097139	\$339,150

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The total questioned cost is \$218,183.

Identification as a Repeat Finding: Finding 2019-004

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-007
 Federal Agency: U.S. Department of the Interior
 CFDA Program: 15.875 Economic, Social and Political Development of the Territories
 Area: Reporting
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, amounts reported in SF-425, Federal Financial Report, should be accurate and supported by underlying accounting records.

Condition:

Reported expenditures for the semi-annual reporting period ended 06/30/2020 are not supported by underlying accounting records, as follows:

	<u>FY 2020 or Cumulative</u> <u>Expenditures</u>	<u>FY2020 Unliquidated</u> <u>Obligations</u>
Federal Award No. D16AP00023	5101H160200PA120	
SF-425	\$ 343,220	\$ 106,780
AS400 financial management system	<u>292,242</u>	-
Variance	\$ <u>50,978</u>	\$ <u>106,780</u>
Federal Award No. D19AF00065	Various 5101H19/J19	
SF-425	\$ 9,119,708	\$ -
AS400 financial management system	<u>2,175,000</u>	<u>124,000</u>
Variance	\$ <u>6,944,708</u>	\$ <u>(124,000)</u>

Cause:

GovGuam did not enforce monitoring controls over reconciliations and over compliance with reporting requirements.

Effect:

GovGuam is in noncompliance with applicable reporting requirements. No questioned cost is presented as reported expenditures represent allowable costs.

Recommendation:

GovGuam should enforce monitoring controls over reconciliations and over compliance with reporting requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-008
Federal Agency: U.S. Department of Justice
CFDA Program: 16.034 Coronavirus Emergency Supplemental Funding Program
Area: Procurement and Suspension and Debarment
Questioned Costs: \$0

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, when procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. In accordance with Government of Guam procurement regulations, emergency procurement shall be made with such competition as is practicable under the circumstances, and the procurement agent must solicit at least three informal price quotations.

Condition:

Of 13 procurement transactions tested, aggregating \$934,293 out of \$1,046,005 in total non-payroll program expenditures, the emergency procurement method was used, however, less than three informal price quotations are on file. Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in the federally funded transactions. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.

- 1. For two (or 15%), only one quotation was obtained to procure ambulances.

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
P206E00274	05/07/2020	C0097139	\$113,050
P206E00274	05/07/2020	C0097139	\$339,150

- 2. For four (or 31%), the procurement file for N95 masks includes four quotations, of which three indicate “no quote.”

<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
P206E00413	06/16/2020	M0098076	\$106,683
P206E00413	06/16/2020	M0098076	\$ 74,304
P206E00413	06/16/2020	M0098076	\$ 3,657
P206E00413	06/16/2020	M0098076	\$ 25,542

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements.

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-008, Continued
Federal Agency: U.S. Department of Justice
CFDA Program: 16.034 Coronavirus Emergency Supplemental Funding Program
Area: Procurement and Suspension and Debarment
Questioned Costs: \$0

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-009
Federal Agency: U.S. Department of Labor
CFDA Program: 17.225 Unemployment Insurance
Federal Award No.: Pandemic Unemployment Assistance (PUA)
Federal Award No.: Federal Pandemic Unemployment Compensation (FPUC)
Area: Allowable Costs/Cost Principles
Questioned Costs: \$0

Criteria:

In accordance with applicable allowable costs/cost principles requirements, in order to be allowable under Federal awards, costs must be determined in accordance with generally accepted accounting principles and should be net of applicable credits.

Condition:

For three (or 5%) of 60 claimants tested, aggregating \$1,065,353 out of \$376.7 million in total program benefits, the Claims Register reported double the weekly rate of \$345 for PUA and/or \$600 for FPUC during certain weeks in FY 2020. During a week when a direct deposit was rejected by the bank, the Program issued a paper check to the claimant. However, in the Claims Register, both the direct deposit and the paper check for the approved weekly amount were recorded as benefits, without a corresponding credit for the canceled payment. Based on our examination of the Payment Register and cancelled direct deposits, we noted that the claimant did not receive overpayments. Therefore, no questioned cost is presented.

<u>Claim ID</u>	<u>Weeks Double Recorded</u>	<u>PUA Double Recorded</u>	<u>FPUC Double Recorded</u>	<u>Total Over Statement</u>
81854	03/21/20-06/27/20	\$ 5,175	\$ 7,800	\$ 12,975
71336	03/21/20-08/01/20	\$10,850	\$16,200	27,050
77422	03/21/20-07/18/20	\$ 4,671	\$ 8,640	<u>13,311</u>
				<u>\$ 53,336</u>

Cause:

Guam Department of Labor did not effectively monitor the Claims Register for double-recorded benefits and did not reflect credits for the canceled direct deposits.

Effect:

GovGuam is in noncompliance with applicable allowable costs/cost principles requirements, and program costs are overstated.

Recommendation:

Guam Department of Labor should periodically monitor compliance with applicable allowable costs/cost principles requirements. When direct deposits are rejected by the bank, responsible personnel should record the credit in the Claims Register so that benefits in the AS400 financial management system accurately reflect benefits for each claimant.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-010
Federal Agency: U.S. Department of Labor
CFDA Program: 17.225 Unemployment Insurance
Federal Award No.: Pandemic Unemployment Assistance (PUA)
Federal Award No.: Federal Pandemic Unemployment Compensation (FPUC)
Area: Eligibility
Questioned Costs: \$6,626

Criteria:

In accordance with applicable eligibility requirements, claimants are eligible to receive pandemic unemployment assistance and Federal pandemic unemployment compensation if they file an initial application and weekly certifications.

Condition:

For four (or 7%) of 60 case files tested, aggregating \$1,065,353 out of \$376.7 million in total program benefits, a notice of overpayment was mailed to the claimant after 09/30/2020; however, no subsequent documentation was provided to substantiate recoupment of the overpayment.

<u>Claim ID</u>	<u>Weeks Overpaid</u>	<u>PUA Overpayment</u>	<u>FPUC Overpayment</u>	<u>FY21 Recovery</u>	<u>Questioned Cost</u>
39572	03/28/20-05/16/20	\$ 2,760	\$ 4,200	\$ 4,186	\$ 2,774
2960	05/30/20	\$ 37		\$ 37	-
14469	04/25/20-05/30/20	\$ 5,670		\$ 2,898	2,772
27707	03/22/20-04/04/20	\$ 1,080		-	<u>1,080</u>
					<u>\$ 6,626</u>

Cause:

Guam Department of Labor did not effectively monitor compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. Projected questioned costs exceed \$25,000, and the known questioned cost is \$6,626.

Recommendation:

Guam Department of Labor should periodically monitor compliance with applicable eligibility requirements. Responsible personnel should timely perform quality control reviews and enforce recovery of overpayments.

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-011
Federal Agency: U.S. Department of the Treasury
CFDA Program: 21.019 Coronavirus Relief Fund
Area: Activities Allowed or Unallowed
Questioned Costs: \$399,830

Criteria:

In accordance with applicable activities allowed or unallowed requirements, payments must be used to cover costs that are:

1. Necessary expenditures incurred due to the public health emergency with respect to COVID-19;
2. Not accounted for in the government’s most recently approved budget as of March 27, 2020; and
3. Incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

Condition:

For 2 (or 9%) of 23 non-payroll transactions tested, aggregating \$5.2 million out of \$51.6 million in total non-payroll program costs, the cost does not appear to be a necessary expenditure incurred due to the public health emergency with respect to COVID-19, as follows:

- a. Credit card fees absorbed by various GovGuam agencies. Although we understand that the absorption of credit card fees may have been necessary to encourage online payments, we are not aware of analytics to determine pre- and post-COVID usage of credit cards and associated fees. No credit card statements were provided to substantiate fees charged.
- b. Unoccupied hotel rooms during the period from 08/24/2020 through 08/31/2020. Of the total 144 rooms reserved each day during the period, an average of 142 rooms were unoccupied each day at a rate of \$66 per day. Although we understand that mass reservations were necessary to secure rooms to accommodate unknown numbers of quarantined travelers, we are not aware of monitoring efforts and analytics to more accurately project the required number of room reservations and to minimize costs for unoccupied rooms as experience with the pandemic progressed.

<u>Transaction No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
J200612167	FEE-052020	07/31/2020	GovGuam Agencies	\$324,812
EFT_111620	P206E00462	09/30/2020	W0011287	\$ 74,880

For one (or 20%) of five payroll transactions tested, aggregating \$15,565 out of \$13.5 million in total payroll program costs, an overpayment of \$138 was processed for Employee Number 3774 for the pay period ended 04/25/2020. The employee was overpaid 28.5 hours of 10% hazardous pay and underpaid 2 hours of night differential and 9 hours at 5% of base rate.

Cause:

GovGuam did not effectively monitor compliance with applicable activities allowed or unallowed requirements.

Effect:

GovGuam is in noncompliance with applicable activities allowed or unallowed requirements. The total questioned cost is \$399,830.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-011, Continued
Federal Agency: U.S. Department of the Treasury
CFDA Program: 21.019 Coronavirus Relief Fund
Area: Activities Allowed or Unallowed
Questioned Costs: \$399,830

Recommendation:

GovGuam should more closely monitor program costs for allowability in accordance with activities allowed or unallowed requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-012
Federal Agency: U.S. Department of the Treasury
CFDA Program: 21.019 Coronavirus Relief Fund
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements for special reporting, each prime recipient of the Fund shall provide a quarterly Financial Progress Report that contains COVID-19 related costs incurred during the covered period. The prime recipient’s quarterly Financial Progress Report submission should be supported by the data in the prime recipient’s accounting system. By no later than September 21, 2020, prime recipients shall submit via the GrantSolutions portal the first detailed quarterly report, which shall cover the period March 1 through June 30, 2020.

Condition:

GovGuam provided a copy of the required quarterly Financial Progress Report on May 24, 2021. Certain reported expenditures differ from data in the AS400 accounting system, as follows:

	<u>Reported</u> <u>Expenditures</u>	<u>AS400</u> <u>Expenditures</u>	<u>(Under)Over</u> <u>Reported</u>
Contracts >= \$50,000	\$ -	\$ 406,343	\$ (406,343)
Direct >= \$50,000	6,163,649	6,183,577	(19,928)
Aggregate of Direct Payments for <\$50,000	122,126	103,685	18,441
Aggregate of Direct Payments to Individuals	<u>17,649,721</u>	<u>15,955,777</u>	<u>1,693,944</u>
Total Expenditures	<u>\$23,935,496</u>	<u>\$ 22,649,382</u>	<u>\$ 1,286,114</u>

Cause:

As of GovGuam’s report submission in September 21, 2020, accounting adjustments were ongoing in the accounting system.

Effect:

GovGuam is in noncompliance with applicable reporting requirements for special reporting. No questioned cost is presented as we are unable to quantify the impact of noncompliance.

Recommendation:

GovGuam should enforce compliance with applicable reporting requirements. Accounting adjustments in the AS400 accounting system should be reflected in future progress reports.

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2020

Finding No.: 2020-013
Federal Agency: U.S. Department of the Treasury
CFDA Program: 21.019 Coronavirus Relief Fund
Area: Subrecipient Monitoring
Questioned Costs: \$0

Criteria:

In accordance with applicable subrecipient monitoring requirements, a pass-through entity must:

1. Clearly identify to the subrecipient the award as a subaward by providing the CFDA (Catalog of Federal Domestic Assistance) number and name.
2. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. This includes the verification that subrecipients expected to be audited as required by 2 CFR part 200, subpart F, met the audit requirements.

Condition:

For the year ended September 30, 2020, GovGuam reported \$64.8 million in total program expenditures in the Schedule of Expenditures of Federal Awards (SEFA), which included \$21.7 million in amounts passed through to GovGuam line agencies and component units. However, the SEFA did not separately present the \$21.7 million as amounts passed through to subrecipients, including \$15.8 million to Guam Economic Development Authority (GEDA). According to Executive Order No. 2020-18, dated June 1, 2020,

“GEDA is designated as the entity responsible for the administration of the Guam Small Business Pandemic Assistance Grant....The Administrator of GEDA is designated as the official responsible for overseeing the program which includes the following items...[(b)]. Creating the program inclusive of application, promotional materials, standard operating procedures, and other relevant documentation. [(c)] Receiving and reviewing applications in a timely manner and periodically reporting a payment schedule to the Department of Administration for check issuance to small businesses.”

As such, GEDA is expected to be audited as required by the Single Audit Act and 2 CFR part 200. We are aware that the audit report on GEDA’s FY 2020 financial statements was issued on March 31, 2021. However, it appears GEDA did not have a Single Audit.

Cause:

GovGuam did not enforce compliance with applicable subrecipient monitoring requirements.

Effect:

GovGuam is in noncompliance with applicable subrecipient monitoring requirements. No questioned cost is presented at this finding as the U.S. Office of Management and Budget extended the submission date of the Single Audit reporting package to six months beyond the normal due date. However, a potential questioned cost of \$15,780,370 may exist if the required Single Audit reporting package is not submitted by December 31, 2021.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-013, Continued
Federal Agency: U.S. Department of the Treasury
CFDA Program: 21.019 Coronavirus Relief Fund
Area: Subrecipient Monitoring
Questioned Costs: \$0

Recommendation:

GovGuam should enforce compliance with applicable subrecipient monitoring requirements. Responsible personnel should monitor GEDA's compliance with requirements for its FY 2020 Single Audit reporting package submission by 12/31/2021. Also, GovGuam should consider seeking guidance and confirmation from the Grantor Agency regarding the classification of GEDA as either a subrecipient or contractor.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-014
Federal Agency: U.S. Department Health and Human Services
CFDA Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Period of Performance
Questioned Costs: \$47,259

Criteria:

In accordance with applicable period of performance requirements, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

Condition:

The period of performance end date for Grant No. 5 NU50CK000373-05-00 was July 31, 2019. Therefore, the liquidation end date was October 31, 2019. Although expenditures were obligated during the period of performance, liquidations occurred after October 31, 2019, as follows:

Account Number	Transaction Number	Check Date	Amount
5101H181713SE120230	680666	11/08/2019	\$ 868
5101H181713SE120240	680666	11/08/2019	732
5101H181713SE120230	680764	11/12/2019	4,300
5101H181713SE120240	682171	12/04/2019	2,046
5101H181713SE120240	682172	12/04/2019	1,989
5101H181713SE120240	682173	12/04/2019	19,067
5101H181713SE120240	682173	12/04/2019	2,475
5101H181713SE120240	682173	12/04/2019	420
5101H181713SE120240	682173	12/04/2019	11,832
5101H181713SE120240	682173	12/04/2019	900
5101H181713SE120230	682178	12/04/2019	240
5101H181713SE120250	EFT_120419	12/04/2019	2,170
5101H181713SE120240	684440	01/16/2020	220
			<u>\$ 47,259</u>

Cause:

GovGuam did not effectively monitor compliance with applicable period of performance requirements.

Effect:

GovGuam is in noncompliance with applicable period of performance requirements. The total questioned cost is \$47,259.

Recommendation:

GovGuam should monitor compliance with applicable period of performance requirements. Prior to charging expenditures to a Federal award, responsible personnel should verify the period of performance dates so that payments occur before the liquidation end date.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-015
Federal Agency: U.S. Department Health and Human Services
CFDA Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Procurement and Suspension and Debarment
Questioned Costs: \$0

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, when procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. Government of Guam procurement regulations, specify the following:

1. The small purchases method applies to procurements less than \$25,000 for supplies and services and less than \$100,000 for construction, and procurement requirements shall not be artificially divided so as to constitute a small purchase. For small purchases, no less than three positive written quotations from businesses shall be solicited, recorded and placed in the procurement file.
2. Emergency procurement shall be made with such competition as is practicable under the circumstances, and the procurement agent must solicit at least three informal price quotations.

Condition:

Of 13 procurement transactions tested, aggregating \$271,425 out of \$614,831 in total non-payroll program expenditures, either the small purchase method or emergency procurement method was used, however, less than three informal price quotations are on file. Given the ease of emailing capabilities and official social media platforms, other potential suppliers should have been solicited and given an opportunity to participate in the federally funded transactions. No questioned cost is presented as the procurement can be viewed as being technically compliant based on existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam. with existing GovGuam procurement regulations and guidance from the Office of the Attorney General of Guam.

Small Purchases Method

1. For one (or 8%), the procurement file for 12V replacement battery DC 14AHRs includes five quotations, of which three indicate “no quote.”

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
5 NU50CK000373-05-00	P196A03925	07/30/2019	J5544401	\$11,832

2. For one (or 8%), the procurement file for scientific equipment includes five quotations, of which four indicate “no quote.”

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
1 NU50CK000531-01-00	P206A02086	01/23/2020	M0096987	\$15,038

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-015, Continued
Federal Agency: U.S. Department Health and Human Services
CFDA Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Procurement and Suspension and Debarment
Questioned Costs: \$0

Condition, Continued:

Emergency Procurement – COVID 19 Funding

3. For one (or 8%), the procurement file for scientific equipment includes five quotations, of which four indicate “no quote” from Guam-based suppliers. The equipment was purchased from a supplier not based on Guam, and no other quotes from off-Guam suppliers were solicited.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
6 NU50CK000531-01-04	P206E00558	08/22/2020	Q0011789	\$58,507

4. For one (or 8%), the procurement file for pipette laboratory supplies includes four solicitations, to which GovGuam received responses of one quote, two with a “no quote,” and one non-response.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
6 NU50CK000531-01-04	P206E00570	08/25/2020	M0098076	\$ 8,140

5. For one (or 8%), the procurement file for biohazard-related laboratory supplies includes five quotations, of which three indicate “no quote.”

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
6 NU50CK000531-01-04	P206E00585	08/27/2020	M0098076	\$11,065

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements.

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-016
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Federal Award No.: 2005GQ5MAP
Area: Eligibility
Questioned Costs: \$226,368

Criteria:

In accordance with applicable eligibility requirements, such documents as proof of residency, notice of action, and recertification forms should be maintained on file to substantiate eligibility determinations.

Condition:

For one (or 2%) of 60 case files tested, aggregating \$2.3 million out of \$98.2 million in total program expenditures for benefits to participants, the recertification forms are not on file. Furthermore, the prior certification was extended on 08/13/2017 for the certification period from 11/30/2017 through 07/31/2018, and no written rationale for the extension is on file.

<u>Case #</u>	<u>Service Date</u>	<u>FY 2020 Claim Amount and Questioned Cost</u>
20160021701	01/31/2018	\$253,776

Cause:

GovGuam did not effectively manage case files and monitor eligibility determinations for compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The total known questioned cost is \$226,368 (89.2% Federal share of \$253,776).

Identification as a Repeat Finding: 2019-005

Recommendation:

Responsible personnel should enforce recordkeeping and monitoring controls over maintaining compliance with applicable eligibility requirements.

Views of Responsible Officials:

GovGuam's Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-017
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Federal Award No.: 2005GQ5MAP, 2005GQ5ADM
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, amounts reported in CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program, should be supported by underlying accounting records.

Condition:

Reported expenditures are not supported by underlying accounting records, as follows:

	<u>FY 2020 Expenditures</u>	<u>Federal Share</u>	<u>Local Share</u>
CMS-64	\$ 134,820,909	\$ 122,816,280	\$ 12,004,629
AS400 financial management system	<u>124,505,204</u>	<u>112,824,800</u>	<u>11,680,404</u>
Variations	\$ <u>10,315,705</u>	\$ <u>9,991,480</u>	\$ <u>324,225</u>

Cause:

GovGuam did not enforce monitoring controls over reconciliations and over compliance with reporting requirements.

Effect:

GovGuam is in noncompliance with applicable reporting requirements. No questioned cost is presented as reported expenditures represent allowable costs.

Identification as a Repeat Finding: 2019-006

Recommendation:

GovGuam should enforce monitoring controls over compliance with reporting requirements. Responsible personnel should review underlying accounting records, perform reconciliations, and retain such documents to substantiate reported amounts. Responsible personnel should also coordinate with the centralized accounting division to identify changes and adjust the CMS-64 reports or underlying records accordingly prior to the submission of the CMS-64 reports.

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2020

Finding No.: 2020-018
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Federal Award No.: 2005GQ5MAP
Area: Special Tests and Provisions – Refunding of Federal Share of Medicaid Overpayments to Providers
Questioned Costs: \$413,154

Criteria:

In accordance with applicable special tests and provisions requirements relative to overpayments made to providers, states have up to one year from the date of discovery of the overpayment to recover or attempt to recover the overpayment before the federal share must be refunded to CMS via Form CMS-64 Summary, Line 9C1 – Fraud, Waste & Abuse Amounts, regardless of whether recovery is made from the provider. The state must credit the federal share to CMS either in the quarter in which the recovery is made or in the quarter in which the one-year period ends following discovery, whichever is earlier.

Condition:

During FY 2020, GovGuam recovered a total of \$447,272 in overpayments made to providers. GovGuam’s schedule of overpayments and recoupments was not in sufficient detail to identify the dates of the initial overpayments. Based on Federal rates applicable in FY 2020, the Federal share of the recovered overpayments is \$413,154, none of which was reported on Form CMS-64 during FY 2020 for refunding to CMS.

<u>Quarter End</u>	<u>Recoupments/ Overpayments</u>	<u>Applicable FMAP %</u>	<u>Federal Share</u>
12/31/2019	\$131,360	100.0%	\$131,360
03/31/2020	\$ 61,268	89.2%	54,651
06/30/2020	\$116,803	89.2%	104,189
09/30/2020	\$137,840	89.2%	<u>122,954</u>
Total Federal share			<u>\$413,154</u>

Cause:

GovGuam did not effectively monitor compliance with special tests and provisions requirements relative to overpayments made to providers.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements. The total known questioned cost is \$413,154.

Recommendation:

GovGuam should monitor compliance with special tests and provisions requirements. Personnel responsible for the preparation and submission of Form CMS-64 should identify and report the required Federal share of overpayments made to providers on a quarterly basis.

Views of Responsible Officials:

GovGuam’s Corrective Action Plan provides planned corrective actions and does not specify disagreement with the finding.

GOVERNMENT OF GUAM

Summary of Unresolved and Resolved Questioned Costs Arising from
Prior Year Single Audits
Year Ended September 30, 2020

	<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 18	\$ 549,023	-	\$ 549,023
Unresolved Questioned Costs FY 19	<u>1,113,368</u>	<u>-</u>	<u>1,113,368</u>
	<u>\$1,662,391</u>	\$ _____	1,662,391
Add Questioned Costs for FY 2020			<u>1,313,516</u>
Total Unresolved Questioned Costs at September 30, 2020			\$ <u>2,975,907</u>

Unresolved Questioned Costs by CFDA Program:

<u>CFDA #</u>	<u>Program Name</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Total</u>
10.551	SNAP	\$ 2,096	\$ 593,806	\$ -	\$ 595,902
15.875	DOI	218,183	517,250	549,023	1,284,456
17.225	PUA/FPUC	6,626	-	-	6,626
21.019	CRF	399,830	-	-	399,830
93.323	ELC	47,259	-	-	47,259
93.778	Medicaid	<u>639,522</u>	<u>2,312</u>	<u>-</u>	<u>641,834</u>
	Totals	<u>\$1,313,516</u>	<u>\$1,113,368</u>	<u>\$ 549,023</u>	<u>\$ 2,975,907</u>



EDWARD M. BIRN
 Director (Direktot)
 BERNADINE C. GINES
 Deputy Director (Sigundo Direktot)

**DEPARTMENT OF
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LOURDES A. LEON GUERRERO
 Governor (Maga'håga)
 JOSHUA F. TENORIO
 Lt. Governor (Sigundo Maga'låhi)

May 29, 2021

Deloitte & Touche LLP
 361 South Marine Corps Drive
 Tamuning, GU 96913

Set forth below is the Government of Guam's Corrective Action Plan for Findings noted on Government of Guam's Single Audit Report for Year Ending September 30, 2020.

Finding No.: 2020-001 **Financial Management Information System (FMIS)**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)

Replacement of the current legacy accounting systems is long overdue. The system has defects other than the periodical closing process noted above and the inflow of federal funds associated with pandemic relief and recovery together with its enhanced reporting requirements has stressed the to the point where replacement has become an emergency.

Procurement of a new system is in progress. ECD: SEP 2021

Finding No.: 2020-002 **General Ledger and Schedule of Expenditures of
 Federal Awards Reconciliations**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)

The present accounting system does not permit automatic reconciliation of the subsidiary federal ledger. In particular, subsidiary ledgers do not update the general ledger when journal entries or postings from outside sources are made to the subsidiary ledgers. The necessary controls will be strengthened when an updated FMIS is implemented with processes, which will ensure that these ledgers reconcile with the general ledger on a perpetual basis.

ECD: DEC 2021

Finding No.: 2020-003 **Capital Assets**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)

Although a complete physical inventory of fixed assets was scheduled to be completed in FY 2020, the impending and sudden occurrence of the Public Health emergency caused by the COVID-19 coronavirus, resulted in a transfer of available resources to addressing the public health emergency. Non-essential GovGuam departments were closed and those employees who were working either in offices with restricted access to protect the health of workers or remotely were directed to focus on the emergency and facilitating the essential efforts of curtailing the virus.

The fixed assets inventory will be addressed in FY 2021.

Current capitalization policies fail to record most GovGuam vehicles as assets since their cost is less than \$50,000 in most cases. This practice, in turn, leads to difficulty in tracing vehicle costs and maintenance. The policy will be updated to correct this anomaly.

Tracking of project costs is not a feature of the current FMIS and will be incorporated into a new system.

A fixed asset module will be integrated into an updated accounting system.

GovGuam has secured agreement by Department of the Interior that a grant originally intended for a stand-alone fixed asset accounting system can be utilized within the funding allocation for a new system and a fixed asset accounting module.

ECD: DEC 2022

Finding No.: 2020-004 **ADO System SNAP**

Responding Agency: Department of Public Health & Social Services (DPH&SS)

Responsible Personnel: Arthur San Agustin, Director (DPH&SS)

For missing documents, the mandatory scanning of documents will be imposed upon checking of clients at the front desk area. Additional documents provided by the clients during the interview will be scanned by the eligibility specialists. This will ensure that there will be no delay to the scanning of documents. DPH&SS will recruit clerical personnel to support the supervisors of the program.

DPH&SS will mandate 100% supervisory reviews to prevent errors from occurring.

DPH&SS will compile Standard Operating Procedures (SOP) to address each condition noted on report and submit to DOA/Division of Accounts no later than the end of FY 2021 to enforce management of case files and to monitor eligibility determinations for compliance of program requirements.

DPH&SS must complete the following items by September 30, 2021:

- Administrator of the program must identify and correct weaknesses found with the PHPro system and ensure that those responsible are trained to report any system related issues.
- Complete an inventory of current case files that are in the eligibility Verification System and submit a record of survey for any case files not found.
- Responsible personnel will develop a checklist and immediately conduct a review of current case files for completeness utilizing checklist requirements and correct all deficiencies found.
- Conduct improved initial/annual/refresher training for staff responsible for Intake and posting of information to IEVS to document training received.

ECD: SEP 2021

Finding No.: 2020-005 **EBT Reconciliation**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

DOA will require DPH&SS to submit daily copy of daily EBT reconciliations.

ECD: SEP 2021

Finding No.: 2020-006 **Procurement and Supervision and Debarment**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)

Procurement Policy Office will review and issue further policy statements regarding expired contracts and renewal conditions. In addition, personnel will be assigned to conduct a review of all existing contracts and their expiration dates and provide respective agency heads with this report and require a report detailing their plan of action to address contracts nearing expiration.

In addition, each agency will also conduct a review of procurement records to ensure completeness and provide DOA with findings and measures taken to correct deficiencies.

Procurement personnel will continue to enforce compliance with applicable procurement requirements.

Require reason for a “no quote” submission and if feasible request for additional quotations from other potential suppliers.

ECD: SEP 2021

Finding No.: 2020-007

Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director

GovGuam will require all units and departments, which issue SF-425 reports to clear these reports with DOA/Division of Accounts before submission to federal granting agencies.

ECD: Current

Finding No.: 2020-008

Procurement and Supervision and Debarment

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director

Procurement personnel will continue to enforce compliance with applicable procurement.

Require no less than three (3) price quotations on file and request for documentation that shows evidence of solicitation from other potential suppliers to participate in federally funded transactions. In addition, require a reason for a “no quote” submission and to solicit from other potential suppliers should a “no quote” be received.

ECD: SEP 2021

Finding No.: 2020-009

Allowable Costs/Cost Principles

Responding Agency: Department of Administration (DOA)

Responsible Personnel: David Dell’Isola, Director Department of Labor (DOL)

Quality control procedures are ongoing to ensure enforcement of recovery of overpayments. DOL has instituted these controls and have set up procedures to recover overpayments.

Reissuance of payments are recorded more than once in the check register. DOA/Division of Accounts is reviewing these entries to remove duplicates and rationalize drawdowns.

ECD: SEP 2021

Finding No.: 2020-010

Responding Agency: Department of Labor (DOL)

Responsible Personnel: David Dell'Isola, Director (DOL)

Department of Labor (DOL) has initiated procedures for offset or collection of overpayments to Claimants. Enhancements to the operating software were made, after the year-end, to report overpayment and recoupment results.

ECD: Current

Finding No.: 2020-011

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)

1. The absorption of credit card fees by GovGuam was not primarily driven by expected collection enhancements, which would be susceptible to justification by metrics, although some acceleration of collections was noted. The primary goal is to permit and encourage payments to GovGuam remotely by citizens especially using website access. This was designed to minimize contact between GovGuam workers and potential COVID positive Guamanians, especially when government offices were closed and movement outside homes discouraged. Even with infection rates under control, safe practices necessitate continuation of this benefit.
2. Procurement of quarantine and isolation facilities was necessarily done without the benefit of significant data on expected travelers and infections. Because of the health risk, potential bidders were hesitant to price services without a significant commitment to defray their fixed and variable costs. This translated into contracts containing room minimums. In the event, quarantine facility minimums were generally exceeded whereas isolation facilities are generally not full, due to the successful infection containment measures in place. Future commitments will take into consideration data gathered by the usage over the last few months.

ECD: Current

Finding No.: 2020-012

Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)
Quarterly reports are submitted to U.S. Treasury through the CRF portal.

ECD: Current

Finding No.: 2020-013

Sub recipient Monitoring

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)

Guam Small Business Pandemic Assistance Grant was treated as a direct payment, which has been administered by the Guam Economic Development Authority (GEDA). GovGuam had adhered to this treatment in its quarterly reporting statement to U.S. Treasury on the use of Coronavirus Relief fund monies, including the required reporting of recipients into the portal.

GovGuam understands that recipients of federal funds subject to the Single Audit have until December 31, 2021 to complete the audit. DOA will ensure that the required report on these funds, which has not yet been completed, is completed by the due date.

ECD: DEC 2021

Finding No.: 2020-014

Period of Performance

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Grantor approval documentation was obtained, but it did not contain details to confirm noted expenditures were approved. Drawdown of funds would not have been possible if grantor did not approve said invoices to be paid. DOA will require supporting documentation from granting agency approving processing of invoices past the liquidation period.

ECD: SEP 2021

Finding No.: 2020-015

Procurement and Supervision and Debarment

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

Procurement personnel will continue to enforce compliance with applicable procurement regulations and require no less than three (3) price quotations on file and requests for

documentation that shows evidence of solicitation from other potential suppliers to participate in federally funded transactions. In addition, require reasons for a “no quote” submission and to solicit from other potential suppliers should a “no quote” be received.

ECD: SEP 2021

Finding No.: 2020-016

Eligibility

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

DPH&SS will submit Standard Operating Procedures (SOP) to address each condition noted on report and submit to DOA/Division of Accounts no later than the end of FY 2021 to enforce management of case files and to monitor eligibility determinations for compliance of program requirements.

DPH&SS must complete the following items by September 30, 2021:

- Administrator of the program must identify and correct weaknesses found with the PHPro system and ensure that those responsible are trained to report any system related issues they note.
- Complete an inventory of current case files that are in the eligibility Verification System and submit a record of survey for any case files not found.
- Responsible personnel will develop a checklist and immediately conduct a review of current case files for completeness utilizing checklist requirements and correct all deficiencies found.
- Conduct improved initial/annual/refresher training for staff responsible for Intake and posting of information to IEVS to document training received.

ECD: SEP 2021

Finding No.: 2020-017

Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

DPH&SS responsible personnel will submit a draft of CMS-64 report for review to DOA/Division of Accounts fifteen (15) days prior to submission deadline to ensure amounts reported reconcile with accounting records.

DPH&SS must provide the following items for each report submitted for review:

- Reports substantiating reported amounts.

ECD: SEP 2021

Finding No.: 2020-018

Refunding of Federal Share of Medicaid Overpayments To Providers

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M Birn, Director (DOA)
Arthur San Agustin, Director (DPH&SS)

DPH&SS responsible personnel will submit a draft CMS-64 report for review to DOA/Division of Accounts fifteen (15) days prior to submission deadline to ensure amounts reported reconcile with accounting records and that Federal share of overpayments are reported to CMS on a quarterly basis.

DPH&SS must provide the following items for each report submitted for review:

- Reports substantiating reported amounts.

ECD: JUN 2021



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Bernadine C Gines
Deputy Director (Sigundo Direktot)

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LOURDES A. LEON GUERRERO
Governor (Maga'håga)

JOSHUA F. TENORIO
Lt. Governor (Sigundo Maga'låhi)

May 29, 2021

Mizpah C Wiegand
Deloitte & Touche LLP
361 S Marine Corps Drive
Tamuning, GU 96913-3911

SUBJECT : FY20 Single Audit Reports – Schedule of Prior Years Single Audit Findings

Hafa adai Ms. Wiegand :

Department of Administration is actively pursuing resolution to matters reported on the Schedule of Findings and Questioned Costs for the year ended September 30, 2020, Department of Administration notes that FY2018 findings are generally repeated as audit findings in FY2019. This is the result of reporting these findings for the previous year close to the end of the following financial year. These finds are the subject of ongoing resolution.

Enclosed with this memorandum are our responses to the audit findings for FY18 and FY19.

If you should have any questions or concerns, please do not hesitate to call DOA/Accounting – Federal section. *Si Yu'os Ma'ase.*

Senseramente,

EDWARD M. BIRN
Director
Department of Administration

Enclosure

<p><u>AUDIT FINDING NUMBER:</u></p> <p>2019-001</p>	<p><u>STATUS:</u></p> <p>DOA: DOA will include an internal audit review of the processes as part of the program to ensure that the corrective action plan provided is implemented. DOA will also make certain that DPHSS improves their training on the responsibilities of all Eligibility Specialists Supervisors (ESSs) to effectively review ES eligibility determinations for completeness prior to case finalization.</p> <p>ON GOING</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2019-002</p>	<p><u>STATUS:</u></p> <p>DPHSS For missing documents, the mandatory scanning of documents will be imposed upon checking of clients at the front desk area. Any additional documents provided by the clients during the interview will be scanned by the eligibility specialists. This will ensure that there will be no delay in the scanning of documents. Recruit clerical personnel to support the supervisors of the program.</p> <p>Mandate 100% supervisory reviews will prevent errors from occurring. DPHSS will submit Standard Operating Procedures (SOP) to address each condition noted on report and submit to DOA/Accounting no later than the end of FY20 to enforce management of case files and to monitor eligibility determinations for compliance of program requirements. DPHSS must complete the following items by end of September 30, 2020:</p> <ul style="list-style-type: none"> • Administrator of the program must identify and correct weaknesses found with the PHPro system and to ensure that responsible are trained to report any system related issues they come upon. • Complete an inventory of current case files that are in the Eligibility Verification System and submit a record of survey for any case files not found if any. • Responsible personnel will develop a checklist and immediately conduct a review of current case files for completeness utilizing checklist requirements and correct all deficiencies found. • Must conduct improved initial/ annual/refresher training for staff responsible for intake and posting of information to IEVS to document training received <p>ON GOING</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2019-003</p>	<p><u>STATUS:</u></p> <p>DOA: DOA will require DPHSS to submit dated copy of daily EBT reconciliations.</p> <p>ON GOING</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2019-004</p>	<p><u>STATUS:</u></p> <p>DOA: Procurement officer will review and issue further policy statements regarding expired contracts and renewal conditions. In addition, personnel will be assigned to conduct a review of all existing contracts and their expiration dates and provide respective agency heads with this report and require a report detailing their plan of action to address contracts nearing expiration. In addition, each agency will also conduct a review of procurement records to ensure completeness and provide DOA with findings and measures taken to correct deficiencies. Procurement personnel will continue to enforce compliance with applicable procurement requirements.</p> <p>Require reason for a "no quote" submission and if received request for additional quotation from other potential suppliers.</p> <p>ON GOING</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2019-005</p>	<p><u>STATUS:</u></p> <p>DOA: DPHSS will submit Standard Operating Procedures (SOP) to address each condition noted on report and submit to DOA/Accounting no later than the end of FY20 to enforce management of case files and to monitor eligibility determinations for compliance of program requirements. DPHSS must complete the following items by end of September 30, 2020:</p> <ul style="list-style-type: none"> • Administrator of the program must identify and correct weaknesses found with the PHPro system and to ensure that responsible are trained to report any system related issues they come upon. • Complete an inventory of current case files that are in the Eligibility Verification System and submit a record of survey for any case files not found if any. • Responsible personnel will develop a checklist and immediately conduct a review of current case files for completeness utilizing checklist requirements and correct all deficiencies found. • Must conduct improved initial/ annual/refresher training for staff responsible for intake and posting of information to IEVS to document training received <p>ON GOING</p>

<p><u>AUDIT FINDING NUMBER:</u></p> <p>2019-006</p>	<p><u>STATUS:</u></p> <p>DOA:</p> <p>DPHSS responsible personnel will submit a draft of CMS-64 report for review to DOA/Accounting 15 days prior to submission deadline to ensure amounts reported reconcile with accounting records.</p> <p>DPHSS must provide the following items for each report submitted for review:</p> <ul style="list-style-type: none"> •Accounting records substantiating reported amounts <p>ON GOING</p>
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<p><u>AUDIT FINDING NUMBER:</u></p> <p>2019-007</p>	<p><u>STATUS:</u></p> <p>DOA:</p> <p>The present accounting system does not permit automatic reconciliation of the subsidiary federal ledger. In particular, subsidiary ledgers do not update the general ledger when journal entries or postings from outside sources are made to the subsidiary ledgers. The necessary controls will be strengthened when an updated FMIS is implemented with processes which will ensure that these ledgers reconcile with the general ledger on a perpetual basis. Management will conduct additional training to staff assigned in SEFA preparation.</p> <p>ON GOING</p>
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<p><u>AUDIT FINDING NUMBER:</u></p> <p>2019-008</p>	<p><u>STATUS:</u></p> <p>DOA:</p> <p>GovGuam has secured agreement by Department of the Interior that a grant originally intended for a stand-alone fixed asset accounting system can be utilized within the funding allocation for a new system and a fixed asset accounting module</p> <p>A fixed asset module will be integrated into an updated accounting system that will allow tracking of project costs.</p> <p>Capitalization policy will be updated to record all government vehicles.</p> <p>Complete physical inventory of fixed assets was scheduled to be completed in FY 2020, the impending and sudden occurrence of the Public Health emergency caused by the COVID-19 coronavirus, resulted in a transfer of available resources to addressing the public health emergency. Non-essential GovGuam departments were closed and those employees who were working either in offices with restricted access to protect the health of workers or remotely were directed to focus on the emergency and facilitating the essential efforts of curtailing the virus. Fixed assets inventory will be addressed in FY2021.</p> <p>ON GOING</p>
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<u>AUDIT FINDING NUMBER:</u> 2018-001	<u>STATUS:</u> DOA: Replacement of the current legacy accounting systems is long overdue. The system has defects other than the periodical closing process noted above and the inflow of federal funds associated with pandemic relief and recovery together with its enhanced reporting requirements has stressed the system to the point where replacement has become an emergency. Procurement of a new system is in progress. ON GOING - RECOMMEND CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2018-002	<u>STATUS:</u> DOA: DOA will require DPHSS to submit dated copy of daily EBT reconciliations. ON GOING - RECOMMEND CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2018-003	<u>STATUS:</u> DOA: Procurement officer will review and issue further policy statements regarding expired contracts and renewal conditions. In addition, personnel will be assigned to conduct a review of all existing contracts and their expiration dates and provide respective agency heads with this report and require a report detailing their plan of action to address contracts nearing expiration. In addition, each agency will also conduct a review of procurement records to ensure completeness and provide DOA with findings and measures taken to correct deficiencies. Procurement personnel will continue to enforce compliance with applicable procurement requirements. Require reason for a "no quote" submission and if received request for additional quotation from other potential suppliers. ON GOING - RECOMMEND CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2018-004	<u>STATUS:</u> DOA: GovGuam has secured agreement by Department of the Interior that a grant originally intended for a stand-alone fixed asset accounting system can be utilized within the funding allocation for a new system and a fixed asset accounting module A fixed asset module will be integrated into an updated accounting system that will allow tracking of project costs. Capitalization policy will be updated to record all government vehicles. Complete physical inventory of fixed assets was scheduled to be completed in FY 2020, the impending and sudden occurrence of the Public Health emergency caused by the COVID-19 coronavirus, resulted in a transfer of available resources to addressing the public health emergency. Non-essential GovGuam departments were closed and those employees who were working either in offices with restricted access to protect the health of workers or remotely were directed to focus on the emergency and facilitating the essential efforts of curtailing the virus. Fixed assets inventory will be addressed in FY2021. ON GOING - RECOMMEND CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)