

Reports on Compliance

Government of Guam

Year Ended September 30, 2023



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Report of Independent Auditors 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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements, and have issued our report thereon dated February 7, 2025.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-003 through 2023-007 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a significant deficiency.

Report on 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 Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on GovGuam's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Ernst + Young LLP

February 7, 2025



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Report of Independent Auditors 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

Qualified and Unmodified Opinions

We have audited Government of Guam’s (GovGuam’s) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of GovGuam’s major federal programs for the year ended September 30, 2023. GovGuam’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Nine Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, GovGuam complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the following major federal programs for the year ended September 30, 2023.

	SNAP Cluster:
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the SNAP
11.031	Broadband Infrastructure Program
15.875	Economic, Social and Political Development of the Territories
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.029	Coronavirus Capital Projects Fund
66.600	Environmental Protection Consolidated Grants for the Insular Areas – Program Support
84.425	Education Stabilization Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
	CCDF Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GovGuam complied, in all material respects, with the 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 auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GovGuam and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of GovGuam's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

As discussed in Note 3b to the Schedule of Expenditures of Federal Awards, GovGuam's basic financial statements include the operations of certain organizational units, which expended federal awards which are not included in GovGuam's Schedule of Expenditures of Federal Awards during the year ended September 30, 2023. Our compliance audit, described in the "Qualified and Modified Opinions" section, does not include the operations of each organizational unit identified in Note 3b because the organizational unit engaged other auditors to perform an audit of compliance, if required.

Matters Giving Rise to Qualified Opinion on Nine Major Federal Programs

As described in Findings 2023-008, 2023-009, 2023-010, 2023-011, 2023-012, 2023-017, 2023-019, 2023-020, 2023-022, 2023-023, 2023-024, 2023-025, 2023-026, 2023-027, 2023-030 and 2023-031 in the accompanying Schedule of Findings and Questioned Costs, GovGuam did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program or Cluster Name	Compliance Requirement
2023-008	10.551 10.561	SNAP Cluster	Special Tests and Provisions - Quality Control and Program Integrity
2023-009	10.551 10.561	SNAP Cluster	Special Tests and Provisions – ADP System for SNAP
2023-010	11.031	Broadband Infrastructure Program	Reporting
2023-011	15.875	Economic, Social and Political Development of the Territories	Equipment and Real Property Management
2023-012	15.875	Economic, Social and Political Development of the Territories	Procurement and Suspension and Debarment
2023-017	21.027	Coronavirus State and Local Fiscal Recovery Funds	Procurement and Suspension and Debarment
2023-019	21.029	Coronavirus Capital Projects Fund	Reporting
2023-020	21.029	Coronavirus Capital Projects Fund	Subrecipient Monitoring
2023-022	66.600	Environmental Protection Consolidated Grants for the Insular Areas – Program Support	Program Income
2023-023	66.600	Environmental Protection Consolidated Grants for the Insular Areas – Program Support	Reporting
2023-024	84.425	Education Stabilization Fund	Matching, Level of Effort, Earmarking
2023-025	84.425	Education Stabilization Fund	Reporting
2023-026	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Equipment and Real Property Management
2023-027	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Procurement and Suspension and Debarment
2023-030	93.575 93.596	CCDF Cluster	Reporting
2023-031	93.575 93.596	CCDF Cluster	Subrecipient Monitoring

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to GovGuam’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GovGuam's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about GovGuam's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GovGuam's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GovGuam's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 GovGuam's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2023-013, 2023-014, 2023-015, 2023-016, 2023-018, 2023-021, 2023-028, 2023-029, 2023-032, 2023-033 and 2023-034. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on GovGuam's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the other 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 auditor's 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify 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 a 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 2023-008, 2023-009, 2023-010, 2023-011, 2023-012, 2023-017, 2023-019, 2023-020, 2023-022, 2023-023, 2023-024, 2023-025, 2023-026, 2023-027, 2023-030 and 2023-031 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 2023-013, 2023-014, 2023-015, 2023-016, 2023-018, 2023-021, 2023-028, 2023-029, 2023-032, 2023-033 and 2023-034 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on GovGuam's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. GovGuam's response was not subjected to the other 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 auditor's 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, 2023, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements. We issued our report thereon, dated February 7, 2025, which contained unmodified opinions on those financial statements. 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 basic 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.

Ernst + Young LLP

February 7, 2025

Government of Guam

Summary Schedule of Expenditures of Federal Awards by Grantor

Year Ended September 30, 2023

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. Department of Agriculture	\$ 195,938,858	\$ 432,989
U.S. Department of Commerce	4,144,737	2,236,436
U.S. Department of Defense	10,724,061	3,235,293
U.S. Department of the Interior	22,160,967	7,700,433
U.S. Department of Justice	6,351,976	2,440,821
U.S. Department of Labor	6,775,928	-
U.S. Department of Transportation	34,856,046	-
Department of Treasury	100,528,448	28,272,486
Federal Communications Commission	722,000	-
National Foundation on the Arts and the Humanities	489,328	153,549
U.S. Environmental Protection Agency	3,126,493	-
U.S. Department of Energy	806,650	-
U.S. Department of Education	14,521,863	9,882,302
U.S. Department of Health and Human Services	262,459,392	32,186,605
Corporation for National and Community Service	1,256,257	-
U.S. Department of Homeland Security	23,183,337	-
GRAND TOTAL	<u>\$ 688,046,341</u>	<u>\$ 86,540,914</u>

Government of Guam

Schedule of Expenditures of Federal Awards

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. DEPARTMENT OF AGRICULTURE		
SNAP Cluster:		
10.551 Supplemental Nutrition Assistance Program	\$ 179,686,554	\$
10.561 State Administrative Matching Grant for Food Stamp Program	2,964,761	362,872
10.561 COVID-19 State Administrative Matching Grant for Food Stamp Program	<u>368,392</u>	<u>362,872</u>
Subtotal SNAP Cluster	183,019,707	362,872
Community Facilities Loans and Grants Cluster		
10.766 Community Facilities Loans and Grants	<u>188,159</u>	<u>-</u>
Subtotal Community Facilities Loan and Grants Cluster	188,159	-
10.025 Plant and Animal Disease, Pest Control, and Animal Care	35,510	
10.170 In Vitro Dev of Clean Planting Stock	99,125	42,435
10.179 Micro-Grants for Food Security Program	124,861	
10.182 Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	125,000	
10.525 Farm and Ranch Stress Assistance Network Competitive Grants Program	174,581	
10.537 Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	8,739	
10.542 Pandemic EBT Benefits	3,363,934	
10.557 Special Supplemental Food Program for Women, Infants and Children	8,473,324	
10.578 WIC Grants to States (WGS)	100,000	
10.664 Cooperative Forestry Assistance	206,774	27,682
10.698 State & Private Forestry Cooperative Fire Assistance	<u>19,144</u>	<u>-</u>
U.S. DEPARTMENT OF AGRICULTURE TOTAL	\$ <u>195,938,858</u>	\$ <u>432,989</u>
U.S. DEPARTMENT OF COMMERCE		
Economic Development Cluster:		
11.307 Economic Adjustment Assistance	\$ 248,014	\$ 226,400
11.307 COVID-19 Economic Adjustment Assistance	<u>116,864</u>	<u>-</u>
Subtotal Economic Development Cluster	364,878	226,400
11.031 Broadband Infrastructure Program	1,731,969	1,731,969
11.032 State Digital Equity Planning and Capacity Grant	34,561	-
11.035 Broadband Equity, Access, and Deployment Program	171,937	
11.407 Interjurisdictional Fisheries Act of 1986	27,217	
11.419 Coastal Zone Management Administration Awards	967,081	17,375
11.437 Pacific Fisheries Data Program	46,420	
11.452 Unallied Industry Projects	9,086	
11.454 Unallied Management Projects	4,373	
11.467 Meteorologic and Hydrologic Modernization Development	319,599	
11.472 Unallied Science Program	15,761	
11.482 Coral Reef Conservation Program	<u>451,855</u>	<u>260,692</u>
U.S. DEPARTMENT OF COMMERCE TOTAL	\$ <u>4,144,737</u>	\$ <u>2,236,436</u>

Government of Guam

Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal 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 (DSMOA)	\$ 165,154	\$
12.401 National Guard Military Operations and Maintenance (O&M) Projects	5,952,472	
12.404 National Guard Challenge Program	656,071	
12.600 Community investment	954,188	893,086
12.618 Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation	<u>2,996,176</u>	<u>2,342,207</u>
U.S. DEPARTMENT OF DEFENSE TOTAL	\$ <u>10,724,061</u>	\$ <u>3,235,293</u>
 U.S. DEPARTMENT OF THE INTERIOR		
Fish and Wildlife Cluster:		
15.605 Sport Fish Restoration	\$ 1,772,051	\$ 290,000
15.611 Wildlife Restoration	1,111,391	
15.626 Enhanced Hunter Education and Safety	<u>7,416</u>	
Subtotal Fish and Wildlife Cluster	2,890,858	290,000
15.615 Cooperative Endangered Species Conservation Fund	920,362	598,200
15.622 Sportfishing and Boating Safety Act	624,680	621,348
15.634 State Wildlife Grants	87,861	58,131
15.663 NFWF-USFWS Conservation Partnership	13,052	13,052
15.875 Economic, Social, and Political Development of the Territories	17,229,955	6,119,702
15.904 Historic Preservation Fund Grants-In-Aid	<u>394,199</u>	
U.S. DEPARTMENT OF THE INTERIOR TOTAL	\$ <u>22,160,967</u>	\$ <u>7,700,433</u>
 U.S. DEPARTMENT OF JUSTICE		
16.017 Sexual Assault Services Formula Program	\$ 65,938	\$ 62,864
16.034 CORONAVIRUS EMER SUPPL FUNDING	341,416	
16.043 Veterans Treatment Court Discretionary Grant Program	1,819	
16.320 Services for Trafficking Victims		
16.540 Juvenile Justice and Delinquency Prevention-Allocation to States	49,414	
16.554 National Criminal History Improvement Program (NCHIP)	1,049,742	
16.575 Crime Victim Assistance	1,125,808	540,299
16.576 Victim Compensation Program	(7,272)	
16.585 Drug Court Discretionary Grant Program	285,026	
16.588 Violence Against Women Formula Grants	539,159	436,405
16.590 Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	165,055	105,290
16.593 Residential Substance Abuse Treatment for State Prisoners	74,758	65,109
16.710 Public Safety Partnership and Community Policing Grants	428,675	
16.735 PREA Program: Strategic Support for PREA Implementation	122,943	
16.738 Edward Byrne Memorial Justice Assistance Grant Program	1,256,566	1,204,738
16.742 Paul Coverdell Forensic Science	27,151	26,116
16.745 Justice and Mental Health Collaboration Program	5,567	
16.750 Support for Adam Walsh Act Implementation Grant Program	146,979	
16.754 Harold Rogers Prescription Drug Monitoring Program	6,848	
16.812 Adult Reentry Demonstration Program	433,779	
16.828 Swift Certain and Fair Sanctions Program	60,791	
16.838 Comprehensive Opioid, Stimulant, and other Substances Use Program	38,920	
16.922 Equitable Sharing Funds	<u>132,894</u>	
U.S. DEPARTMENT OF JUSTICE TOTAL	\$ <u>6,351,976</u>	\$ <u>2,440,821</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

Government of Guam

Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
 U.S. DEPARTMENT OF LABOR		
17.002 Labor Force Statistics	\$ 61,217	\$
17.005 Compensation and Working Conditions Data	56,168	
 Employment Service Cluster:		
17.207 Employment Service	360,338	
17.801 Disabled Veteran's Outreach Program (DVOP)	126,245	
Subtotal Employment Service Cluster	486,583	-
 WIOA Cluster:		
17.258 WIA Adult Program	951,849	
17.259 WIA Youth Activities	852,837	
17.278 WIA Dislocated Worker Formula Grant	1,087,746	
Subtotal WIOA Cluster	2,892,432	-
17.225 Unemployment Insurance	500,032	
17.225 COVID Unemployment Insurance	845,048	
17.235 Senior Community Service Employment Program	738,890	
17.273 Foreign Labor Certification	5,000	
17.277 WIA-Natl Emerg Grants	359,967	
17.277 COVID- WIA-Natl Emerg Grants	24,483	
17.281 WIOA Dislocated Worker National Reserve Technical Assistance and Training		
17.285 Apprenticeship USA Grants	353,984	
17.504 Consultation Agreements	342,638	
17.700 Women's Bureau	109,486	
U.S. DEPARTMENT OF LABOR TOTAL	\$ 6,775,928	\$ -
 U.S. DEPARTMENT OF TRANSPORTATION		
 Highway Planning & Construction Cluster:		
20.205 Highway Planning & Construction	\$ 31,203,767	\$
20.205 Covid 19-Highway Planning & Construction	739,787	
Subtotal Highway Planning & Construcion Cluster	31,943,554	-
 Highway Safety Cluster:		
20.600 State & Community Highway Safety	596,052	
20.602 Occupant Protection Incentive Grants	69,576	
Subtotal Safety Cluster	665,628	-
20.218 Motor Carrier Safety Assistance Program	410,085	
20.530 Public Transportation Innovation	42,283	
20.509 Formula Grants for Other Than Urbanized Areas	1,192,910	
20.509 COVID 19 -Formula Grants for Other Than Urbanized Areas	548,485	
20.703 Interagency Hazardous Materials Public Sector Training and Planning Grants	53,101	
U.S. DEPARTMENT OF TRANSPORTATION TOTAL	\$ 34,856,046	\$ -

Government of Guam

Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
DEPARTMENT OF TREASURY		
21.016 Equitable Sharing Program	\$	\$
21.019 Coronavirus Relief Fund		
21.023 Emergency Rental Assistance	12,230,794	
21.026 Homeowners Assistance Program	6,968,150	
21.027 Coronavirus State and Local Fiscal Recovery Funds	80,570,474	27,513,456
21.029 Coronavirus Capital Projects Fund	759,030	759,030
DEPARTMENT OF TREASURY TOTAL	<u>\$ 100,528,448</u>	<u>\$ 28,272,486</u>
FEDERAL COMMUNICATIONS COMMISSION		
32.006 COVID-19 Telehealth Program	\$ 722,000	\$
FEDERAL COMMUNICATIONS COMMISSION TOTAL	<u>\$ 722,000</u>	<u>\$ -</u>
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.025 Promotion of the Arts-Partnership Agreements	\$ 394,827	\$ 153,549
45.310 State Library Program	94,501	
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	<u>\$ 489,328</u>	<u>\$ 153,549</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY		
66.600 Environmental Protection Consolidated Grants - Program Support	\$ 3,126,493	\$
U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	<u>\$ 3,126,493</u>	<u>\$ -</u>
U.S. DEPARTMENT OF ENERGY		
81.041 State Energy Program	\$ 405,774	\$
81.042 ARRA Weatherization Assistance for Low-Income Persons	400,876	
U.S. DEPARTMENT OF ENERGY TOTAL	<u>\$ 806,650</u>	<u>\$ -</u>
U.S. DEPARTMENT OF EDUCATION		
84.126A Rehabilitation Services-Vocational Rehabilitation Grants to States	\$ 1,132,520	\$
84.177B Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	1,824	
84.425H Education Stabilization Fund	13,387,519	9,882,302
U.S. DEPARTMENT OF EDUCATION TOTAL	<u>\$ 14,521,863</u>	<u>\$ 9,882,302</u>

Government of Guam

Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Aging Cluster:		
93.044 Special Programs for the Aging - Title III, Part B - Grants	\$ 1,337,084	\$
93.044 COVID-19-Special Programs for the Aging - Title III, Part B - Grants	73,807	
93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services	1,914,193	
93.045 COVID-19 Special Programs for the Aging - Title III, Part C - Nutrition Services	7,344	
93.053 Nutrition Services Incentive Program	387,873	
Subtotal Aging Cluster	3,720,301	-
Health Center Program Cluster:		
93.224 Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health for the Homeless, Public Housing Primary Care, and School Based Health Centers)	2,338,463	
93.527 Grants for New and Expanded Services under the Health Center Program	14,126	
Subtotal Health Center Program Cluster	2,352,589	-
CCDF Cluster:		
93.575 Child Care and Development Block Grant	33,640,343	32,178,866
93.575 COVID-19 Child Care and Development Block Grant	16,509,914	
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund	89,608	
Subtotal CCDF Cluster	50,239,865	32,178,866
Medicaid Cluster:		
93.778 Medical Assistance Program (Medicaid; Title XIX)	163,677,271	
Subtotal Medicaid Cluster	163,677,271	-
93.041 Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Neglect, and Exploitation	4,616	
93.042 Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services Older Individuals	59,723	
93.042 COVID-19-Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Services for Older Individuals	3,992	
93.043 Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	65,685	
93.048 Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	65,096	
93.048 COVID 19 -Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	144,773	
93.052 Nation Family Caregiver Support Program	374,467	
93.069 Pandemic Influenza/ Response to Bioterrorism	625,554	
93.070 ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE	29,117	
93.077 Family Smoking Prevention and Tobacco Control Act Regulatory Research	303,406	
93.110 Maternal and Child Health Federal Consolidated Programs	21,263	
93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs	979,407	
93.127 EMSC Partnership Grants	123,769	
93.150 Projects for Assistance in Transition from Homelessness (PATH)	54,228	
93.165 Grants to States for Loan Repayment	23,988	
93.217 Family Planning - Services	144,415	
93.243 Substance Abuse and Mental Health Services-Projects of Regional and National Significance	3,890,333	
93.268 Immunization Grants	1,158,267	
93.268 COVID-19 Immunization Grants	688,898	
93.323 Epidemiology and Lab Cap Prog2	3,327,258	
93.323 COVID 19- Epidemiology and Lab Cap Prog2	2,763,195	
93.324 State Health Insurance Assistance Program	57,891	
93.336 Behavioral Risk Factor Srv Sys	177,137	
93.354 STLT HLTH DEPT RESP TO CRISIS	670,406	
93.377 Prevention and Control of Chronic Disease	372,903	
93.387 NATIONAL STATE TOBACCO PROGRAM	71,607	
93.391 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Public Health or Healthcare Crises	1,768,042	
93.434 Prevention and Control of Chronic Disease	1,240,099	
93.495 Community Health Workers for Public Health Response and Resilient	236,135	
93.499 Low Income Household Water Assistance Program	106,295	
93.504 Family to Family Health Information Centers	36,125	
Maternal, Infant and Early Childhood Home Visiting Cluster:		
93.870 Maternal, Infant and Early Childhood Home visiting Grant Program	795,957	
Subtotal Maternal, Infant and Early Childhood Home Visiting Cluster	795,957	-

See accompanying notes to Schedule of Expenditures of Federal Awards

Government of Guam

Schedule of Expenditures of Federal Awards, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
93.558 Temporary Assistance for Needy Families	527,907	
93.560 Family Support Payments to States_Assistance Payments	1,197,386	
93.563 Child Support Enforcement	7,562,939	
93.587 Promote the Survival and Continuing Vitality of Native American Languages	390,844	
93.590 Community-Based Child Abuse Prevention Grants	350,000	
93.597 Grants to States for Access and Visitation Programs	110,103	
93.630 Developmental Disabilities Basic Support and Advocacy Grants	312,594	
93.645 Stephanie Tubbs Jones Child Welfare Services Program	25,960	
93.665 Emergency Grants to Address Mental and Substance Use Disorder During Covid-19	198,460	
93.667 Social Services Block Grant	3,134,013	
93.669 Child Abuse and Neglect State Grants	1,148	
93.671 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	147,276	
93.747 Elder Abuse Prevention Interventions Program	13,748	
93.747 Covid-19 Elder Abuse Prevention Interventions Program	30,779	
93.767 Children's Health Insurance Program	1,333,333	
93.788 Opioid STR	205,335	
93.829 Section 223 Demonstration Program to Improve Community Mental Health Services	1,199,412	
93.889 Natl Bioterrsm Hosp Prep Program	214,476	
93.898 Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	420,263	7,739
93.917 HIV Care Formula Grants	273,676	
93.945 Assistance Program for Chronic Disease Prevention and Control	1,803	
93.946 Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	24,073	
93.958 Block Grants for Community Mental Health Services	1,624,044	
93.958 COVID 19 - Block Grants for Community Mental Health Services	500	
93.959 Block Grants for Prevention and Treatment of Substance Abuse	1,698,180	
93.967 CDC's Collaboration with Academia to Strengthen Public Health	294,709	
93.982 Mental Health Disaster Assistance and Emergency Mental Health	12,782	
93.991 Preventive Health and Health Services Block Grant	245,238	
93.994 Maternal and Child Health Services Block Grant to the States	534,338	
	\$ 262,459,392	\$ 32,186,605
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.003 State Commissions	\$ 487,020	\$
94.006 AmeriCorps State and National	668,265	
94.008 AmeriCorps Commision Investment Fund	91,023	
94.017 AmeriCorps Seniors Senior Demonstration Program	9,949	
	\$ 1,256,257	\$ -
U.S. DEPARTMENT OF HOMELAND SECURITY		
97.008 Non-Profit Security Program	\$ 3,448	\$
97.012 Boating Safety Financial Assistance	540,500	
97.032 Crisis Counseling	97,927	
97.036 Public Assistance Grants	18,610,127	
97.036 COVID-19 Public Assistance Grants	2,073,044	
97.039 Hazard Mitigation Grant	181,345	
97.042 Emergency Management Performance Grants	992,078	
97.067 Homeland Security Grant Program	682,108	
97.082 Earthquake and Consortium	2,760	
	\$ 23,183,337	\$ -
	\$ 688,046,341	\$ 86,540,914

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, 2023

1. **Scope of Audit**

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

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, 2023. 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 the Government of Guam maintains its accounting records. This includes earned reimbursements under different formula grants and entitlement programs that are accounted for as revenues in the General Fund of the Government of Guam and 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, 2023 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, 2023.

Government of Guam

Notes to Schedule of Expenditures of Federal Awards, continued

3. Summary of Significant Accounting Policies, continued

The federal expenditure totals for the excluded departments and component units as of September 30, 2023, are as follows:

<u>Department or Component Unit</u>	<u>Federal Expenditure Total</u>
Antonio B. Won Pat International Airport Authority	\$ 8,538,853
GovGuam Retirement Fund	\$ -
Guam Community College	\$ 12,226,251
Guam Department of Education	\$ 118,841,636
Guam Economic Development Authority	\$ 891,091
Guam Educational Telecommunications Corporation	\$ -
Guam Housing and Urban Renewal Authority	\$ 82,305,636
Guam Housing Corporation	\$ -
Guam Memorial Hospital Authority	\$ 36,925,757
Guam Power Authority	\$ 1,178,243
Guam Preservation Trust	\$ -
Guam Visitors Bureau	\$ -
Guam Waterworks Authority	\$ 25,885,968
Port Authority of Guam	\$ 4,552,667
University of Guam	\$ 54,930,304

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

c. Cost Allocation:

The Government of Guam has a plan for the allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2023 federal awards programs are based on 2023 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 the Government of Guam. These programs generally could include donated commodities, insurance, electronic benefit payments under the Supplemental Nutrition Assistance Program (SNAP) and the Pandemic EBT Benefits (P-EBT), and loans. For the year ended September 30, 2023, the Government of Guam had the following noncash award:

U.S. Department of Agriculture ALN 10.551 SNAP EBT payments	\$179,686,554
U.S. Department of Agriculture ALN 10.542 Pandemic EBT payments	\$ <u>3,363,934</u>
Total SNAP EBT and P-EBT payments reported on the Schedule of Expenditures of Federal Awards	\$ <u>183,050,488</u>

Government of Guam

Schedule of Findings and Questioned Costs

Year Ended September 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

X **Yes** _____ **No**

Significant deficiency(ies) identified?

X **Yes** _____ **None reported**

Noncompliance material to financial statements noted?

_____ **Yes** X **No**

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

X **Yes** _____ **No**

Significant deficiency(ies) identified?

X **Yes** _____ **None reported**

Type of auditor's report issued on compliance for major federal programs:

ALN 12.401

Unmodified

ALN 21.023

Unmodified

ALN 21.026

Unmodified

Aging Cluster

Unmodified

ALN 93.667

Unmodified

ALN 93.778

Unmodified

All other major federal programs

Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X **Yes** _____ **No**

Government of Guam

Schedule of Findings and Questioned Costs, continued

Section I - Summary of Auditor's Results, continued

Identification of major federal programs:

Assistance

Listing

Numbers Name of Federal Program or Cluster

10.551	SNAP Cluster: Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the SNAP
11.031	Broadband Infrastructure Program
12.401	National Guard Military Operations and Maintenance (O&M)
15.875	Economic, Social and Political Development of the Territories
21.023	Emergency Rental Assistance Program
21.026	Homeowner Assistance Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.029	Coronavirus Capital Projects Fund
66.600	Environmental Protection Consolidated Grants for the Insular Areas – Program Support
84.425H	Education Stabilization Fund – Governors (Outlying Areas) (ESF-Governor)
93.044	Aging Cluster: Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services
93.053	Nutrition Services Incentive Program
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.575	CCDF Cluster: Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.667	Social Services Block Grant
93.778	Medicaid Cluster: Medical Assistance Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$3,000,000

Auditee qualified as low risk auditee?

_____ Yes X No

Government of Guam

Schedule of Findings and Questioned Costs, continued

Section II - Financial Statement Findings

Reference Number	Findings
2023-001	GASB 24 Transactions – SNAP and P-EBT
2023-002	General Ledger and SEFA Reconciliations
2023-003	Revenue Recognition
2023-004	OPEB Census Data and EY Actuary Findings
2023-005	Tax Receivable
2023-006	Special Revenue Fund Deficits
2023-007	Capital Assets

Government of Guam

Schedule of Findings and Questioned Costs, continued

Section III - Federal Award Findings and Questioned Costs

Reference Number	ALN	Findings	Questioned Costs
2023-008	10.551/10.561	Special Tests and Provisions – Quality Control and Program Integrity	\$ ---
2023-009	10.551/10.561	Special Tests and Provisions – ADP System for SNAP	27,273
2023-010	11.031	Reporting	---
2023-011	15.875	Equipment and Real Property Management	---
2023-012	15.875	Procurement and Suspension and Debarment	515,384
2023-013	15.875	Reporting	---
2023-014	21.023	Reporting	---
2023-015	21.026	Eligibility	2,931
2023-016	21.026	Reporting	---
2023-017	21.027	Procurement and Suspension and Debarment	3,984,442
2023-018	21.027	Subrecipient Monitoring	---
2023-019	21.029	Reporting	---
2023-020	21.029	Subrecipient Monitoring	---
2023-021	66.600	Procurement and Suspension and Debarment	---
2023-022	66.600	Program Income	645,005
2023-023	66.600	Reporting	---
2023-024	84.425	Matching, Level of Effort, Earmarking	---
2023-025	84.425	Reporting	---
2023-026	93.323	Equipment and Real Property Management	---
2023-027	93.323	Procurement and Suspension and Debarment	477,823
2023-028	93.575/93.596	Matching, Level of Effort, Earmarking	62,726
2023-029	93.575/93.596	Period of Performance	40,714
2023-030	93.575/93.596	Reporting	---
2023-031	93.575/93.596	Subrecipient Monitoring	9,471,835
2023-032	93.575/93.596	Special Tests and Provisions – Health and Safety Requirements	145,345
2023-033	93.778	Reporting	---
2023-034	93.778	Special Tests and Provisions – Refunding of Overpayments	<u>121,735</u>

Total Federal Questioned Costs

\$ 15,495,213

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-001
Area: Government Accounting Standards Board (GASB) Statement No. 24
Transactions – SNAP and P-EBT

Criteria:

GASB 24 requires governments to recognize their distributions of Supplemental Nutrition Assistance Program (SNAP) and Pandemic EBT Benefits (P-EBT) transactions and are required to be reported as revenues and expenditures.

Condition:

As of September 30, 2023, SNAP and P-EBT transactions totaling \$183,050,487 were not reported as revenues and expenditures. An audit adjustment was proposed to report these transactions.

Cause:

GASB 24 transactions were recorded to one balance sheet account and were not recorded as revenues and expenditures.

Effect:

GovGuam is in noncompliance with applicable GASB 24 requirements.

Recommendation:

GovGuam should record SNAP transactions in accordance with GASB 24 requirements as revenues and expenditures.

Views of Responsible Officials:

After further review, we've identified that whilst the transactions were recorded, they were recorded incorrectly as AR to AR. This was attributed to shortfalls with the legacy system. AS400 wouldn't allow a recording of revenue/expense for these transaction types as a budget was supposed to be loaded as a requirement to enable these types of transactions to be recorded/posted as revenue/expenditures accordingly (which would be wrong as it would overstate what the government was receiving).

The new accounting system provides the functionality to record expenditure/revenue for these types of Transactions (SNAP and P-EBT) through a journal voucher to ensure these transactions are recorded appropriately and in line with GASB 24.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-002
 Area: General Ledger and SEFA Reconciliations

Criteria:

General ledger balances should be timely reconciled (e.g., at least monthly) to the subsidiary ledger or supporting details and reviewed for ongoing pertinence. The Schedule of Expenditures of Federal Awards (SEFA) should reconcile to general ledger balances and should present all amounts passed through to subrecipients. Amounts due from each federal agency by grant award and period of performance information should be readily available and used to monitor expiring or expired grants.

Condition:

1. Net pension, OPEB liabilities and related deferred inflow and outflow of resources were not adjusted to reflect current year changes. An audit adjustment was proposed to report an increase of \$296.516 million and a decrease of \$312.278 million for net pension and OPEB liabilities, respectively.
2. Approximately \$5.623 million in SEFA expenditures administered by subrecipients were not presented as amounts passed through to subrecipients in the SEFA, comprising \$4.776 million for ALN 15.875, \$847 thousand for ALN 21.027, and \$1.484 million for ALN 93.575. Also, approximately \$26.731 million in SEFA expenditures funded by the American Rescue Plan Act for ALN 93.575 were not separately identified as COVID-19 expenditures.

Additionally, the SEFA erroneously identified clusters of programs, including the identification of a Highway Planning & Construction Cluster and a Maternal, Infant and Early Childhood Home Visiting Cluster, which are not clusters of programs; the identification of ALN 20.602 in the Highway Safety Cluster; and the lack of identification of the FMCSA Cluster for ALN 20.218.

3. Unreconciled differences were identified with amounts due to and from federal agencies.

<u>ALN Program Description</u>	<u>Fund</u>	<u>Per Subsidiary</u>	<u>Per GL (Net)</u>	<u>Variance</u>
17.225 Unemployment Insurance	679	\$ (5,233,927)	\$ 2,405,998	\$ (7,639,925)
17.XXX U.S. Department of Labor	101	\$ 380,782	\$ 1,399,067	\$ (1,018,285)
21.023 Emergency Rental Assistance	681	\$ (2,153,621)	\$ (13,220,552)	\$ 11,066,931
21.026 Homeowners Assistance Fund	687	\$ 178,543	\$ (1,180,213)	\$ 1,358,756
21.027 Coronavirus State and Local Fiscal Recovery Funds	682/688	\$ (230,237,578)	\$(227,572,374)	\$ (2,665,204)

4. The General Fund reported \$12.457 million of accounts receivable due from a federal agency that was not valid as of September 30, 2023 (GL# 110012403). An audit adjustment was proposed to remove this receivable and reduce revenues.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-002, continued
Area: General Ledger and SEFA Reconciliations

Condition, continued:

5. As of November 2024, and based on available information, the Federal Grants Fund did not draw down approximately \$12.175 million of amounts due from federal agencies reported as of September 30, 2023. The following ALN's were identified:

<u>ALN#</u>	<u>Program Title:</u>
11.467	Meteorologic and Hydrologic Modernization Development
12.401	National Guard Military Operations and Maintenance (O&M) Projects
12.404	National Guard Challenge Program
14.251	Economic Development Initiative (EDI)-Special Projects
16.922	Equitable Sharing Program
20.509	Formula Grants for Other Than Urbanized Areas

A proposed adjustment was included in the summary of uncorrected misstatements for certain ALN's with expired grants totaling \$3.530 million.

Additionally, As of September 30, 2023, \$6.549 million of receivables due from federal grantor related to U.S. Department of Homeland Security were uncollectible due to expired grants or for expenditures that exceeded total grant award. A proposed adjustment was included in the summary of uncorrected misstatements to transfer the uncollected balance to the General Fund.

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.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-002, continued
Area: General Ledger and SEFA Reconciliations

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.

We recommend GovGuam hire qualified grant administrators and implement internal controls to monitor grants and perform timely requests for drawdowns.

Views of Responsible Officials:

For FY2024 part of the year was processed in the new FMIS Microsoft 365 accounting system to which the auditor has been granted access. Supporting documents are embedded into the accounting records. The legacy system operational in FY2023 does not permit automatic reconciliation of the subsidiary Federal ledger. 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 the updated modules of the FMIS are fully implemented which includes an automated reconciliation tool that will ensure these balances reconcile with the general ledger on a perpetual basis.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-003
 Area: Revenue Recognition

Criteria:

GASB Statement No. 33 establishes accounting and financial reporting standards for government-mandated and voluntary nonexchange transactions.

Condition:

For the year ended September 30, 2023, GovGuam recorded expenditures associated with the following funds for which related revenues were not correctly recognized.

	<u>Revenues & Transfers In</u>	<u>Expenditures & Transfers out</u>	Revenues/Transfers Under (Over) <u>Expenditures & Transfers out</u>
<u>Other Governmental Funds:</u>			
Emergency Rental Assistance Fund (681)	\$ 166,349	\$ 12,230,794	\$ 12,064,445
Education Stabilization Fund (683)	\$ 11,986,307	\$ 13,383,917	\$ 1,397,610
Coronavirus Capital Project Fund (690)	\$ -	\$ 759,030	\$ 759,030
Non-Entitlement Local Govt (688)	\$ 827,254	\$ 1,565,260	\$ 738,006
Homeowners Assistance Fund (681)	\$ 6,835,014	\$ 6,968,150	\$ 133,136

An audit adjustment was proposed to correct the above misstatements.

Cause:

GovGuam did not perform timely reconciliations and did not perform monitoring controls over revenue recognition associated with these grants.

Effect:

The aforementioned grant revenue and related grant receivables or payable to federal agencies were misstated.

Recommendation:

GovGuam Division of Accounts should develop monitoring procedures for financial reporting purposes that includes timely recognition of grant related transactions. Furthermore, GovGuam Division of Accounts should assess whether additional personnel well versed in accounting reconciliations, 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

Finding No.: 2023-003, continued
Area: Revenue Recognition

Views of Responsible Officials:

An adjustment was made in FY24 to record the grant revenues. Division of Accounts will update monitoring procedures for financial reporting with timely recognition of grant-related transactions. This will include a quarterly review of revenue accounts as part of the reconciliation process.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-004
 Area: OPEB Census Data and EY Actuary Findings

Criteria:

Census data used to determine the total OPEB liability should represent accurate and complete information.

Additionally, the actuary proposed assumptions for mortality should be within reasonable range.

Condition 1:

Inactive Members - For two of 47 (or 4%) of inactive members tested, exceptions were identified as follows:

<u>RecID</u>	<u>Record Source</u>	<u>Unit</u>	<u>Data input</u>	<u>Per Census Data</u>	<u>Per Enrollment/ Personnel Records</u>
1) 19344	GEDA	GEDA	Medical Dental	SC RSP Class I Class I	SC-RSP Class II Class II
2) 16887	GGRF	GMHA	Medical	SC PPO Class I	No medical

Condition 2:

Active Members - For seven of 48 (or 14%) active members tested, exceptions were identified as follows:

<u>RecID</u>	<u>Unit/Record Source</u>	<u>Data input</u>	<u>Per Census Data</u>	<u>Per Personnel Records</u>
1) 3958	GDOE	Gender	Female	Male
2) 4355	GDOE	Gender	Male	Female
3) 4791	GDOE	Gender	Female	Male
4) 6574	GDOE	Gender	Male	Female
5) 7189	GDOE	Gender	Male	Female
6) 9239	GPA	Date of Birth	1/1/1961	12/19/1961
7) 10560	PDSC	Date of Hire	09/02/2019	12/22/1993

For RecID 10560, no guidance or criteria was established for employees with multiple hire dates.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-004, continued
 Area: OPEB Census Data and EY Actuary Findings

Condition 3:

For four of 95 (or 4%) members tested, the following were identified as apparent duplicates:

	<u>Type</u>	<u>RecID</u>	<u>Unit</u>
Member#1	Inactive-Retiree	18882	Guam Memorial Hospital Authority
	Inactive-Disability	11994	Port Authority of Guam
Member#2	Inactive-Retiree	18340	Guam Waterworks Authority
	Inactive-Disability	18341	Guam Department of Education
Member#3	Inactive-Retiree	13871	Line Agency-Dept of Military Affairs
	Inactive-Surviving Spouse	13872	Line Agency-Dept of Youth Affairs
Member#4	Inactive-Retiree	15915	Line Agency – Dept of Public Works
	Inactive-Surviving Spouse	19626	Line Agency – Governor’s Office

Furthermore, we noted the census data included an additional 562 inactive members with the same name and date of birth. These duplicates appear to relate to an overlap of life insurance resulting in a \$7.1 million overstatement of the OPEB liability. The \$7.1 million overstatement was not considered material to the OPEB schedules. The amount is included in the Communication Schedule for Uncorrected Misstatements.

Condition 4:

	<u>Increase in OPEB Liability</u>	<u>Outside Reasonable Range</u>
Mortality: The proposed assumption is outside of our reasonable range. We estimate if an assumption within our reasonable range had been used (instead of the current assumption), the liability would increase by approximately \$51.2 million.	\$51,200,000	Yes
IMPACT ON TOTAL OPEB LIABILITY – all ranges considered	\$51,200,000	
IMPACT ON TOTAL OPEB LIAIBLITY – total difference outside reasonable range	\$51,200,000	

As the \$51.2 million understatement was not considered material to the OPEB schedules. The amount is included in the Communication Schedule for Uncorrected Misstatements.

Cause:

GovGuam did not implement procedures to determine that the census data is accurate. Additionally, mortality assumptions used by the actuary were not considered to be within reasonable range by the audit actuaries.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-004, continued
Area: OPEB Census Data and EY Actuary Findings

Effect:

Total OPEB liability is understated by \$51.2 million.

Recommendation:

GovGuam should develop and implement procedures to determine that the census data is accurate. Active members with multiple hire dates should be defined, for example if such should represent the total service years to the Government of Guam. GovGuam should also determine if mortality rates used by the actuary are within reasonable range.

Views of Responsible Officials:

The auditor's conclusion regarding Mortality Rate Assumption is unclear. On April 26, 2024 the agency Actuary wrote to the auditor seeking information, however, the response was limited. The Government has adopted a different process for collecting census data for Fiscal Year 2024 audit using data available from enrolment in the Government Self-Funded Plan. The result of the liability does not impact the Governmental Funds balance or cost reported under federal grants.

Auditor Response:

The result of the liability only impacts the Government wide fund balance.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-005
Area: Tax Receivable

Criteria:

Taxes receivable and related amounts estimated to be uncollectible should be recorded when the asset or revenue recognition criteria have been met or the underlying accounting event has occurred, and the amount is determinable.

Condition:

Taxes receivable are currently recognized by the Department of Administration (DOA) as revenues when the underlying exchange transaction occurs and when collectible within 60 days (real property taxes) or 90 days (business privilege and income taxes). Delinquent taxes receivable that are measurable but are not due within 12 months are not timely recorded by DOA. Recording of taxes receivable and related estimated allowance for uncollectible receivables in respect of fiscal year 2023 was corrected by DOA after year end in the amount of \$17.9 million based on a summary activity report provided by the Department of Revenue and Taxation (DRT) in May 2024.

Cause:

GovGuam lacked effective coordination between DRT and DOA over the taxes receivable recording process.

Effect:

No material impact on the financial statements is determined as taxes receivable and related estimated uncollectible amounts were subsequently corrected.

Recommendation:

Financial information associated with delinquent taxes and related receivables should be timely provided by DRT to DOA to facilitate the recordation process and related financial statement disclosure requirements.

Views of Responsible Officials:

The Government agrees that such information should be available for purposes of compiling information for the Notes in the financial statements. There is no impact on the General Fund balance since the receivable is considered uncollectible and only taxes collected are recognized as revenues. The agreement between DOA and DRT signed in 2024 which facilitated the correction indicated above will be updated to include specific actions between DOA and DRT to mitigate and improve management of Tax Receivables and overall Tax Accounting going forward.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-006
Area: Special Revenue Fund Deficits

Criteria:

The Department of Administration (DOA) should monitor special revenues funds.

Condition:

Certain special revenue funds for various reasons have incurred expenditures in excess of revenues and or grants received, which resulted in interfund payable balances of \$18M. Repayment of these balances may not be expected within a reasonable time due to continuing fund deficits. As no alternative funding source is available or identified, we have proposed operating transfers from the General Fund. The following fund deficits were identified as of September 30, 2023.

<u>Special Revenue Fund</u>	<u>Fund deficit</u>
Guam Highway Fund (Fund 208)	\$10,562,682
Healthy Futures Fund (Fund 602)	5,002,899
Employee Workmens Compensation Fund (Fund 310)	<u>2,504,743</u>
	<u>\$18,070,324</u>

Cause:

GovGuam did not monitor fund deficits. Expenditures were incurred in excess of available fund balance.

Effect:

Expenditures in excess of revenues occurred resulting in special revenue fund deficits. Operating transfers may be required if the interfund payable to the General Fund are not expected to be repaid.

Recommendation:

We recommend DOA limit the ability of special revenue funds to incur expenditures in excess of revenues collected. Additionally, we recommend DOA periodically analyze special revenue fund deficits for interfund payable balances that may not be expected to be repaid; thereby requiring the reporting of operating transfers.

Finally, we recommend DOA ascertain that collections from non-appropriated funds, such as the Guam Museum, the Guam Regional Transit Authority, the Veterans Affairs Office are reported to DOA on a quarterly basis.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-006, continued
Area: Special Revenue Fund Deficits

Views of Responsible Officials:

Previously, the Government followed a practice of adjusting deficits in Special Revenue Fund balances at the year-end reconciliation process. At the recommendation of the auditor the Government will make such adjustments as are necessary, quarterly.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-007
Area: Capital Assets

Criteria:

1. Reconciliation with inventory records, capital asset ledgers and the general ledger should be timely performed.
2. 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.
3. Capital assets should be recorded in accordance with the applicable capitalization policy.

Condition:

1. As of October 2024, over a year after the fiscal year ended September 30, 2023, reconciliations were still ongoing. No post-closing adjustments were provided to adjust capital assets. Audit adjustments were necessary to reconcile to the capital asset schedules provided in November 2024.
2. Construction costs and equipment purchases were not easily identifiable by project or purchase. The capital asset subsidiary ledger included details of transactions from the general ledger that are not organized in a manner that can be identified by project.
3. For one (or 14%) of 7 Construction in Progress projects (CIP) tested, we identified a project that was completed as of September 30, 2023 and not transferred to depreciable assets. Through further analysis, we identified approximately \$16.256 million in CIP projects with contract that have been fully liquidated as of fiscal year end. A proposed adjustments was included in the communication schedule of uncorrected misstatements to transfer these projects as depreciable.
4. As of November 26, 2024, the Government of Guam has not assessed impairment of capital assets.

Cause:

The processes over inventory, maintenance and reconciliation of capital assets are not routine. Government of Guam requires more funding and human resources to fully implement and develop a useful capital asset management system.

Effect:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-007, continued
Area: Capital Assets

Recommendation:

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 the reported capital asset inventory.

The Division of Accounts should determine whether additional personnel well versed in accounting reconciliations and processes are needed 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.

Views of Responsible Officials:

Implementation of a Fixed Assets Module as part of the new FMIS system is near completion which will help automate the tracking and reporting of capital assets. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. In addition, the Agency will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis. Review of Assets acquired in FY2023 was completed, with FY2024 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-008
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2023 Disaster Supplemental Nutrition Assistance Program (D-SNAP)
Area: Special Tests and Provisions - Quality Control and Program Integrity
Questioned Costs: \$0

Criteria:

In accordance with applicable quality control and program integrity requirements relative to D-SNAP, Guam Department of Public Health and Social Services, Bureau of Economic Security (BES), will perform the following:

1. Review 100 percent of all applications from permanent and temporary government employees. These results must be included in the Post-Disaster Report.
2. Conduct individual case reviews (public and employee cases) to ensure D-SNAP eligibility and allotments were correctly determined.

Condition:

1. BES neither identified applications from government employees nor reviewed 100% of all applications from government employees, and therefore, the results are not included in the Post-Disaster Report.
2. No documentation was provided to substantiate that BES conducted the required individual case reviews.

Cause:

GovGuam did not effectively monitor compliance with applicable D-SNAP quality control and program integrity requirements given the high volume of applications and limited staffing.

Effect:

GovGuam is in noncompliance with applicable D-SNAP quality control and program integrity requirements. No questioned cost is reported as we are unable to quantify the extent of noncompliance.

Recommendation:

Responsible personnel should perform the required verifications and reviews in accordance with applicable quality control and program integrity requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-008, continued
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2023 Disaster Supplemental Nutrition Assistance Program (D-SNAP)
Area: Special Tests and Provisions - Quality Control and Program Integrity
Questioned Costs: \$0

Views of Responsible Officials:

We agree with this finding. Due to the overwhelming volume of applications, it was difficult to determine and review 100% of applications. The current application does not specify, whether the applicant or a household member is a government employee. The goal was to service as many people as possible in a very short time frame.

Details of corrective actions and target dates are set forth in GovGuam's Corrective Action Plan.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-009
 Federal Agency: U.S. Department of Agriculture
 AL Program: 10.551/10.561 SNAP Cluster
 Federal Award No.: 2023 7GU400GU4
 Area: Special Tests and Provisions – ADP System for SNAP
 Questioned Costs: \$27,273

Criteria:

In accordance with applicable special tests and provisions requirements for the ADP system for SNAP, States must accurately and completely process and securely store all case file information for eligibility determination and benefit calculation.

Condition:

For four (or 10%) of forty case files tested, aggregating \$27,292 of \$151.9 million in total Program benefits, the data obtained from PHPro does not have files to substantiate all case file information that has been input in the system, including the certification period. Further, Case Number 201301439 incorrectly processed the household size of the applicant, resulting in an overpayment.

Case Number	Certification Period per PHPro	Issued Benefit Amount per month tested	Issued Benefit Amount per FY 2023 Certification Period
600020362	01/01/2023 to 12/31/2023	\$ 761	\$ 6,849
300075627	10/01/2022 to 09/30/2023	799	9,588
300073890	04/01/2022 to 03/31/2023	1,442	8,652
201301439	03/01/2023 to 02/29/2024	<u>312</u>	<u>2,184</u>
		<u>\$ 3,314</u>	<u>\$ 27,273</u>

Cause:

GovGuam did not effectively monitor compliance with applicable special tests and provisions requirements for the ADP System for SNAP.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements for the ADP System for SNAP. The reportable questioned cost is \$27,273.

Identification as a Repeat Finding: 2022-011

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-009, continued
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2023 7GU400GU4
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$27,273

Recommendation:

GovGuam should closely monitor processes over the ADP System for SNAP so that the required filing and documentation of data inputted into the PHPro system are accurate and in accordance with applicable special tests and provisions requirements.

Views of Responsible Officials:

Agency disagrees with the finding. [Case Numbers 600020362, 300075627 and 300073890] Documentation was provided to auditor electronically on 09/03/2024. Additional documentation was provided in person on 11/15/2024 because the files were too large to send via email. [Case Number 201301439] The additional documentation related to the "processing of the household size of the applicant, resulting in an overpayment" was included in the files provided on 11/15/2024 to dispute this finding. Additional information was provided to explain.

201301439 - benefit amount is for a household size of 8 based on the renewal and change reports submitted during the certification period 3/1/2024-02/29/2024. Benefit amount indicated on the audit report says \$312, which was not what was issued. Screenshots of this process was provided.

600020362 – The notice of action was provided and all other documents for this case.

Details of corrective actions and target dates are set forth in GovGuam's Corrective Action Plan.

Auditor Response:

The documentation that was provided on 09/03/2024 and 11/15/2024 for Case Numbers 600020362, 300075627 and 300073890 did not contain the required Notice of Action. The additional documentation relative to Case Number 201301439 did not substantiate the use of eight as the household size for purposes of the SNAP allotment for FY 2023; the case file documentation demonstrates a household size of only seven. Also, the finding report amount of \$312 represents the excess allotment between a household size of eight (\$2,493) and a household size of seven (\$2,181).

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-010
Federal Agency: U.S. Department of Commerce
AL Program: 11.031 Broadband Infrastructure Program
Federal Award No.: 66-08-I2208
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition:

Subawards are not reported in FSRS, as follows:

Transactions Tested	Subaward Not Reported	Dollar Amount of Tested Transactions	Subaward Not Reported
2	1	\$1,713,992	\$11,438,659

Cause:

GovGuam did not effectively monitor compliance with applicable reporting requirements.

Effect:

GovGuam is in noncompliance with applicable reporting requirements. GovGuam subsequently reported the required information in FSRS in October 2024. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable reporting requirements. Responsible personnel should review reported amounts for accuracy prior to submission. Responsible personnel should establish and implement controls over compliance with applicable reporting requirements relative to reporting subawards in FSRS.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-010, continued
Federal Agency: U.S. Department of Commerce
AL Program: 11.031 Broadband Infrastructure Program
Federal Award No.: 66-08-I2208
Area: Reporting
Questioned Costs: \$0

Views of Responsible Officials:

The subrecipients were not listed in the FFATA Subaward Reporting System (FSRS). This was an oversight on our part and have corrected this action. The FSRS was updated to include the subrecipients to the Guam Department of Administration Guam Broadband Infrastructure Program (Federal Award ID Number 66-08-I2208). Moving forward, we will ensure to report first-tier subawards of \$30,000 or more to the Federal funding Accountability and Transparency Act Subaward Reporting System.

This has been remedied as the Agency did the reporting in FSRS in FY24.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-011
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: Various
Area: Equipment and Real Property Management
Questioned Costs: \$0

Criteria:

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

Condition:

GovGuam’s most recent comprehensive physical inventory of its property was in January 2016; however, the required reconciliation was not completed. As of September 30, 2023, 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 the level of total capital outlays for the program over the past five years.

Table with 6 columns: 2023 Purchases, 2022 Purchases, 2021 Purchases, 2020 Purchases, 2019 Purchases, Total. Values: \$ 200,185, \$975,344, \$1,338,770, \$527,784, \$843,717, \$3,885,800

Cause:

The processes over inventory, maintenance and reconciliation of capital assets are not routine. Government of Guam requires more funding and human resources to fully implement and develop a useful capital asset management system.

Effect:

GovGuam is in noncompliance with applicable equipment and real property management requirements. The underlying capital outlays are not considered questioned costs, as we are unable to quantify the extent of noncompliance.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-011, continued
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: Various
Area: Equipment and Real Property Management
Questioned Costs: \$0

Identification as a Repeat Finding: 2022-008

Recommendation:

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

Views of Responsible Officials:

Implementation of a Fixed Assets Module as part of the new FMIS system is near completion which will help automate the tracking and reporting of capital assets. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. In addition, the Agency will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis. Review of Assets acquired in FY2023 was completed, with FY2024 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-012
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$515,384

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 that every procurement shall be made by competitive sealed bidding, with certain exceptions, including 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. Awards shall be made to the lowest responsible and responsive bidder.
2. Sole source procurement is not permissible unless a requirement is available from only a single supplier. In cases of reasonable doubt, competition should be solicited.

All procurement records shall be retained and disposed of in accordance with record retention guidelines and schedules approved by the Attorney General.

Condition:

Of 14 procurement transactions tested, aggregating \$5.9 million of \$9.2 million in total applicable non-payroll program expenditures, we noted the following:

1. For two (or 14%), no procurement file was provided.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Vendor Number</u>	<u>Amount</u>
D20AF00007	D232100CS005	H0044332	\$ 23,952
D20AF00007	D230660480	C0012761	465,600
			<u>\$ 489,552</u>

2. For two (or 14%), GovGuam paid vendor number M0098076 under Prior Reference number D230660529 on behalf of a subrecipient and did not retain documentation to ascertain that the subrecipient's vendor selection complied with applicable procurement requirements. Subsequently, GovGuam provided procurement files obtained from the subrecipient; we noted noncompliance.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-012, continued
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$515,384

Condition, continued:

For PO Number 20224338, no written rationale is included in the procurement file as to why the lowest bidder was not selected. The lowest bidder quoted \$154.28 per medical drug vial, and the selected bidder quoted \$189.50, resulting in an excess quote of \$35.22. GovGuam paid the vendor for 72 vials at the excess quote, resulting in a questioned cost of \$2,536.

For PO Number 20230055, the small purchases method was used; however, less than three informal price quotations are on file. The procurement of a medical drug includes four solicitations, to which three did not respond. The solicitations were emailed the morning of 10/04/2022 and required delivery within 24 hours. 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 transaction.

<u>Federal Award No.</u>	<u>PO Number</u>	<u>PO Amount</u>	<u>Questioned Cost</u>
D19AF00065	20224338	\$ 24,635	\$ 2,536
D19AF00065	20230055	\$ 23,296	<u>23,296</u>
			\$ <u>25,832</u>

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$515,384.

Identification as a Repeat Finding: Finding 2022-013

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements. Prior to making payments directly to a vendor on behalf of a subrecipient, responsible personnel should retain documentation that substantiates compliance with procurement requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-012, continued
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$515,384

Views of Responsible Officials:

Legal requirement was followed. In circumstances where less than 3 quotes are obtained, that is a market indication that further efforts to secure quotation will be unsuccessful.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-013
 Federal Agency: U.S. Department of the Interior
 AL 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.

Condition:

- For two (or 22%) of nine reports tested, the amounts reported in the SF-425 reports for the semi-annual reporting periods 12/31/2022 and 06/30/2023 did not agree with the underlying accounting records, as follows:

Federal Award No.: GUAMCOFA20091			
Line Item	Per SF-425	Per Accounting Records	Over/(Under) Reported
10.e. Federal share of expenditures	\$ 500,000	\$ 414,162	\$ 85,838
10f. Federal share of unliquidated obligations	\$ -	\$ 77,041	(\$77,041)

- For two (or 22%) of nine reports tested, the amounts reported in the SF-425 report for the semi-annual reporting period 12/31/2022 did not agree with the underlying accounting records, as follows:

Federal Award No.: D20AP00048			
Line Item	Per SF-425	Per Accounting Records	Over/(Under) Reported
10.e. Federal share of expenditures	\$ 4,968,717	\$ 5,162,162	(\$ 193,445)
10.g. Total Federal share	\$ 5,218,627	\$ 5,412,072	(\$ 193,445)
10h. Unobligated balance	\$ 6,820,938	\$ 6,627,493	\$ 193,445

Federal Award No.: D19AP00067			
Line Item	Per SF-425	Per Accounting Records	Over/(Under) Reported
10.e. Federal share of expenditures	\$ 73,838	\$ 113,828	(\$ 39,990)
10f. Federal share of unliquidated obligations	\$ 61,303	\$ 21,313	\$ 39,990

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-013, continued
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Reporting
Questioned Costs: \$0

Cause:

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

Effect:

GovGuam is in noncompliance with applicable reporting requirements. No questioned cost is presented as reported amounts do not represent Program overpayments.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable reporting requirements. Responsible personnel should maintain underlying accounting records to substantiate reported amounts.

Views of responsible officials:

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditure after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

Auditor Response:

Timeliness of report submission is not an issue. We acknowledge that reported amounts may not align with post-reporting transactions in AS400. However, no documentation of contemporaneous transactions was provided to substantiate reported amounts, and no reconciliation was provided to explain the identified variances.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-014
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, expenditures reported in quarterly reports should be supported by underlying accounting records.

Condition:

The expenditures reported in the quarterly reports differ from amounts recorded in AS400, as follows:

Expenditures:

Report	Period	Per Report	Per AS400	Variance
SF-425 – 3 rd Quarter	07/01/23 – 09/30/23	\$ 12,625,356	\$ 12,230,794	\$ 394,562
SF-425 – 2 nd Quarter	04/01/23 – 06/30/23	\$ 8,814,658	\$ 8,535,733	\$ 278,925

Cause:

GovGuam did not effectively monitor compliance with applicable reporting requirements.

Effect:

GovGuam is in noncompliance with applicable reporting requirements. No questioned cost is reported because the variances do not represent overpayments.

Identification as a Repeat Finding: Finding 2022-017

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable reporting requirements. Responsible personnel should maintain underlying accounting records to substantiate reported amounts.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-014, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021
Area: Reporting
Questioned Costs: \$0

Views of Responsible Officials:

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

Auditor Response:

Timeliness of report submission is not an issue. We acknowledge that reported amounts may not align with post-reporting transactions in AS400. However, no documentation of contemporaneous transactions was provided to substantiate reported amounts, and no reconciliation was provided to explain the identified variances.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-015
Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowner Assistance Fund
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021
Area: Eligibility
Questioned Costs: \$2,931

Criteria:

In accordance with applicable eligibility requirements, HAF participants are required to maintain documentation to support eligibility determinations.

Condition:

For two (or 3%) of 60 transactions, aggregating \$66,243 of \$6.4 million in total Program benefits, no case file was provided.

<u>Case File Number</u>	<u>Amount</u>
HAF-1157	\$ 658
HAF-1157	<u>2,273</u>
	\$ <u>2,931</u>

Cause:

GovGuam did not effectively monitor compliance with applicable eligibility requirements. GovGuam did not effectively maintain documentation to corroborate eligibility determinations. Case file documentation was misplaced due to the transfer of files to a new office.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$2,931 because the projected questioned cost exceeds the threshold.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable eligibility requirements. Responsible personnel should ensure that all supporting case files are stored and properly maintained to substantiate eligibility determinations.

Views of Responsible Officials:

All documents were provided to HAF for client's eligibility for the program. However, due to a move, file was misplaced. Records Management SOPs will be updated to have all documentation stored electronically.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-016
Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowner Assistance Fund
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements expenditures reported in quarterly reports should be supported by underlying accounting records.

Condition:

The expenditures reported in the quarterly reports differ from amounts recorded in AS400, as follows:

Expenditures:

Table with 5 columns: Report, Period, Per Report, Per AS400, Variance. Rows include 1st, 3rd, and 2nd Quarterly Reports with corresponding amounts and variances.

Cause:

GovGuam did not effectively monitor compliance with applicable reporting requirements.

Effect:

GovGuam is in noncompliance with applicable reporting requirements. No questioned cost is reported because the variances do not represent overpayments.

Identification as a Repeat Finding: Finding 2022-020

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable reporting requirements. Responsible personnel should maintain underlying accounting records to substantiate reported amounts.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-016, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowner Assistance Fund
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021
Area: Reporting
Questioned Costs: \$0

Views of Responsible Officials:

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

Auditor Response:

Timeliness of report submission is not an issue. We acknowledge that reported amounts may not align with post-reporting transactions in AS400. However, no documentation of contemporaneous transactions was provided to substantiate reported amounts, and no reconciliation was provided to explain the identified variances.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-017
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Procurement and Suspension and Debarment
Questioned Costs: \$3,984,442

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 that every procurement shall be made by competitive sealed bidding, with certain exceptions, including 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. Sole source procurement is not permissible unless a requirement is available from only a single supplier. A requirement for a particular proprietary item does not justify a sole source procurement if there is more than one potential bidder or offeror for that item. In cases of reasonable doubt, competition should be solicited.

All procurement records shall be retained and disposed of in accordance with record retention guidelines and schedules approved by the Attorney General.

Condition:

Of 60 procurement transactions, aggregating \$21.5 million of \$28.3 million in total applicable non-payroll program expenditures, we noted the following:

- 1. For one (or 2%), the small purchases method was used; however, less than three informal price quotations are on file. The procurement of miscellaneous mitigation and repairs of a public building includes three quotations, of which two indicate "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 the 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.

Table with 3 columns: Prior Reference, Vendor Number, Amount. Row 1: P236P00501, A00971167, \$ 95,779

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-017, continued
 Federal Agency: U.S. Department of the Treasury
 AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
 Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$3,984,442

Condition, continued:

2. For one (or 2%), documentation in the procurement file provides a justification for sole source procurement of a proprietary item, as well as informal solicitations of three other vendors who provided responses of “no quote.” Such rationale and documentation are insufficient to demonstrate that the required services were available from only a single supplier. Competitive sealed bidding procedures should have been used given the dollar value of the required services.

Prior Reference	Vendor Number	Amount	Services
P236A02547	V0016269	\$ 379,648	IT support for REAL ID system

3. For 10 (or 17%) no procurement file was provided.

	Prior Reference	Vendor Number	Amount
a.	D230661650	I0441001	\$ 532,275
b.	D230661698	M0098076	300,000
c.	D230661701	J5544401	200,000
d.	D230661703	M0096987	1,300,000
e.	D230661716	M0017562	482,059
f.	D230661719	C0013050	335,516
g.	D230661720	A0017211	200,000
h.	D232100CS040	D0097445	242,100
i.	P226A03072	D3366001	12,178
j.	SVMS11011	None	666
			<u>\$3,604,794</u>

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$3,984,442 from Conditions 2 and 3.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-017, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Procurement and Suspension and Debarment
Questioned Costs: \$3,984,442

Identification as a Repeat Finding: Finding 2022-022

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

Procurement personnel will continue to enforce compliance with applicable procurement. A requirement of no less than three (3) price quotations to be on file, with evidence of solicitation from other potential suppliers to participate. In addition, a requirement for a "no quote" submission and to solicit from other potential suppliers should a "no quote" be received. It is our belief that we have followed the procurement process based on GAC Title 5 Chapter 5 §5213 for conditions 1 and 2. Condition 3, \$3.35 million are not a cost in our books, as these costs are captured in GMHA's audit expenditures.

Auditor Response:

We obtained Condition 3 transactions from GovGuam's financial management system expenditure details.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-018
Federal Agency: U.S. Department of The Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
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 ALN (Assistance Listings Number) and name.
2. Include the total amount provided to subrecipients from each Federal program.
3. 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 200, subpart F, met the audit requirements.

Condition:

For the year ended September 30, 2023, GovGuam reported \$80.6 million in total program expenditures in the Schedule of Federal Awards (SEFA). A total of \$28.3M represents amounts passed through to GovGuam line agencies and component units. Of this amount, approximately \$847,464 represents payments for various programs administered by Guam Economic Development Authority (GEDA). Only \$27.5 million was identified as amounts passed through to GovGuam line agencies and component units in the final SEFA, which did not include the amounts administered by GEDA.

According to Executive Order No. 2021-22, dated September 7, 2021,

“GEDA is appointed to serve as the Program processor for Guam, subject to continued monitoring and oversight by the Office of the Governor. The Administrator of GEDA shall serve as the official responsible for overseeing GEDA’s fulfillment of the Program, which includes the following items:...(i).. Implementing the Program, inclusive of drafting the application, standard operating procedures (SOP), and other relevant documentation. (ii) Receiving and reviewing applications and submitting payment requests to the Department of Administration for disbursement to eligible small businesses.”

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-018, continued
Federal Agency: U.S. Department of The Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Subrecipient Monitoring
Questioned Costs: \$0

Condition, continued:

Similar language is documented in other executive orders, describing GEDA as the administrator of various programs funded by ALN 21.027 and describing GEDA's responsibility to make eligibility determinations. Therefore, GEDA meets the definition of a subrecipient, and amounts administered by GEDA should be reported in the SEFA as amounts passed through to subrecipients.

Cause:

GovGuam did not properly identify amounts passed through to subrecipients and did not enforce compliance with applicable subrecipient monitoring requirements. The Department of Administration believes that GEDA is not a subrecipient.

Effect:

GovGuam is in noncompliance with applicable subrecipient monitoring requirements. No questioned cost is reported because GEDA underwent a Single Audit for FY 2023.

Identification as a Repeat Finding: Finding 2022-023

Recommendation:

GovGuam should enforce compliance with applicable subrecipient monitoring requirements. Also, GovGuam should consider seeking guidance and confirmation from the Grantor Agency regarding the classification of GEDA as either a subrecipient or a contractor.

Views of Responsible Officials:

The Government continues to disagree with the auditor. The language of CFR 200.331(c) is clear that it is the judgment of the pass-through entity that is important. The auditor does not explain the reasoning for reaching a different opinion. Many jurisdictions have engaged third-party administrators for programs without concluding that they become sub-recipients.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-018, continued
Federal Agency: U.S. Department of The Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Subrecipient Monitoring
Questioned Costs: \$0

Auditor Response:

The language of 2 CFR 200.331(c) is clear that “the pass-through entity must use judgement” and that “the substance of the relationship is more important than the form of the agreement.” The language of 2 CFR 200.331(a)(1) is also clear that a characteristic of a subrecipient is that the entity “Determines who is eligible to receive what Federal assistance.” The Condition sets forth our rationale.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-019
Federal Agency: U.S. Department of the Treasury
AL Program: 21.029 Coronavirus Capital Projects Fund
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable special reporting requirements, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition:

Subawards are not reported in FSRS, as follows:

Table with 4 columns: Transactions Tested, Subaward Not Reported, Dollar Amount of Tested Transactions, Subaward Not Reported. Row 1: 1, 1, \$759,030, \$759,030

Cause:

GovGuam did not effectively monitor Program costs for compliance with applicable reporting requirements.

Effect:

GovGuam appears to be in noncompliance with applicable reporting requirements relative to special reporting for FFATA requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable reporting requirements. Responsible personnel should establish and implement controls over compliance with applicable reporting requirements relative to reporting subawards in FSRS.

Views of Responsible Officials:

An awardee could not report the required information in FSRS unless the federal awarding agency has registered the award. The US Treasury has not advised the Government that they have registered the Capital Projects Fund award.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-020
Federal Agency: U.S. Department of the Treasury
AL Program: 21.029 Coronavirus Capital Projects Fund
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)
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 ALN (Assistance Listings Number) and name.
2. Include the total amount provided to subrecipients from each Federal program.
3. 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 200, subpart F, met the audit requirements.

Condition:

For the sole subrecipient, Vendor Number U0226001, amounting to \$759,030, we did not receive subaward documentation to substantiate communication of the subaward's terms and conditions.

Cause:

GovGuam did not enforce monitoring controls over compliance with applicable subrecipient monitoring requirements.

Effect:

GovGuam is in noncompliance with applicable subrecipient monitoring requirements. No questioned cost is presented as we are aware that Vendor Number U0226001 obtained a Single Audit for FY 2023.

Recommendation:

GovGuam should more closely monitor subrecipients in accordance with subrecipient monitoring requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-020, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.029 Coronavirus Capital Projects Fund
Federal Award No.: COVID-19 42 U.S.C. Section 804(b)(1)(B)
Area: Subrecipient Monitoring
Questioned Costs: \$0

Views of Responsible Officials:

The agency followed the criteria stated in the finding. Improvements to monitoring controls have been implemented. Prior to the creating of any subrecipient account a copy of the FFATA report be attached, as well as, creating a check list of subrecipient monitoring requirements prior to any payments being made.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-021
Federal Agency: U.S. Environmental Protection Agency
AL Program: 66.600 Environmental Protection Consolidated Grants
Federal Award No.: M009061390
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 that every procurement shall be made by competitive sealed bidding, with certain exceptions, including 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. Sole source procurement is not permissible unless a requirement is available from only a single supplier. In cases of reasonable doubt, competition should be solicited.

All procurement records shall be retained and disposed of in accordance with record retention guidelines and schedules approved by the Attorney General.

Condition:

For three (or 5%) of 60 procurement transactions, aggregating \$166,681 of \$506,862 in total applicable non-payroll program expenditures, the small purchases 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 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.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-021, continued
Federal Agency: U.S. Environmental Protection Agency
AL Program: 66.600 Environmental Protection Consolidated Grants
Federal Award No.: M009061390
Area: Procurement and Suspension and Debarment
Questioned Costs: \$0

Condition, continued:

1. The procurement of preventative maintenance of laboratory equipment includes four quotations, of which three indicate “no quote.”
2. The procurement of laboratory/medical items includes five quotations, of which three indicate “no quote.”
3. The procurement of repair and maintenance of marine vessels includes four quotations, of which two indicate “no quote.”

	<u>Prior Reference</u>	<u>Vendor Number</u>	<u>Amount</u>
a.	P236A01459	J5544401	\$ 14,200
b.	P236A01736	M0096987	3,681
c.	P236A03979	C0612201	<u>4,999</u>
			\$ <u>22,880</u>

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:

Procurement process was followed based on GAC Title 5 Chapter 5 §5213.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-022
Federal Agency: U.S. Environmental Protection Agency
AL Program: 66.600 Environmental Protection Consolidated Grants
Federal Award No.: M009061390
Area: Program Income
Questioned Costs: \$645,005

Criteria:

In accordance with applicable Cooperative Agreement Programmatic Conditions for program income, all program income generated by the recipient must be added to the assistance award and must be used for the purposes and under the conditions of the award. Pursuant to 2 CFR 1500.7(b), the Addition method applies to the use of program income under the award. The recipient must maintain records which account for program income and specify how program income has been used.

Condition:

- 1. We noted that FY 2023 program income (PI) records of Guam Environmental Protection Agency (GEPA) did not agree with underlying accounting records, as follows:

Table with 3 columns: PI Per GEPA, PI Per Accounting Records, PI Variance. Values: \$ 693,228, \$ 841,225, (\$ 147,997)

- 2. No records were provided to specify the uses of excess program income.

Table with 3 columns: FY 2023 PI, FY 2023 PI Used, Excess PI. Values: \$ 841,225, \$ 196,220, \$ 645,005

Cause:

GovGuam did not monitor compliance with applicable program income requirements.

Effect:

GovGuam is in noncompliance with applicable program income requirements. The reportable questioned cost is \$645,005.

Recommendation:

Responsible personnel should review reported amounts for accuracy and completeness based on the underlying accounting records.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-022, continued
Federal Agency: U.S. Environmental Protection Agency
AL Program: 66.600 Environmental Protection Consolidated Grants
Federal Award No.: M009061390
Area: Program Income
Questioned Costs: \$645,005

Views of Responsible Officials:

Agency disagrees with the findings. The program income is not tied to assist or supplement the federal awards. The program income is used to supplement the special revenue funds handled by the department.

Auditor Response:

No documentation was provided to substantiate the use of \$645,005 in program income.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-023
 Federal Agency: U.S. Environmental Protection Agency
 AL Program: 66.600 Environmental Protection Consolidated Grants
 Federal Award No.: M009061390
 Area: Reporting
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, amounts reported in SF-425 Federal Financial Report should be accurate and complete.

Condition:

For the one SF-425 report tested, the amounts reported for the semi-annual reporting period ended 09/30/2023 did not agree with the underlying accounting records, as follows:

Line Item	Per SF-425	Per Accounting Records	(Over)/Under Reported
10.e. Federal share of expenditures	\$ 14,971,941	\$ 14,464,478	\$ 507,463
10.f. Federal share of unliquidated obligations	\$ -	\$ 30,867	\$ (30,867)
10.g. Total Federal share	\$ 14,971,941	\$ 14,495,345	\$ 476,596
10h. Unobligated balance	\$ 36,785	\$ 513,381	\$(476,596)

Cause:

GovGuam did not enforce compliance with applicable reporting requirements.

Effect:

GovGuam is in noncompliance with applicable reporting requirements. No questioned cost is presented as the reported amounts do not represent overpayments.

Recommendation:

GovGuam should enforce compliance with applicable reporting requirements. Responsible personnel should review reported amounts for accuracy prior to submission.

Views of Responsible Officials:

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditure after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-023, continued
Federal Agency: U.S. Environmental Protection Agency
AL Program: 66.600 Environmental Protection Consolidated Grants
Federal Award No.: M009061390
Area: Reporting
Questioned Costs: \$0

Auditor Response:

Timeliness of report submission is not an issue. We acknowledge that reported amounts may not align with post-reporting transactions in AS400. However, no documentation of contemporaneous transactions was provided to substantiate reported amounts, and no reconciliation was provided to explain the identified variances.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-024
 Federal Agency: U.S. Department of Education (ED)
 AL Program: 84.425 Education Stabilization Fund
 ED Subprogram: 84.425H Education Stabilization Fund–Governors (Outlying Areas) (ESF-Governor)
 Federal Award No.: COVID-19 S425H210004
 Area: Matching, Level of Effort, Earmarking
 Questioned Costs: \$0

Criteria:

In accordance with applicable matching, level of effort, earmarking requirements and section 18008 of the CARES Act, the State will maintain support for elementary and secondary education, and State support for higher education, at least at the proportional levels of such support relative to the State’s overall spending, averaged over fiscal years 2017, 2018, and 2019. Such average is defined as the baseline. Furthermore, a State must use the same data sources in determining overall State spending for the baseline years and FY 2023.

Condition:

The Government of Guam has not submitted final 2023 expenditure data for elementary/secondary education, higher education, and overall Outlying Area spending. Based on our reading of email communications from U.S. ED, Education Program Specialist, Insular Areas, in September 2024, we noted that U.S. ED is aware of such pending submission.

Calculations using preliminary data appear to indicate that GovGuam’s maintenance of effort for FY 2023 may be deficient, as follows:

Preliminary FY 2023 Outlying Area Actual Spending	\$1,383,224,877
Baseline percentage	29.8%
Required Outlying Area MOE	\$ 412,201,013
Interim FY 2023 Outlying Area State Support (19.6%)	\$ 271,505,595
Preliminary Deficient Outlying Area MOE	\$ 140,695,418

ALN 84.425H FY 2023 Expenditures	\$ 13,387,519
Deficient MOE percentage (30% - 20%)(rounded)	10%
Preliminary Projected GovGuam MOE deficiency	\$ 1,338,752

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-024, continued
Federal Agency: U.S. Department of Education (ED)
AL Program: 84.425 Education Stabilization Fund
ED Subprogram: 84.425H Education Stabilization Fund–Governors (Outlying Areas) (ESF-Governor)
Federal Award No.: COVID-19 S425H210004
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$0

Cause:

GovGuam did not enforce monitoring controls over compliance with applicable matching, level of effort, earmarking requirements relative to maintenance of effort requirements.

Effect:

GovGuam appears to be in noncompliance with applicable matching, level of effort, earmarking requirements relative to maintenance of effort requirements. No questioned cost is presented because the source data for determining overall State spending for the baseline years was the State's Single Audit Reports, and the State's Single Audit Report for FY 2023 is yet to be issued.

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable matching, level of effort, earmarking requirements relative to maintenance of effort requirements. Responsible personnel should verify GovGuam's overall spending levels.

Views of Responsible Officials:

The agency agrees with the findings and will apply the recommendations moving forward.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-025
Federal Agency: U.S. Department of Education (ED)
AL Program: 84.425 Education Stabilization Fund
ED Subprogram: 84.425H Education Stabilization Fund–Governors (Outlying Areas) (ESF-Governor)
Federal Award No.: COVID-19 S425H210004
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable special reporting requirements, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Additionally, amounts reported in FSRS should agree with the underlying accounting records.

Condition:

- 1. Subawards are not reported in FSRS, as follows:

Table with 4 columns: Transactions Tested, Subaward Not Reported, Dollar Amount of Tested Transactions, Subaward Not Reported. Row 1: 3, 2, \$4,435,098, \$4,293,694

- 2. For one (or 33%) of three reports tested, Guam Community College reported expenditures of \$197,448 in USASpending.gov as opposed to \$141,404 shown on the GEER I report submitted in FY2023. This resulted in a variance of \$56,044.

Cause:

GovGuam did not effectively monitor compliance with applicable reporting requirements.

Effect:

GovGuam appears to be in noncompliance with applicable reporting requirements relative to special reporting for FFATA requirements. No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-025, continued
Federal Agency: U.S. Department of Education (ED)
AL Program: 84.425 Education Stabilization Fund
ED Subprogram: 84.425H Education Stabilization Fund–Governors (Outlying Areas) (ESF-Governor)
Federal Award No.: COVID-19 S425H210004
Area: Reporting
Questioned Costs: \$0

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable reporting requirements. Responsible personnel should review reported amounts for accuracy prior to submission. Responsible personnel should establish and implement controls over compliance with applicable reporting requirements relative to reporting subawards in FSRs.

Views of Responsible Officials:

The agency followed the criteria stated in the finding. Improvements to monitoring controls have been implemented. Prior to the creating of any subrecipient account a copy of the FATA report be attached, as well as, creating a check list of subrecipient monitoring requirements prior to any payments being made.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-026
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
 Federal Award No.: Various
 Area: Equipment and Real Property Management
 Questioned Costs: \$0

Criteria:

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

Condition:

GovGuam’s most recent comprehensive physical inventory of its property was in January 2016; however, the required reconciliation was not completed. As of September 30, 2023, 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 the level of total capital outlays for the program over the past five years.

2023	2022	2021	2020	2019	Total
<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Total</u>
\$ 511,089	\$303,998	\$ 179,061	\$ 86,277	\$ 12,500	\$1,092,925

Cause:

The processes over inventory, maintenance and reconciliation of capital assets are not routine. Government of Guam requires more funding and human resources to fully implement and develop a useful capital asset management system.

Effect:

GovGuam is in noncompliance with applicable equipment and real property management requirements. The underlying capital outlays are not considered questioned costs, as we are unable to quantify the extent of noncompliance.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-026, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Federal Award No.: Various
Area: Equipment and Real Property Management
Questioned Costs: \$0

Identification as a Repeat Finding: 2022-008

Recommendation:

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

Views of Responsible Officials:

Implementation of a Fixed Assets Module as part of the new FMIS system is near completion which will help automate the tracking and reporting of capital assets. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. In addition, the Agency will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis. Review of Assets acquired in FY2023 was completed, with FY2024 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-027
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Procurement and Suspension and Debarment
Questioned Costs: \$477,823

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 that every procurement shall be made by competitive sealed bidding, with certain exceptions, including 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. Sole source procurement is not permissible unless a requirement is available from only a single supplier. A requirement for a particular proprietary item does not justify a sole source procurement if there is more than one potential bidder or offeror for that item. In cases of reasonable doubt, competition should be solicited.

All procurement records shall be retained and disposed of in accordance with record retention guidelines and schedules approved by the Attorney General.

Condition:

Of 60 procurement transactions, aggregating \$2.3 million of \$3.5 million in total applicable non-payroll Program costs, we noted the following:

COVID-19:

1. For two (or 3%), the small purchases 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 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.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-027, continued
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$477,823

Condition, continued:

- a. The procurement of medical waste services includes five quotations, of which three indicate “no quote.”
- b. The procurement of computers includes six quotations, of which four indicate “no quote.”

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Vendor Number</u>	<u>Amount</u>
6NU50CK000531-02-12	P226A04304	G0016782	\$ 3,000
6NU50CK000531-03-01	P236A02321	D3366001	<u>24,234</u>
			<u>\$27,234</u>

COVID-19:

- 2. For five (or 8%), no procurement file was provided. The documentation that was provided pertained to payments of invoices and not the process of soliciting and selecting the vendor.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Vendor Number</u>	<u>Amount</u>	<u>Description</u>
6NU50CK000531-01-05	J230620796	F1126701	\$ 14,730	08/2023 Rent
6NU50CK000531-01-05	J230620796	F1126701	14,730	07/2023 Rent
6NU50CK000531-01-05	J230620537	F1126701	14,730	11/2022 Rent
6NU50CK000531-02-08	D231700267	P0012967	59,880	Laboratory services
6NU50CK000531-02-08	D231703CS032	C3246004	<u>8,609</u>	Laboratory services
			<u>\$112,679</u>	

- 3. For four (or 7%), documentation in the procurement file is insufficient to demonstrate compliance with sole source procurement. The language of the sole source justification indicates that the supply or service is available from more than one business.

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Vendor Number</u>	<u>Amount</u>	<u>Description</u>
5NU50CK000531-04-00	P236A02457	I0012191	\$138,396	Software as a service
5NU50CK000531-04-00	P236A02459	I0012191	<u>111,948</u>	Software as a service
			<u>\$250,344</u>	

COVID-19:

<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Vendor Number</u>	<u>Amount</u>	<u>Description</u>
6NU50CK000531-02-08	P236A02114	O0015236	\$ 60,000	Software maintenance
6NU50CK000531-03-01	P236A02546	I0012191	<u>54,800</u>	Software as a service
			<u>\$114,800</u>	

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-027, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Procurement and Suspension and Debarment
Questioned Costs: \$477,823

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$477,823 from Conditions 2 and 3.

Identification as a Repeat Finding: Finding 2022-025

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

For condition 1, the procurement process was followed based on GAC Title 5 Chapter 5 §5213.
For condition 2, the lease was procured by DOA.
For condition 3, auditor to provide clarification regarding insufficiency of documentation.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-028
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2301GUCCDF
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$62,726

Criteria:

In accordance with applicable matching, level of effort, earmarking requirements for the direct spending earmark, states and territories must spend not less than 70 percent of the Mandatory and federal and state share of Matching funds (Assistance Listing 93.596) to provide child care assistance to families who: (1) receive Temporary Assistance for Needy Families (TANF) assistance; (2) are attempting through work activities to transition off TANF; and (3) are at risk of becoming dependent on TANF (45 CFR section 98.50(e) and (f)).

Condition:

During FY 2023, expenditures recorded for ALN 93.596 do not appear to be for child care assistance to needy families. The Program expended approximately 61% for travel and 25% for supplies. Therefore, the required direct spending earmark is deficient, as follows:

Table with 2 columns: Description and Amount. Rows include: ALN 93.596 Mandatory Funds Total Expenditures (\$89,608), Direct Spending Earmark Rate (70%), Minimum Required Direct Spending Earmark (\$62,726), Actual Direct Spending Earmark (-), and Deficient Direct Spending Earmark (\$62,726).

Cause:

GovGuam did not effectively monitor compliance with applicable matching, level of effort, earmarking requirements for the direct spending earmark.

Effect:

GovGuam is in noncompliance with applicable matching, level of effort, earmarking requirements for the direct spending earmark.. The reportable questioned cost is \$62,726.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable matching, level of effort, earmarking requirements for the direct spending earmark. Prior to approving requisitions to be charged to ALN 93.596, responsible personnel should verify direct spending earmark levels.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-028, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2301GUCCDF
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$62,726

Views of Responsible Officials:

The agency agrees with the finding and will apply the recommendations moving forward.

However, the Matching Level of Effort (MOE) earmarking is not a requirement in accordance with the Supplemental Terms and Conditions for the Child Care Mandatory and Matching Funds of the Child Care & Development Fund's Cost Sharing or Matching (Non-Federal Share) of Program Funding, page 2. Item 6 identifies that a state match is not required while Item 8 identifies that the MOE threshold applies to states only.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-029
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Area: Period of Performance
Questioned Costs: \$40,714

Criteria:

In accordance with applicable period of performance (POP) requirements, a non-federal entity may charge only allowable costs incurred during a federal award’s period of performance as specified in the terms and conditions of the federal award or in the approved extension.

Condition:

GovGuam charged costs to a federal award after the period of performance obligation end date, as follows:

<u>Federal Award No.</u>	<u>POP End Date</u>	<u>Description of Costs</u>	<u>Expenditures and Questioned Costs</u>
2301GUCCDF	09/30/2023	FY 2024 supplies	\$ <u>40,714</u>

Cause:

GovGuam did not enforce monitoring controls over compliance with applicable period of performance requirements.

Effect:

GovGuam is in noncompliance with applicable period of performance requirements. The reportable questioned cost is \$40,714.

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable period of performance requirements. Prior to charging costs to a federal award or liquidating obligations incurred under a federal award, responsible personnel should verify that the period of performance, including the liquidation end date, has not expired.

Views of Responsible Officials:

The agency agrees with the finding and will apply the recommendations moving forward.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-030
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.575/93.596 CCDF Cluster
 Federal Award No.: 2301GUCCDD, 2301GUCCDF
 Area: Reporting
 Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, ACF-696, *Child Care and Development Fund Financial Report* is due quarterly. Each fiscal year’s expenditure report must be separate; therefore, multiple reports are required if awards from more than one fiscal year are expended in a given quarter. Moreover, expenditures reported should be accurate and supported by underlying accounting records.

Also, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition:

- Grant years 2019 through 2023 expenditures reported per ACF-696 are not accurately supported by underlying accounting records as follows:

	Grant Years							Total
	2023	2022	2021	2021	2020	2019		
	Mandatory	Mandatory	Discretionary	Stabilization ARPA	Discretionary	Discretionary		
Fiscal year								
2023	\$ 89,468	\$ 140	\$ 4,150,472	\$ 17,654,660	\$ 1,535	\$ 8,577	\$ 21,904,851	
2022	-	1,432,712	4,134,976	21,152,922	2,466,518	386,700	29,573,829	
2021	-	-	10,685	2,885	5,493,690	1,558,059	7,065,319	
2020	-	-	-	-	-	7,120,469	7,120,469	
2019	-	-	-	-	-	243,240	243,240	
AS400 Totals	89,468	1,432,852	8,296,133	38,810,467	7,961,743	9,317,045	65,907,708	
ACF-696	93,281	1,432,712	8,287,854	39,379,467	6,461,743	9,316,870	64,971,927	
Variance	\$ (3,813)	\$ 140	\$ 8,279	\$ (569,000)	\$ 1,500,000	\$ 175	\$ 935,781	

- Subawards in the amount of \$12,156,202 are not reported in FSRS.

Transactions Tested	Subaward Not Reported	Dollar Amount of Tested Transactions	Subaward Not Reported
25	25	\$10,956,202	\$10,956,202

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-030, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2301GUCCDD, 2301GUCCDF
Area: Reporting
Questioned Costs: \$0

Cause:

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

Effect:

GovGuam is in noncompliance with applicable reporting requirements. No questioned cost is reported because we are unable to quantify the extent of noncompliance.

Identification as a Repeat Finding: Finding 2022-030

Recommendation:

GovGuam should enforce monitoring controls over compliance with reporting requirements. Responsible personnel should review underlying accounting records and perform reconciliation of the required reports. Responsible personnel should establish and implement controls over compliance with applicable reporting requirements relative to reporting subawards in FSRS.

Views of Responsible Officials:

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

For condition 2, the Agency will report first-tier subawards to the FSRS system. However, it is noteworthy to mention that the system will be expiring as of March 2025.

Auditor Response:

Timeliness of report submission is not an issue. We acknowledge that reported amounts may not align with post-reporting transactions in AS400. However, no documentation of contemporaneous transactions was provided to substantiate reported amounts, and no reconciliation was provided to explain the identified variances.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-031
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.575/93.596 CCDF Cluster
 Federal Award No.: COVID-19 2001GUCCC3, COVID-19 2101GUCCC5,
 COVID-19 2101GUCD6, COVID-19 2101GUCSC6
 Area: Subrecipient Monitoring
 Questioned Costs: \$9,471,835

Criteria:

In accordance with applicable subrecipient monitoring requirements, a pass-through entity must 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 200 (Uniform Guidance), subpart F, met the audit requirements for a Single Audit.

Condition:

Of 40 subrecipients tested, aggregating \$18.1 million of \$33.7 million in amounts passed through to subrecipients, we noted the following:

1. For 23 (or 58%), the CCDF Program did not perform monitoring activities to ensure subrecipients spent funds in accordance with the terms and conditions of the subaward.

	Vendor Number	Amount		Vendor Number	Amount
1.	8A480280	\$ 50,000	12.	8M930740	600,000
2.	8A664424	600,000	13.	8P946475	100,000
3.	8A989426	600,000	14.	8R799997	100,000
4.	8B946768	100,000	15.	8S694829	100,000
5.	8C922503	600,000	16.	8S929926	600,000
6.	8D721983	600,000	17.	8T468853	97,100
7.	8G670433	100,000	18.	8T727248	600,000
8.	8H774604	98,000	19.	8T873399	50,000
9.	8I634369	599,295	20.	8U638300	600,000
10.	8M923699	600,000	21.	8Y721983	600,000
11.	8M929900	600,000	22.	8Y767616	600,000
			23.	8U457233	45,940
				Total	\$8,640,335

2. For one (or 3%), the CCDF Program passed through \$831,500 to Vendor Number 8S767075 during FY 2023. CCDF did not perform monitoring activities to verify whether the subrecipient met the Single Audit requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-031, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: COVID-19 2001GUCCC3, COVID-19 2101GUCCC5,
COVID-19 2101GUCD6, COVID-19 2101GUCSC6
Area: Subrecipient Monitoring
Questioned Costs: \$9,471,835

Cause:

GovGuam did not establish controls over compliance with applicable subrecipient monitoring requirements.

Effect:

GovGuam is in noncompliance with applicable subrecipient monitoring requirements. The reportable questioned cost is \$9,471,835.

Recommendation:

GovGuam should establish and implement controls over compliance with applicable subrecipient monitoring requirements. Responsible personnel should consider obtaining periodic reports from subrecipients that describe how subgrant funds were used and reviewing such reports for compliance with terms and conditions of the subaward.

Views of Responsible Officials:

The Agency disagrees with these findings. As per the Information Memorandum ARP Act Child Care Stabilization Funds under the Qualified and Eligible Child Care Providers, Provider Reporting and Monitoring, the ARP Act does not include specific reporting requirements for child care providers receiving subgrants and any subgrant reporting requirements are at the discretion of the lead agency, page 21. Additionally, Lead Agencies that use other governmental or non-governmental subrecipients to administer the program must have written agreements in place outlining roles and responsibilities for meeting CCDF requirements. The contents of the written agreement may vary based on the role the subrecipient is asked to assume or the type of product undertaken, but must include, at a minimum, tasks to be performed, a schedule for completing tasks, a budget which itemizes categorical expenditures, and indicators or measures to assess performance. The Lead Agency has fulfilled this requirement in accordance with 45 CFR section 98.1.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-031, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: COVID-19 2001GUCCC3, COVID-19 2101GUCCC5,
COVID-19 2101GUCD6, COVID-19 2101GUCSC6
Area: Subrecipient Monitoring
Questioned Costs: \$9,471,835

Auditor Response:

The referenced Information Memorandum states, “At a minimum, lead agencies should collect the following information from child care providers receiving subgrants:...How funds were used...” No monitoring reports or other documentation was provided to substantiate the Agency’s monitoring and determination as to whether the subaward was used for authorized purposes, complied with the terms and conditions of the subaward, and achieved performance goals.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-032
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.575/93.596 CCDF Cluster
 Federal Award No.: 2301GUCCDD, 2301GUCCDF
 Area: Special Tests and Provisions - Health and Safety Requirements
 Questioned Costs: \$145,345

Criteria:

In accordance with applicable special tests and provisions requirements, Lead Agencies must ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements.

In accordance with the Child Care Development Fund (CCDF) State Plan, Section 5.3 Health and Safety Standards and Training for CCDF Providers, all licensed and license-exempt child care providers must be able to demonstrate compliance with Guam Public Law 31-73, which outlines certain home/facility conditions, as part of the health and safety standards and other requirements prior to the receipt of any CCDF funds. Validations of these requirements are made by Guam Department of Public Health and Social Services (DPHSS) Licensing Office and DPHSS-Division of Environmental Health (DEH) during quarterly facility inspections and monitoring. A certification of compliance report of the Job-Site Inspection is issued by Division of Environmental Health and provided to Guam’s CCDF Program Office and Bureau of Social Services Administration (BOSSA) – Licensing Office.

Additionally, all licensed and license-exempt child care providers must complete 15 hours of health and safety related training each year.

Condition:

Of 33 child care providers tested, aggregating \$8.9 million of \$14.2 million in Program benefits, we noted the following:

1. For four (or 12%), no DEH annual inspection report is on file for the child care provider who is exempt from licensing requirements.

	Vendor Number	Amount	Description
a.	M3944001	\$ 23,535	Academy charter school
b.	8P988211	11,910	Martial arts school
c.	S7866001	73,280	Learning center
d.	8T671552	<u>36,620</u>	Dance studio
		<u>\$145,345</u>	

2. For all 33 child care providers, case file documentation is not sufficient to demonstrate that all relevant employees completed 15 hours of health and safety training.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-032, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2301GUCCDD, 2301GUCCDF
Area: Special Tests and Provisions - Health and safety requirements
Questioned Costs: \$145,345

Cause:

GovGuam did not effectively monitor license-exempt child care providers for compliance with applicable special tests and provisions for health and safety requirements.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions for health and safety requirements. The reportable questioned cost is \$145,345.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable special tests and provisions for health and safety requirements. Prior to approving an application for a subsidy, responsible personnel should verify that the identified child care provider has obtained a certification of compliance report from DPHSS-DEH accordingly.

Views of Responsible Officials:

The agency has issued notices of noncompliance to those unresponsive. Moving forward, the bureau will hold providers accountable by issuing a Letter of Warning (LOW) and a Correction Action Plan (CAP) from the Social Service Licensing Officer or Child Care Compliance Officer to ensure compliance with the standards.

The Agency disagrees with Condition 1. License-exempt child care providers will not have an annual DEH inspection since they are not required to obtain a sanitary permit.

Auditor Response:

Condition 1: No other document was provided to substantiate compliance with applicable health and safety requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-033
 Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.778 Medical Assistance Program
 Federal Award No.: 75X0512
 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, resulting in underreporting, as follows:

	<u>FY 2023 Expenditures</u>	<u>Federal Share</u>	<u>Local Share</u>
CMS-64	\$ 186,078,297	\$163,457,319	\$22,620,978
AS400 financial management system	186,622,538	163,677,271	22,945,267
Variances	<u>\$ (544,241)</u>	<u>\$ (219,952)</u>	<u>\$ (324,289)</u>

Cause:

GovGuam did not enforce monitoring controls over reconciliations and over compliance with applicable 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: Finding 2022-032

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.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-033, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Reporting
Questioned Costs: \$0

Views of Responsible Officials:

The Agency acknowledges this finding and recognizes it as an ongoing issue related to the alignment of our reporting with the Department of Administration (DOA) financial system. One of the primary challenges arises from transactions that are not processed within the designated reporting period, which impacts on our initial submissions to CMS. Any adjustments or transactions made after the quarter's close, which were not captured in our previous reports, contribute to this issue.

We understand that addressing this finding is a critical part of our corrective action measures. We are currently working on updating the existing Standard Operating Procedure (SOP) 2023-01, which governs interactions between the Department of Public Health and Social Services (DPHSS) and DOA/Division of Accounts. Since November 2024, we have been collaborating with DOA to revise this SOP with the goal of reconciling Medicaid and CHIP expenditures, as well as aligning reports from CMS-64 with the new Guam Financial Management Information System (GFMIS). Currently, PMS staff is in the process in finalizing the DRAFT SOP. We intend to have the DRAFT SOP completed and forwarded to DOA by Friday, January 31, 2025. If there are no changes to the SOP, we will work to have the SOP signed by all parties no later than February 14, 2025.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-034
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Special Tests and Provisions – Refunding of Federal Share of Medicaid
Overpayments to Providers
Questioned Costs: \$121,735

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 the federal Centers for Medicare & Medicaid Services (CMS) via Form CMS-64 Summary, Line 9C1 – Fraud, Waste & Abuse Amounts, Line 9.C2-OIG Complaint False Claims Act, 9.D Other, 9.E. – RAC Collections, 9.F. – PERM Collections or 9.G. – MEQC Collections 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 2023, the Program reported overpayments to and recoupments from providers of \$138,367 and \$233,958, respectively. The schedule of overpayments and recoupment were not in sufficient detail to identify the discovery date. Therefore, it cannot be determined whether Federal share of overpayments is properly reported and refunded.

Cause:

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

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements relative to the refunding of overpayments made to providers. The reportable questioned cost is \$121,735 (\$138,367 * 87.98% average FMAP).

Identification as a Repeat Finding: Finding 2022-033

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2023-034, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Special Tests and Provisions – Refunding of Federal Share of Medicaid
Overpayments to Providers
Questioned Costs: \$121,735

Recommendation:

GovGuam should monitor compliance with applicable special tests and provisions requirements relative to the refunding of overpayments made to providers. Responsible personnel should prepare a schedule of overpayments to and recoupments from providers in sufficient detail to identify discovery dates of overpayments and to report the Federal share of overpayments on Form CMS-64 quarterly.

Views of Responsible Officials:

The Agency acknowledges this finding and has developed a corrective action plan that includes a new Standard Operating Procedure (SOP), 2024-005, for the Intake and Processing of Overpayment Checks. This new SOP addresses a gap in our process for tracking overpayment checks and refunding the Federal Share of Medicaid Overpayments to Providers. Furthermore, we are also in the process of updating SOP 2023-03, which focuses on Public Health Professional (PHPro) Entry for Provider Overpayment Checks and Recoupments, to improve our tracking and monitoring of overpayment checks and recoupment reconciliations. Currently, we are still addressing updates to this SOP and require additional time to work with BHCFA staff(s) to gather more information in finalizing the SOP. We intend to complete this SOP no later than February 28, 2025.



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February 6, 2025

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Tamuning, GU 96931

Set forth below is the Government of Guam's Corrective Action Plan for findings to be noted on Government of Guam's Single Audit Report for Year Ending September 30, 2023.

The Government has prepared a Gantt chart (attached) based on actual activity for the FY2023 audit. This will be used as a baseline for FY2024 and subsequent audits. The auditor is encouraged to input dates when it is anticipated that audit procedures will be complete so that the Government can plan accordingly. This approach should improve the overall audit engagement and lead to timely completion of Annual Government Financial Statements and Single Audit. The difficulty in recruiting and training accounting personnel is a global concern to governments, businesses, and those providing audit services. The government is working on a recruitment and retention process.

Finding No.: 2023-001 GASB 24 Transactions- SNAP and P-EBT

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)

After further review, we've identified that whilst the transactions were recorded, they were recorded incorrectly as AR to AR. This was attributed to shortfalls with the legacy system. AS400 wouldn't allow a recording of revenue/expense for these transaction types as a budget was supposed to be loaded as a requirement to enable these types of transactions to be recorded/posted as revenue/expenditures accordingly (which would be wrong as it would overstate what the government was receiving).

The new accounting system provides the functionality to record expenditure/revenue for these types of Transactions (SNAP and P-EBT) through a journal voucher to ensure these transactions are recorded appropriately and in line with GASB 24.

Finding No.: 2023-002 General Ledger and SEFA Reconciliation

Responding Agency: Department of Administration (DOA)
Responsible Personnel: Edward M. Birn, Director (DOA)

For FY2024 part of the year was processed in the new FMIS Microsoft 365 accounting system to which the auditor has been granted access. Supporting documents are embedded into the accounting records. The legacy system operational in FY2023 does not permit automatic reconciliation of the subsidiary Federal ledger. 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 the updated modules of the FMIS are fully implemented which includes an automated reconciliation tool that will ensure these balances reconcile with the general ledger on a perpetual basis.

Finding No.: 2023-003 Revenue Recognition

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

An adjustment was made in FY24 to record the grant revenues. Division of Accounts will update monitoring procedures for financial reporting with timely recognition of grant-related transactions. This will include a quarterly review of revenue accounts as part of the reconciliation process.

Finding No.: 2023-004 OPEB Census Data & EY Actuary Findings

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The auditor's conclusion regarding Mortality Rate Assumption is unclear. On April 26, 2024, the agency Actuary wrote to the auditor seeking information, however, the response was limited. The Government has adopted a different process for collecting census data for Fiscal Year 2024 audit using data available from enrolment in the Government Self-Funded Plan. The result of the liability does not impact the Governmental Funds balance or cost reported under federal grants.

Finding No.: 2023-005 Tax Receivable

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The Government agrees that such information should be available for purposes of compiling information for the Notes in the financial statements. There is no impact on the General Fund balance since the receivable is considered uncollectible and only taxes collected are recognized as revenues. The agreement between DOA and DRT signed in 2024 which facilitated the correction indicated above will be updated to include specific actions between DOA and DRT to mitigate and improve management of Tax Receivables and overall Tax Accounting going forward.

Finding No.: 2023-006 **Special Revenue Fund Deficits**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

Previously the Government followed a practice of adjusting deficits in Special Revenue Fund balances at the year end reconciliation process. At the recommendation of the auditor the Government will make such adjustments as are necessary, quarterly.

Finding No.: 2023-007 **Capital Assets/Equipment Management**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

Implementation of a Fixed Assets Module as part of the new FMIS system is near completion which will help automate the tracking and reporting of capital assets. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. In addition, the Agency will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis. Review of Assets acquired in FY2023 was completed, with FY2024 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

Finding No.: 2023-008 **Quality Control and Program Integrity**

Responding Agency: Department of Public Health and Social Services (DPHSS)

Responsible Personnel: Theresa Arriola, Director (DPHSS)

We agree with this finding. Due to the overwhelming volume of applications, it was difficult to determine and review 100% of applications. The current application does not specify, whether the applicant or a household member is a government employee. The goal was to service as many people as possible in a very short time frame.

Our corrective action plan is as follows:

1. It was indicated in the Post Disaster report under Lessons Learned about revising the DSNAP application. The application will include a question or checkbox that will ask if the applicant or any household member is a government employee. Our target date is January 2026.
2. The application will be routed to the Supervisory D-SNAP team who will conduct the reviews on government employees. Our target date is November 2025.

Finding No.: 2023-009 **ADP System for SNAP**

Responding Agency: Department of Public Health and Social Services (DPHSS)

Responsible Personnel: Theresa Arriola, Director (DPHSS)

Agency disagrees with the finding. [Case Numbers 600020362, 300075627 and 300073890] Documentation was provided to auditor electronically on 09/03/2024. Additional documentation was provided in person on 11/15/2024 because the files were too large to send via email. [Case Number 201301439] The additional documentation related to the "processing of the household size of the applicant, resulting in an overpayment" was included in the files provided on 11/15/2024 to dispute this finding. Additional information was provided to explain.

201301439 -benefit amount is for a household size of 8 based on the renewal and change reports submitted during the certification period 3/1/2024-02/29/2024. Benefit amount indicated on the audit report says \$312, which was not what was issued. Screenshots of this process was provided.

600020362 – The notice of action was provided and all other documents for this case. Details of corrective actions and target dates are set forth in GovGuam’s Corrective Action Plan.

Finding No.: 2023-010 Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The subrecipients were not listed in the FFATA Subaward Reporting System (FSRS). This was an oversight on our part and have corrected this action. The FSRS was updated to include the subrecipients to the Guam Department of Administration Guam Broadband Infrastructure Program (Federal Award ID Number 66-08-I2208). Moving forward, we will ensure to report first-tier subawards of \$30,000 or more to the Federal funding Accountability and Transparency Act Subaward Reporting System.

This has been remedied as the Agency did the reporting in FSRS in FY24.

Finding No.: 2023-011 Equipment and Real Property Management

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

Implementation of a Fixed Assets Module as part of the new FMIS system is near completion which will help automate the tracking and reporting of capital assets. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. In addition, the Agency will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis. Review of Assets acquired in FY2023 was completed, with FY2024 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

Finding No.: 2023-012 Procurement, Suspension, and Debarment

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

Legal requirement was followed. In circumstances where less than 3 quotes are obtained, that is a market indication that further efforts to secure quotation will be unsuccessful.

Finding No.: 2023-013 Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

Finding No.: 2023-014 Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

Finding No.: 2023-015 Eligibility

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

All documents were provided to HAF for client's eligibility for the program. However, due to a move, file was misplaced. Records Management SOPs will be updated to have all documentation stored electronically.

Finding No.: 2023-016 Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved

by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

Finding No.: 2023-017 Procurement, Suspension, and Debarment

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

Procurement personnel will continue to enforce compliance with applicable procurement. A requirement of no less than three (3) price quotations to be on file, with evidence of solicitation from other potential suppliers to participate. In addition, a requirement for a "no quote" submission and to solicit from other potential suppliers should a "no quote" be received.

It is our belief that we have followed the procurement process based on GAC Title 5 Chapter 5 §5213 for conditions 1 and 2.

Condition 3, \$3.35 mil are not a cost in our books, as these costs are captured in GMHA's audit expenditures.

Finding No.: 2023-018 Subrecipient Monitoring

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The Government continues to disagree with the auditor. The language of CFR 200.331(c) is clear that it is the judgement of the pass-through entity that is important. The auditor does not explain the reasoning for reaching a different opinion. Many jurisdictions have engaged third-party administrators for programs without concluding that they become sub-recipients.

Finding No.: 2023-019 Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

An awardee could not report the required information in FSRS unless the federal awarding agency has registered the award. The US Treasury has not advised the Government that they have registered the Capital Projects Fund award.

Finding No.: 2023-020 Subrecipient Monitoring

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The agency followed the criteria stated in the finding. Improvements to monitoring controls have been implemented. Prior to the creating of any subrecipient account a copy of the FFATA report be attached, as well as, creating a check list of subrecipient monitoring requirements prior to any payments being made.

Finding No.: 2023-021 Procurement, Suspension, and Debarment

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

Procurement process was followed based off GAC Title 5 Chapter 5 §5213.

Finding No.: 2023-022 Program Income

Responding Agency: Guam Environmental Protection Agency (GEPA)

Responsible Personnel: Michelle Lastimoza (GEPA)

Agency disagrees with the findings. The program income is not tied to assist or supplement the federal awards. The program income is used to supplement the special revenue funds handle by the department.

Finding No.: 2023-023 Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

Finding No.: 2023-024 Matching, Level of Effort, Earmarking

Responding Agency: Guam State Clearing House (GSC)

Responsible Personnel: Stephanie Flores, Director (GSC)

Agency agrees with the finding and will apply the recommendations moving forward.

Finding No.: 2023-025 Reporting

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The agency followed the criteria stated in the finding. Improvements to monitoring controls have been implemented. Prior to the creating of any subrecipient account a copy of the FATA report be attached, as well as, creating a check list of subrecipient monitoring requirements prior to any payments being made.

Finding No.: 2023-026 **Equipment and Real Property Management**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

Implementation of a Fixed Assets Module as part of the new FMIS system is near completion which will help automate the tracking and reporting of capital assets. DOA will update the SOP for the Fixed Assets for capital asset reporting accordingly. In addition, the Agency will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis. Review of Assets acquired in FY2023 was completed, with FY2024 in progress. As noted previously, the process is hampered by difficulties in recruiting personnel.

Finding No.: 2023-027 **Procurement, Suspension, and Debarment**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

For condition 1 the procurement processed was followed based off GAC Title 5 Chapter 5 §5213. For condition 2, the lease was procured by DOA. For condition 3, auditor to provide clarification regarding insufficiency of documentation.

Finding No.: 2023-028 **Matching, Level of Effort, Earmarking**

Responding Agency: Department of Public Health and Social Services (DPHSS)

Responsible Personnel: Theresa Arriola, Director (DPHSS)

The agency agrees with the finding and will apply the recommendations moving forward. However, the Matching Level of Effort (MOE) earmarking is not a requirement in accordance with the Supplemental Terms and Conditions for the Child Care Mandatory and Matching Funds of the Child Care & Development Fund's Cost Sharing or Matching (Non-Federal Share) of Program Funding, page 2. Item 6 identifies that a state match is not required while Item 8 identifies that the MOE threshold applies to states only.

Finding No.: 2023-029 **Period of Performance**

Responding Agency: Department of Public Health and Social Services (DPHSS)

Responsible Personnel: Theresa Arriola, Director (DPHSS)

The agency agrees with the finding and will apply the recommendations moving forward.

Finding No.: 2023-030 **Reporting**

Responding Agency: Department of Administration (DOA)

Responsible Personnel: Edward M. Birn, Director (DOA)

The Agency disagrees with the finding of non-compliance as we have complied to submit the reporting in a timely manner to the federal agency. Due to the timing of required reporting, it may not align with reported AS400 expenditures after reporting has been posted. There is no provision in the reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. Implementation of the Federal Module anticipated to be fully functional by end of FY2025 will automate and improve this process.

For condition 2, the Agency will report first-tier subawards to the FSRs system. However, it is noteworthy to mention that the system will be expiring as of March 2025.

Finding No.: 2023-031 Subrecipient Monitoring

Responding Agency: Department of Public Health and Social Services

Responsible Personnel: Theresa Arriola, Director (DPHSS)

The Agency disagrees with these findings. As per the Information Memorandum ARP Act Child Care Stabilization Funds under the Qualified and Eligible Child Care Providers, Provider Reporting and Monitoring, the ARP Act does not include specific reporting requirements for childcare providers receiving subgrants and any subgrant reporting requirements are at the discretion of the lead agency, page 21. Additionally, Lead Agencies that use other governmental or non-governmental subrecipients to administer the program must have written agreements in place outlining roles and responsibilities for meeting CCDF requirements. The contents of the written agreement may vary based on the role the subrecipient is asked to assume or the type of product undertaken, but must include, at a minimum, tasks to be performed, a schedule for completing tasks, a budget which itemizes categorical expenditures, and indicators or measures to assess performance. The Lead Agency has fulfilled this requirement in accordance with 45 CFR section 98.1.

Finding No.: 2023-032 Health and Safety Requirements

Responding Agency: Department of Public Health and Social Services (DPHSS)

Responsible Personnel: Theresa Arriola, Director (DPHSS)

The agency has issued notices of noncompliance to those unresponsive. Moving forward, the bureau will hold providers accountable by issuing a Letter of Warning (LOW) and a Correction Action Plan (CAP) from the Social Service Licensing Officer or Child Care Compliance Officer to ensure compliance with the standards.

The Agency disagrees with Condition 1. License-exempt childcare providers will not have an annual DEH inspection since they are not required to obtain a sanitary permit.

Finding No.: 2023-033 Reporting

Responding Agency: Department of Public Health and Social Services (DPHSS)

Responsible Personnel: Theresa Arriola, Director (DPHSS)

The Agency acknowledges this finding and recognizes it as an ongoing issue related to the alignment of our reporting with the Department of Administration (DOA) financial system. One of the primary challenges arises from transactions that are not processed within the designated reporting period, which impacts on our initial submissions to CMS. Any adjustments or transactions made after the quarter's close, which were not captured in our previous reports, contribute to this issue.

We understand that addressing this finding is a critical part of our corrective action measures. We are currently working on updating the existing Standard Operating Procedure (SOP) 2023-01, which governs interactions between the Department of Public Health and Social Services (DPHSS) and DOA/Division of Accounts. Since November 2024, we have been collaborating with DOA to revise this SOP with the goal of reconciling Medicaid and CHIP expenditures, as well as aligning reports from CMS-64 with the new Guam Financial Management Information System (GFMIS). Currently, PMS staff is in the process of finalizing the DRAFT SOP. We intend to have the DRAFT SOP completed and forwarded to DOA by Friday, January 31, 2025. If there are no changes to the SOP, we will work to have the SOP signed by all parties no later than February 14, 2025.

Finding No.: 2023-034 **Refunding of Overpayments**

Responding Agency: Department of Public Health and Social Services (DPHSS)

Responsible Personnel: Theresa Arriola, Director (DPHSS)

The Agency acknowledges this finding and has developed a corrective action plan that includes a new Standard Operating Procedure (SOP), 2024-005, for the Intake and Processing of Overpayment Checks. This new SOP addresses a gap in our process for tracking overpayment checks and refunding the Federal Share of Medicaid Overpayments to Providers. Furthermore, we are also in the process of updating SOP 2023-03, which focuses on Public Health Professional (PHPro) Entry for Provider Overpayment Checks and Recoupments, to improve our tracking and monitoring of overpayment checks and recoupment reconciliations. Currently, we are still addressing updates to this SOP and require additional time to work with BHCFA staff(s) to gather more information in finalizing the SOP. We intend to complete this SOP no later than February 28, 2025.

Senseramente,



EDWARD M. BIRN

Attachments

Copy: Public Auditor, OPA
Director, DPHSS
Director, GEPA
Director, GSC

**AUDIT FINDINGS
FISCAL YEAR 2018**

<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2018-001	<p>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.</p> <p>Procurement of a new system is in progress.</p> <p>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2018-002	<p>DOA: DOA will require DPHSS to submit dated copy of daily EBT reconciliations.</p> <p>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2018-003	<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>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2018-004	<p>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.</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>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>

**AUDIT FINDINGS
FISCAL YEAR 2019**

<u>AUDIT FINDING NUMBER:</u> 2019-001	<u>STATUS:</u> 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. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2019-002	<u>STATUS:</u> 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. 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: •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 FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2019-003	<u>STATUS:</u> DOA: DOA will require DPHSS to submit dated copy of daily EBT reconciliations. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2019-004	<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 leads 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2019-005	<u>STATUS:</u> 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: • 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 FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)

<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-04 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>FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY</p>
<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>
<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>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>

**AUDIT FINDINGS
FISCAL YEAR 2020**

<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2020-001	<p>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.</p> <p>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2020-002	<p>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.</p> <p>ON GOING</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2020-003	<p>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.</p> <p>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.</p> <p>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2020-004	<p>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:</p> <ul style="list-style-type: none"> • 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/refresh training for staff responsible for intake and posting of information to IEVS to document training received. <p>FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2020-005	<p>DOA: DOA will require DPH&SS to submit daily copy of daily EBT reconciliations.</p> <p>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>

<p><u>AUDIT FINDING NUMBER:</u></p> <p>2020-006</p>	<p><u>STATUS:</u></p> <p>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.</p> <p>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.</p> <p>ON GOING</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2020-007</p>	<p><u>STATUS:</u></p> <p>DOA: 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.</p> <p>FOR CLOSURE (CORRECTIVE ACTION PLAN IN PLACE)</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2020-008</p>	<p><u>STATUS:</u></p> <p>DOA: 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.</p> <p>ON GOING</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2020-009</p>	<p><u>STATUS:</u></p> <p>DOA: 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.</p> <p>On October 14,2021, DOL received a letter from US DOL stating that this finding has been corrected. For Closure</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2020-010</p>	<p><u>STATUS:</u></p> <p>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.</p> <p>On October 14,2021, DOL received a letter from US DOL stating that this finding has been corrected. For Closure</p>
<p><u>AUDIT FINDING NUMBER:</u></p> <p>2020-011</p>	<p><u>STATUS:</u></p> <p>DOA:</p> <ol style="list-style-type: none"> 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. <p>ON GOING</p>

<u>AUDIT FINDING NUMBER:</u> 2020-012	<u>STATUS:</u> DOA: Quarterly reports are submitted to U.S. Treasury through the CRF portal. Quarterly reports were submitted with final being submitted in January 2023. For Closure
<u>AUDIT FINDING NUMBER:</u> 2020-013	<u>STATUS:</u> 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2020-014	<u>STATUS:</u> DOA: 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2020-015	<u>STATUS:</u> DOA: 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2020-016	<u>STATUS:</u> DOA: 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: <ul style="list-style-type: none"> ● 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2020-017	<u>STATUS:</u> DOA: 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: <ul style="list-style-type: none"> ● Reports substantiating reported amounts. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY

<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2020-018	<p data-bbox="451 199 1411 283">DOA: 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.</p> <p data-bbox="451 283 1411 304">DPH&SS must provide the following items for each report submitted for review:</p> <ul data-bbox="511 304 1411 325" style="list-style-type: none">•Reports substantiating reported amounts. <p data-bbox="451 346 1411 367">FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY</p>

**AUDIT FINDINGS
FISCAL YEAR 2021**

<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-001	<p>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.</p> <p>ON GOING</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-002	<p>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.</p> <p>ON GOING</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-003	<p>DOA: Although a complete physical inventory of fixed assets was scheduled to be completed in FY 2021, 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.</p> <p>The fixed assets inventory will be addressed in FY 2021.</p> <p>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.</p> <p>Tracking of project costs is not a feature of the current FMIS and will be incorporated into a new system.</p> <p>A fixed asset module will be integrated into an updated accounting system.</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>ON GOING</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-004	<p>DOA: DOA will require DPH&SS to submit daily copy of daily EBT and P-EBT reconciliations.</p> <p>In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (FOR CLOSURE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-005	<p>DOA: DOA will require DPH&SS to submit daily copy of daily P-EBT reconciliations.</p> <p>In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (FOR CLOSURE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-006	<p>DOA: DPHSS Division of Public Welfare will work with DMR and FIS to ensure reports include accurate reporting of expungements.</p> <p>ON GOING</p>

<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-007	<p>DOA: 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.</p> <p>ON GOING</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-008	<p>DOA: DOA will require DPH&SS to submit daily copy of daily EBT reconciliations.</p> <p>In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (Recommend to close)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-009	<p>DOA: 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.</p> <p>ON GOING</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-010	<p>DOA: Program coordinators will ensure that ATPs are received prior to approving program cost.</p> <p>ON GOING</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-011	<p>DOA: GDOL will continue to collect overpayments for benefits payments that were determined ineligible by staff or determined as a result of the appeals process. USDOL has continued to ratify payments to claimants, which do not comply with criteria but were determined to be free from fraud. Collection efforts were appropriated will continue through Guam's period of performance currently set through June 30, 2023.</p> <p>On January 18, 2023, DOL received a letter from US DOL stating that this finding has been corrected. Recommend to close.</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-012	<p>DOA: GDOL will continue to collect overpayments for benefit payments that were determined ineligible by staff or as result of the appeals process. Collection efforts will continue through June 30, 2023.</p> <p>On January 18, 2023, DOL received a letter from US DOL stating that this finding has been corrected. Recommend to close.</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2021-013	<p>DOA: GDOL will ensure policies and procedures for all discretionary grants are followed and case files are complete.</p> <p>On January 18, 2023, DOL received a letter from US DOL stating that this finding has been corrected. Recommend to close.</p>

<u>AUDIT FINDING NUMBER:</u> 2021-014	<u>STATUS:</u> 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. ON GOING
<u>AUDIT FINDING NUMBER:</u> 2021-015	<u>STATUS:</u> DOA: Quarterly reports are submitted to U.S. Treasury through the CRF portal. Quarterly reports were submitted with final being submitted in January 2023. Recommend to close
<u>AUDIT FINDING NUMBER:</u> 2021-016	<u>STATUS:</u> 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. ON GOING
<u>AUDIT FINDING NUMBER:</u> 2021-017	<u>STATUS:</u> DOA: All files have been provided to auditors for verification ON GOING
<u>AUDIT FINDING NUMBER:</u> 2021-018	<u>STATUS:</u> DOA: The timing of required reporting by US Treasury may not align with reported AS400 expenditures after final reporting has been posted. There is no provision in quarterly ERA reporting for a adjustment of previously reported values. ON GOING
<u>AUDIT FINDING NUMBER:</u> 2021-019	<u>STATUS:</u> DOA: It was essential during the height of the pandemic to continue the provision of quarantine facilities after CARES Act funding expired and before ARPA funding was effective. Expected FEMA reimbursements mitigating this expenditure has not been received. Discussion with FEMA are ongoing. ON GOING
<u>AUDIT FINDING NUMBER:</u> 2021-020	<u>STATUS:</u> DOA: 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY

<u>AUDIT FINDING NUMBER:</u> 2021-021	<u>STATUS:</u> 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2021-022	<u>STATUS:</u> DOA: 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2021-023	<u>STATUS:</u> DOA: DOA has determined in accordance with 2CFR §200.331 that Guam Educational Telecommunications Corporation (PBS Guam) is a subrecipient of the program funds. DOA has advised PBS Guam that a compliant audit report is required by Single Audit Act and 2CFR §200.331 and should be provided. Recommend to close as per notice provided on January 17, 2024.
<u>AUDIT FINDING NUMBER:</u> 2021-024	<u>STATUS:</u> DOA: 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2021-025	<u>STATUS:</u> 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. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2021-026	<u>STATUS:</u> DPHSS: BCSS will continue with random inspections of CCDF certified providers through the year to ensure compliance with health and safety standard. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY
<u>AUDIT FINDING NUMBER:</u> 2021-027	<u>STATUS:</u> DOA: 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: <ul style="list-style-type: none"> ● Reports substantiating reported amounts. FOR CLOSURE AS PER UG 2 CFR Part 200.511 THERE HAS BEEN NO FOLLOW UP FROM GRANTING AGENCY

<p>AUDIT FINDING NUMBER:</p> <p>2021-028</p>	<p>STATUS:</p> <p>DOA DPHSS will create a Standing Operating Procedure (SOP) on the effective handling of revalidating providers' enrollments regardless of provider type at least every five (5) years.</p> <p>ON GOING</p>
<p>AUDIT FINDING NUMBER:</p> <p>2021-029</p>	<p>STATUS:</p> <p>DOA: 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.</p> <p>ON GOING</p>
<p>AUDIT FINDING NUMBER:</p> <p>2021-030</p>	<p>STATUS:</p> <p>DOA: GDOL has worked with their vendor. All ineligible benefits payments have been established as an overpayment, and collection efforts have been initiated. GDOL will advise DOA monthly of the amount subject to offset so it may be posted to the financial system.</p> <p>On-going. DOL is currently working on it with FEMA.</p>

**AUDIT FINDINGS
FISCAL YEAR 2022**

<u>AUDIT FINDING NUMBER:</u> 2022-001	<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 to the point where replacement has become an emergency. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2022-002	<u>STATUS:</u> 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. On Going
<u>AUDIT FINDING NUMBER:</u> 2022-003	<u>STATUS:</u> DOA: DOA will require DPH&SS to submit daily copy of daily EBT and P-EBT reconciliations. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2022-004	<u>STATUS:</u> DOA: Gov:Guam Division of Accounts will develop monitoring procedures for financial reporting purposes with timely recognition of grant related transactions. On Going
<u>AUDIT FINDING NUMBER:</u> 2022-005	<u>STATUS:</u> DOA: Department of Administration will request the autonomous agencies to submit a certification statement with printed name, signature, and date attesting the census data records submitted is complete and accurate. Additionally, the Department of Administration will conduct its own random sampling of census data to ensure accuracy and completeness. Internal sampling will test the enrolment plans, enrolment class, and demographic data. It is through this dual-approach the Department of Administration will mitigate the collection of inaccurate or incomplete census data. On Going
<u>AUDIT FINDING NUMBER:</u> 2022-006	<u>STATUS:</u> DOA: With the new FMIS in its final phase, the system is set to 'go live' January 2024. In the new FMIS there will be a Fixed Assets Module that should help automate the tracking and report of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly (manually). FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2022-007	<u>STATUS:</u> DOA: Gov:Guam Division of Accounts will monitor and record prior to the year closing. On Going

<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-008	<p>DOA: Although a complete physical inventory of fixed assets was scheduled to be completed in FY 2021, 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.</p> <p>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 FMS 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.</p> <p>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-009	<p>DPHSS: The Bureau of Economic Security, Division of Public Welfare has been granted access to FNS -292 to ensure reports are submitted on time</p> <p>ON GOING</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-010	<p>DPHSS: The Bureau of Economic Security, Division of Public Welfare is currently providing a copy of the daily reconciliation to Department of Administration, Division of Accounts. This has been in effect since June 1, 2022.</p> <p>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-011	<p>DPHSS: Effective 10/1/23 The Bureau of Economic Security, Division of Public Welfare supervisors are verifying documents and making sure it is complete and uploaded into the system. A checklist will be created to ensure all vital documents are completed and uploaded.</p> <p>FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-012	<p>DOA: The Bureau of Budget and Management Research has sent a request for the extension of the grant</p> <p>BBMR has received email allowing for the extension of the grant period. To close</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-013	<p>DOA: Procurement personnel will continue to enforce compliance with applicable procurement. A requirement of no less than three (3) price quotations to be on file, with evidence of solicitation from other potential suppliers to participate. In addition, a requirement for a "no quote" submission and to solicit from other potential suppliers should a "no quote" be received.</p> <p>On going</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-014	<p>DOL: The agency agrees with the findings. Agency is currently working with both claimants to resolve the matter.</p> <p>Recommend to close as per notice provided March 8, 2024.</p>
<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-015	<p>DOA: The Agency states that based on the final determination for FY 2021 Finding No. 2021-012, USDOL determined that the costs are disallowed and subject to federal debt collection, however, collection efforts which is a required activity of the grant will have to continue. The amount that was allowed was overpayment recovery in the amount of \$7,152,222.</p> <p>Recommend to close as per notice provided on March 8, 2024 with the exception of the \$475,704 which is currently under review by U.S. DOL.</p>

AUDIT FINDING NUMBER: 2022-016	STATUS: DOA: Agency does not agree with the questioned cost. The file in question does not match any amounts in said file. Additionally, ERA did not have a cost threshold in the cycle by the case number. The amount claimant's income was below the 30% threshold as per their documents submitted and therefore qualified for the program. Furthermore, any review and approval will have the program manager's signature as required by ERA's SOP. On going
AUDIT FINDING NUMBER: 2022-017	STATUS: DOA: Timing of required reporting by US Treasury may not align with reported AS400 expenditures after reporting has been posted. There is no provision in quarterly ERA reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
AUDIT FINDING NUMBER: 2022-018	STATUS: DOA: We disagree with this finding. Funds were properly deposited in the Federal account, which was subsequently moved to a different bank account to make sure the funds were not being commingled with other federal funds. We maintained identification for said funds, and moving forward will make sure that reconciliation is done in a timely manner. FOR CLOSURE
AUDIT FINDING NUMBER: 2022-019	STATUS: DOA: Agency disagrees with this finding. Per Homeowner's Assistance Fund guidance, funds are requested from US Treasury and remitted in advance. This is not a reimbursement program and not subject to the State Cash Management Improvement Act as is the case for other funding advance under American Rescue Plan Act of 2021. FOR CLOSURE
AUDIT FINDING NUMBER: 2022-020	STATUS: DOA: Timing of required reporting by US Treasury may not align with reported AS400 expenditures after reporting has been posted. There is no provision in quarterly ERA reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
AUDIT FINDING NUMBER: 2022-021	STATUS: DOA: In order to maintain effective isolation of infection person(s), these two facilities are the only facilities that could offer the required distance needed. It was not practical to only reserve a portion of the facility as it is unknown as to how many passengers would be arriving. Therefore, a reservation of portions of the hotel were needed due to the uncertainty and to maintain separation from personnel not designated for direct quarantine duties. This was done to maintain an effective distance to avoid the spread of the virus, in turn this action help reduce the number of fatalities from over 3,000 to about 470 On going
AUDIT FINDING NUMBER: 2022-022	STATUS: DOA: Procurement personnel will continue to enforce compliance with applicable procurement. A requirement of no less than three (3) price quotations to be on file, with evidence of solicitation from other potential suppliers to participate. In addition, a requirement for a "no quote" submission and to solicit from other potential suppliers should a "no quote" be received. On going
AUDIT FINDING NUMBER: 2022-023	STATUS: DOA: As for Fiscal Year 2022, payments to beneficiaries under the GEDA program were made directly by DOA. GEDA was not in receipt of any funds and by that plain language cannot be considered a subrecipient. No payments were made to GEDA. DOA determined in accordance with 2CFR 200.331 that GEDA was not a Subrecipient. Auditors may, but have not to date, requested access to GEDA and DOA records for verification eligibility. CFR 200.331 reads: "(c) Use of judgment in making a determination. In determining whether an agreement between a pass-through entity and another non-federal entity cast the latter as a Subrecipient or a contractor, the substance of the relations is more important than the form of the agreement. All the characteristics listed above may not be present in all cases, and the pass-through entity must use judgement in classifying each agreement as a subaward or a procurement contract." On going

<u>AUDIT FINDING NUMBER:</u> 2022-024	<u>STATUS:</u> DOA: GETC will contact OPA and EY to start their Uniform Guidance Single Audit FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2022-025	<u>STATUS:</u> DPHSS: Agency agrees with the first condition advising moving forward they will create an SOP to ensure that the Byrd Anti-Lobbying Certification is included. The other 2 conditions they disagree with citing that all documentation wasere submitted to EY. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2022-026	<u>STATUS:</u> DPHSS: Agency agrees with the findings. Moving forward they will develop SOP to make sure all proper documentation is in place prior to the approval of cases. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2022-027	<u>STATUS:</u> DPHSS: Agency agrees with the findings. Moving forward, DPHSS will develop an SOP and evaluation to ensure that the minimum requirements are met for references for family foster homes, and that they can be easily identified. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2022-028	<u>STATUS:</u> DPHSS: Agency disagrees with the findings. The agency provided how the calculations were established by each priority to determine the amount that is On going
<u>AUDIT FINDING NUMBER:</u> 2022-029	<u>STATUS:</u> DPHSS: Agency disagrees with the findings. The grant eligibility criteria in question are the CAPS21 Grant. All grantees demonstrated compliance with the eligibility criteria in the attached GY21 GU APRA Stabilization Notice of Award Supplemental Terms and Conditions on page 6 item 2 that was provided to EY. On going
<u>AUDIT FINDING NUMBER:</u> 2022-030	<u>STATUS:</u> DPHSS Agency disagrees with the findings. DCW is compliant with reporting requirements, however, unable to provide copies of report as requested due to lack of access. Raquests have been made to the federal counterparts to obtain copies and will be provided. Moving forward agencies will also submit a copy to the Division of Accounts. On going
<u>AUDIT FINDING NUMBER:</u> 2022-031	<u>STATUS:</u> DHPSS Agency agrees with the findings. Moving forward, DPHSS will develop an SOP and checklist to ensure that all applicants submit the proper documentation within a certain number of days. FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)
<u>AUDIT FINDING NUMBER:</u> 2022-032	<u>STATUS:</u> DPHSS Agency agrees with the findings. Currently in Fiscal Year 2023, DPHSS and DOA have reviewed the CMS 64 reports prior to the submission to the grantor. On going

<u>AUDIT FINDING NUMBER:</u>	<u>STATUS:</u>
2022-033	<p data-bbox="444 191 500 212">DPHSS</p> <p data-bbox="444 212 1300 268">Agency agrees with the findings. Moving forward, DPHSS will develop an SOP and provide Overpayment letters to providers of the offset amount towards positive claims. If there are no positive claims, DPHSS will provide a letter to providers with a due date for the payment for those cases that were overpaid.</p> <p data-bbox="444 289 1089 310">FOR CLOSURE (NOTED AS REPEAT FINDING & CORRECTIVE ACTION PLAN IN PLACE)</p>