

GOVERNMENT OF GUAM

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2007

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YEAR ENDED SEPTEMBER 30, 2007

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

Honorable Felix P. Camacho
Governor
Government of Guam:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2007, which collectively comprise GovGuam's basic financial statements, and have issued our report thereon dated June 27, 2008, which report was modified to include a reference to other auditors. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the GovGuam Retirement Fund, Guam International Airport Authority, the Guam Memorial Hospital Authority, the University of Guam, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, as described in our report on GovGuam's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters did not include the Guam Public School System, the Guam Power Authority, the Guam Waterworks Authority, the Port Authority of Guam, the Guam Community College, the Guam Economic Development and Commerce Authority, the Guam Visitors Bureau, and the Guam Educational Telecommunications Corporation, which were all audited by us. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for these entities. The findings, if any, included in those reports are not included herein.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 07-25 to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

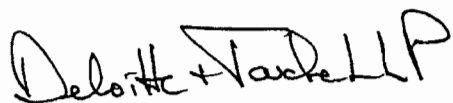
Compliance and Other Matters

As part of obtaining reasonable assurance about whether GovGuam's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Government of Guam in finding 07-26 in the accompanying schedule of findings and questioned costs and in a separate letter dated June 27, 2008.

GovGuam's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit GovGuam's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the Government of Guam, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.



June 27, 2008

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Honorable Felix P. Camacho
Governor
Government of Guam:

Compliance

We have audited the compliance of the Government of Guam with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The Government of Guam's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs (pages 28 through 77). Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Government of Guam's management. Our responsibility is to express an opinion on the Government of Guam's compliance based on our audit.

As discussed in Note 2b to the Schedule of Expenditures of Federal Awards, GovGuam's basic financial statements include the operations of certain entities whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2007. Our audit, described below, did not include the operations of the entities identified in Note 2b as these entities conducted separate audits in accordance with OMB Circular A-133, if required.

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

As described in finding numbers 07-05, 07-09, 07-10, 07-12, 07-14, 07-17, 07-22, and 07-24 in the accompanying Schedule of Findings and Questioned Costs, the Government of Guam did not comply with requirements regarding Davis-Bacon Act; eligibility; equipment and real property management; period of availability of Federal funds; procurement and suspension and debarment; reporting and special tests and provisions that are applicable to its major federal programs as described in the Federal Award Findings and Questioned Cost Section of the accompanying Schedule of Findings and

Questioned Costs (page 30). Compliance with such requirements is necessary, in our opinion, for the Government of Guam to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Government of Guam complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007. The results of our auditing procedures also disclosed other instances of noncompliance with these requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 07-01 to 07-04, 07-06 to 07-08, 07-11, 07-13, 07-15, 07-16, 07-18 to 07-21, 07-23, and 07-24.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 07-01 through 07-24 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider findings 07-05, 07-09, 07-10, 07-12, 07-14, 07-17, 07-22, and 07-24 to be material weaknesses.

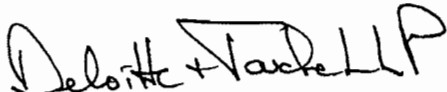
GovGuam's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit GovGuam's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2007, and have issued our report thereon dated June 27, 2008, which report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise GovGuam's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (page 5) is presented for the purpose of additional analysis as required

by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of GovGuam. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the management of the Government of Guam, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.


June 27, 2008

GOVERNMENT OF GUAM

Summary of Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2007

<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
U.S. Department of Agriculture	\$ (7,424,935)	\$ 66,497,748	\$ 65,624,383	\$ (8,298,300)
U.S. Department of Commerce	337,864	797,397	1,076,600	617,067
U.S. Department of Defense	825,530	2,187,455	2,099,109	737,184
U.S. Department of Housing and Urban Development	852,229	214,970	232,630	869,889
U.S. Department of the Interior	3,480,487	33,535,545	33,139,159	3,084,101
U.S. Department of Justice	(216,827)	5,252,501	4,980,509	(488,819)
U.S. Department of Labor	298,877	4,310,233	4,601,248	589,892
U.S. Department of Transportation	1,694,830	8,986,168	8,407,198	1,115,860
National Foundation on the Arts and the Humanities	359,988	512,307	411,184	258,865
U.S. Environmental Protection Agency	(572,292)	1,681,152	3,697,007	1,443,563
U.S. Department of Energy	156,491	141,087	165,145	180,549
U.S. Department of Education	342,306	1,917,159	1,977,922	403,069
U.S. Department of Health and Human Services	6,862,983	40,524,136	38,993,401	5,332,248
Corporation for National and Community Service	8,069	1,057,196	1,201,715	152,588
U.S. Department of Homeland Security	(6,163,288)	10,687,692	14,101,996	(2,748,984)
U.S. Elections Assistance Commission	-	172,462	172,462	-
GRAND TOTAL	\$ 842,312	\$ 178,475,208	\$ 180,881,668	\$ 3,248,772

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

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
U.S. DEPARTMENT OF AGRICULTURE					
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 131	\$ -	\$ 4,697	\$ 4,828
10.551	Food Stamps	-	55,660,741	55,660,741	-
10.552	Special Food Service Program for Children	80,214	-	-	80,214
10.557	Special Supplemental Food Program for Women, Infants and Children	670,477	7,108,071	7,353,805	916,211
10.560	State Administrative Expenses for Child Nutrition	(358,003)	-	-	(358,003)
10.561	State Administrative Matching Grant for Food Stamp Program	(8,471,253)	3,055,917	2,096,144	(9,431,026)
10.572	WIC Farmers' Market Nutrition Program (FMNP)	40,242	270,252	69,335	(160,675)
10.664	Cooperative Forestry Assistance	598,260	402,767	401,756	597,249
10.676	Forestry and Soil Resources AON	-	-	6,004	6,004
10.677	Forest Land Enhancement Program	17,151	-	11,901	29,052
10.680	Forest Health Protection	-	-	20,000	20,000
10.766	Community Facilities Loans and Grants	(3,997)	-	-	(3,997)
10.950	Agricultural Statistics Reports	2,830	-	-	2,830
10.960	Technical Agricultural Assistance	(987)	-	-	(987)
	U.S. DEPARTMENT OF AGRICULTURE TOTAL	<u>\$ (7,424,935)</u>	<u>\$ 66,497,748</u>	<u>\$ 65,624,383</u>	<u>\$ (8,298,300)</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Accrued (Deferred) Balance at September 30, 2006</u>	<u>Cash Receipts and Adjustments</u>	<u>Federal Expenditures</u>	<u>Accrued (Deferred) Balance at September 30, 2007</u>
U.S. DEPARTMENT OF COMMERCE					
11.002	Census Customer Services	\$ 23,023	\$ -	\$ -	\$ 23,023
11.004	Census Intergovernmental Services	(1,102)	-	-	(1,102)
11.300	Grants for Public Works and Economic Development Facilities	(13,867)	-	-	(13,867)
11.307	Economic Adjustment Assistance	99,499	-	-	99,499
11.407	Interjurisdictional Fisheries Act of 1986	12,550	-	11,028	23,578
11.419	Coastal Zone Management Administration Awards	100,706	751,801	942,163	291,068
11.426	Financial Assistance for National Centers for Coastal Ocean Science	9,600	6,151	26,300	29,749
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	(4,692)	-	-	(4,692)
11.437	Pacific Fisheries Data Program	99,185	38,770	52,559	112,974
11.454	Unallied Management Projects	(435)	675	44,550	43,440
11.463	Pacific Fisheries Data Program	13,397	-	-	13,397
U.S. DEPARTMENT OF COMMERCE TOTAL		\$ 337,864	\$ 797,397	\$ 1,076,600	\$ 617,067

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
U.S. DEPARTMENT OF DEFENSE					
12.110	Planning Assistance to States	\$ (158,735)	\$ -	\$ -	\$ (158,735)
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services (DSMOA)	(74,845)	90,349	229,374	64,180
12.401	National Guard Military Operations and Maintenance (O&M) Projects	<u>1,059,110</u>	<u>2,097,106</u>	<u>1,869,735</u>	<u>831,739</u>
	U.S. DEPARTMENT OF DEFENSE TOTAL	<u>\$ 825,530</u>	<u>\$ 2,187,455</u>	<u>\$ 2,099,109</u>	<u>\$ 737,184</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
14.235	Supportive Housing Program	\$ 852,716	\$ 214,970	\$ 232,630	\$ 870,376
14.854	Public and Indian Housing Drug Elimination Program	(487)	-	-	(487)
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL	<u>\$ 852,229</u>	<u>\$ 214,970</u>	<u>\$ 232,630</u>	<u>\$ 869,889</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
U.S. DEPARTMENT OF THE INTERIOR					
15.605	Sport Fish Restoration	\$ 72,106	\$ 647,165	\$ 600,391	\$ 25,332
15.608	Fish and Wildlife Management Assistance	805	7,297	13,131	6,639
15.611	Wildlife Restoration	10,898	225,377	225,902	11,423
15.612	Endangered Species Conservation	(9,195)	(880)	-	(8,315)
15.615	Cooperative Endangered Species Conservation Fund	24,502	438,357	442,384	28,529
15.622	Sportfishing and Boating Safety Act	-	-	-	-
15.634	State Wildlife Grants	4,920	159,561	174,050	19,409
15.875	Economic, Social, and Political Development of the Territories	3,067,355	31,760,969	31,208,807	2,515,193
15.904	Historic Preservation Fund Grants-In-Aid	284,189	297,699	459,550	446,040
15.916	Outdoor Recreation-Acquisition, Development and Planning	24,907	-	14,944	39,851
U.S. DEPARTMENT OF THE INTERIOR TOTAL		<u>\$ 3,480,487</u>	<u>\$ 33,535,545</u>	<u>\$ 33,139,159</u>	<u>\$ 3,084,101</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Accrued (Deferred) Balance at September 30, 2006</u>	<u>Cash Receipts and Adjustments</u>	<u>Federal Expenditures</u>	<u>Accrued (Deferred) Balance at September 30, 2007</u>
U.S. DEPARTMENT OF JUSTICE					
16.523	Juvenile Accountability Incentive Block Grants	\$ (82,659)	\$ 424,231	\$ 257,151	\$ (249,739)
16.527	Supervised Visitation, Safe Havens for Children	-	3,864	78,511	74,647
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	109,116	126,054	48,124	31,186
16.541	Developing, Testing and Demonstrating Promising New Programs	6,090	110,382	69,817	(34,475)
16.548	Title V - Delinquency Prevention Program	25,454	12,429	18,603	31,628
16.549	Part E - State Challenge Activities	37	-	-	37
16.554	National Criminal History Improvement Program (NCHIP)	-	227,107	227,107	-
16.575	Crime Victim Assistance	127,776	251,508	334,078	210,346
16.576	Crime Victim Compensation	-	-	-	-
16.579	Byrne Formula Grant Program	239,793	1,196,600	1,138,136	181,329
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	(36,876)	-	-	(36,876)
16.585	Drug Court Discretionary Grant Program	-	36,872	36,872	-
16.588	Violence Against Women Formula Grants	(74,909)	442,202	710,086	192,975
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	116	57,253	104,391	47,254
16.592	Local Law Enforcement Block Grants Program	99,295	659,669	254,987	(305,387)
16.593	Residential Substance Abuse Treatment for State Prisoners	42,127	76,190	50,788	16,725
16.606	State Criminal Alien Assistance Program	54,742	260,335	75,425	(130,168)
16.609	Community Prosecution and Project Safe Neighborhoods	29,373	152,116	151,239	28,496
16.710	Public Safety Partnership and Community Policing Grants	465,081	1,133,599	884,560	216,042
16.738	Edward Byrne Memorial Justice Assistance Grant Program	(1,221,383)	(25,236)	432,846	(763,301)
16.742	Paul Coverdell Forensic Science	-	90,552	91,014	462
16.744	Anti-Gang Initiative	-	16,774	16,774	-
	U.S. DEPARTMENT OF JUSTICE TOTAL	\$ (216,827)	\$ 5,252,501	\$ 4,980,509	\$ (488,819)

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
U.S. DEPARTMENT OF LABOR					
17.002	Labor Force Statistics	\$ 1,191	\$ 38,527	\$ 49,784	\$ 12,448
17.005	Compensation and Working Conditions Data	6,766	34,404	31,123	3,485
17.203	Labor Certification for Alien Workers	(8,783)	53,744	49,649	(12,878)
17.207	Employment Service	167,317	475,230	481,607	173,694
17.235	Senior Community Service Employment Program	40,039	714,095	768,841	94,785
17.246	Emergency Dislocated Worker	(78)	-	-	(78)
17.250	Job Training Partnership Act	522,017	(78)	-	522,095
17.258	WIA Adult Program	-	-	-	-
17.259	WIA Youth Activities	46,242	2,331,932	2,543,252	257,562
17.260	WIA Dislocated Workers	(490,778)	-	-	(490,778)
17.269	Community Based Job Training Grants	-	429,692	429,692	-
17.504	Consultation Agreements	14,944	232,687	247,300	29,557
U.S. DEPARTMENT OF LABOR TOTAL		<u>\$ 298,877</u>	<u>\$ 4,310,233</u>	<u>\$ 4,601,248</u>	<u>\$ 589,892</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
U.S. DEPARTMENT OF TRANSPORTATION					
20.205	Highway Planning & Construction	\$ 1,129,770	\$ 5,532,424	\$ 5,522,958	\$ 1,120,304
20.218	Motor Carrier Safety Assistance Program	48,315	303,477	221,275	(33,887)
20.509	Formula Grants for Other Than Urbanized Areas	197,158	2,381,644	2,154,106	(30,380)
20.514	United We Ride	-	35,000	35,000	-
20.600	State & Community Highway Safety	293,762	731,956	463,025	24,831
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	25,825	1,667	10,834	34,992
	U.S. DEPARTMENT OF TRANSPORTATION TOTAL	<u>\$ 1,694,830</u>	<u>\$ 8,986,168</u>	<u>\$ 8,407,198</u>	<u>\$ 1,115,860</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
45.025	Promotion of the Arts-Partnership Agreements	\$ 88,771	\$ 354,736	\$ 293,476	\$ 27,511
45.310	State Library Program	<u>271,217</u>	<u>157,571</u>	<u>117,708</u>	<u>231,354</u>
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	<u>\$ 359,988</u>	<u>\$ 512,307</u>	<u>\$ 411,184</u>	<u>\$ 258,865</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
	U.S. ENVIRONMENTAL PROTECTION AGENCY				
66.600	Environmental Protection Consolidated Grants - Program Support	\$ (572,292)	\$ 1,681,152	\$ 3,697,007	\$ 1,443,563
	U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	<u>\$ (572,292)</u>	<u>\$ 1,681,152</u>	<u>\$ 3,697,007</u>	<u>\$ 1,443,563</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Accrued (Deferred) Balance at September 30, 2006</u>	<u>Cash Receipts and Adjustments</u>	<u>Federal Expenditures</u>	<u>Accrued (Deferred) Balance at September 30, 2007</u>
U.S. DEPARTMENT OF ENERGY					
81.041	State Energy Program	\$ 126,149	\$ 128,233	\$ 165,145	\$ 163,061
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	9,652	12,854	-	(3,202)
81.119	State Energy Program Special Projects	<u>20,690</u>	<u>-</u>	<u>-</u>	<u>20,690</u>
	U.S. DEPARTMENT OF ENERGY TOTAL	<u>\$ 156,491</u>	<u>\$ 141,087</u>	<u>\$ 165,145</u>	<u>\$ 180,549</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Accrued (Deferred) Balance at September 30, 2006</u>	<u>Cash Receipts and Adjustments</u>	<u>Federal Expenditures</u>	<u>Accrued (Deferred) Balance at September 30, 2007</u>
U.S. DEPARTMENT OF EDUCATION					
84.009	Education of Children with Disabilities in State Operated or Supported Schools	\$ 111,592	\$ -	\$ -	\$ 111,592
84.029	Special Education-Personnel Development and Parent Training	(65)	-	-	(65)
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	(526,674)	1,338,367	1,429,949	(435,092)
84.169	Independent Living - State Grants	18,252	27,950	28,033	18,335
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	23,911	39,316	34,858	19,453
84.186	Safe and Drug-Free Schools and Communities - State Grants	703,836	495,082	466,468	675,222
84.187	Supported Employment Services for Individuals with Severe Disabilities	2,458	16,444	18,614	4,628
84.265	Rehabilitation Training: State Vocational Rehabilitation Unit In-Service Training	8,996	-	-	8,996
U.S. DEPARTMENT OF EDUCATION TOTAL		<u>\$ 342,306</u>	<u>\$ 1,917,159</u>	<u>\$ 1,977,922</u>	<u>\$ 403,069</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	\$ 9,056	\$ 8,524	\$ 14,109	\$ 14,641
93.042	Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	8,573	48,621	40,913	865
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	43,042	65,597	50,923	28,368
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	20,526	1,258,537	1,250,345	12,334
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	311,962	1,761,309	1,726,670	277,323
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	14,479	170,726	182,374	26,127
93.052	Nation Family Caregiver Support Program	16,106	420,289	404,655	472
93.053	Nutrition Services Incentive Program	77,284	558,550	493,881	12,615
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	371,539	753,189	434,416	52,766
93.110	Maternal and Child Health Federal Consolidated Programs	1,502	15,544	114,043	100,001
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	12,946	479,798	471,249	4,397
93.126	Small Business Innovation Research (NIAAA, NIDA, NIMH)	2,985	4,428	19,474	18,031
93.127	Emergency Medical Services for Children	39,393	126,528	93,108	5,973
93.150	Projects for Assistance in Transition from Homelessness (PATH)	(47,067)	(33,379)	46,287	32,599
93.163	Health Services in the Pacific Basin	357,439	-	-	357,439
93.217	Family Planning - Services	178,918	318,365	328,002	188,555
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	126,270	1,022,724	941,788	45,334
93.234	Traumatic Brain Injury State Demonstration Grant Program	5,419	53,277	50,069	2,211
93.235	Abstinence Education Program	40,779	(8,672)	2,959	52,410
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	161,568	779,056	752,926	135,438
	BALANCE FORWARD	\$ 1,752,719	\$ 7,803,011	\$ 7,418,191	\$ 1,367,899

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Accrued (Deferred) Balance at September 30, 2006</u>	<u>Cash Receipts and Adjustments</u>	<u>Federal Expenditures</u>	<u>Accrued (Deferred) Balance at September 30, 2007</u>
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	BALANCE FORWARD	\$ 1,752,719	\$ 7,803,011	\$ 7,418,191	\$ 1,367,899
93.256	State Planning Grants Health Care Access for the Uninsured	67,441	119,485	52,044	-
93.259	Rural Access to Emergency Devices Grant	8,219	10,019	1,800	-
93.268	Immunization Grants	1,918	621,540	667,213	47,591
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	126,229	1,109,545	1,197,702	214,386
93.399	Cancer Control	(11,005)	-	5,000	(6,005)
93.556	Promoting Safe and Stable Families	(150,917)	-	-	(150,917)
93.558	Temporary Assistance for Needy Families	1,090,064	3,609,129	2,868,960	349,895
93.563	Child Support Enforcement	2,160,086	3,895,939	2,791,493	1,055,640
93.575	Child Care and Development Block Grant	576,985	3,633,783	3,885,007	828,209
93.597	Grants to States for Access and Visitation Programs	2,369	23,124	41,378	20,623
93.630	Developmental Disabilities Basic Support and Advocacy Grants	26,516	240,560	236,045	22,001
93.667	Social Services Block Grant	149,589	2,097,802	2,022,696	74,483
93.778	Medical Assistance Program (Medicaid; Title XIX)	564,672	14,072,345	14,560,924	1,053,251
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,336	208,744	221,415	14,007
93.887	Healthcare & other facilities	-	392,826	392,826	-
93.917	HIV Care Formula Grants	15,365	132,384	127,169	10,150
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	117,268	-	-	117,268
93.928	Special Projects of National Significance	(599)	-	-	(599)
93.940	HIV Prevention Activities-Health Department Based	239,094	-	-	239,094
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	20,419	473,068	489,496	36,847
	BALANCE FORWARD	\$ 6,757,768	\$ 38,443,304	\$ 36,979,359	\$ 5,293,823

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Accrued (Deferred) Balance at September 30, 2006</u>	<u>Cash Receipts and Adjustments</u>	<u>Federal Expenditures</u>	<u>Accrued (Deferred) Balance at September 30, 2007</u>
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	BALANCE FORWARD	\$ 6,757,768	\$ 38,443,304	\$ 36,979,359	\$ 5,293,823
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	1,200	30,964	31,044	1,280
93.945	Assistance Program for Chronic Disease Prevention and Control	77	-	-	77
93.957	Occupational Health and Safety Surveillance	12,355	15,665	-	(3,310)
93.958	Block Grants for Community Mental Health Services	118,717	280,262	195,810	34,265
93.959	Block Grants for Prevention and Treatment of Substance Abuse	(121,403)	775,470	826,167	(70,706)
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	73,761	77,973	95,629	91,417
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	382	151,573	154,717	3,526
93.991	Preventive Health and Health Services Block Grant	31,810	208,280	167,176	(9,294)
93.994	Maternal and Child Health Services Block Grant to the States	(11,684)	540,645	543,499	(8,830)
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL	<u>\$ 6,862,983</u>	<u>\$ 40,524,136</u>	<u>\$ 38,993,401</u>	<u>\$ 5,332,248</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	<u>Accrued (Deferred) Balance at September 30, 2006</u>	<u>Cash Receipts and Adjustments</u>	<u>Federal Expenditures</u>	<u>Accrued (Deferred) Balance at September 30, 2007</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
94.003	State Commissions	\$ 11,186	\$ 116,698	\$ 118,620	\$ 13,108
94.006	AmeriCorps	(3,245)	921,655	1,064,789	139,889
94.009	Training and Technical Assistance	128	18,843	18,306	(409)
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL		<u>\$ 8,069</u>	<u>\$ 1,057,196</u>	<u>\$ 1,201,715</u>	<u>\$ 152,588</u>

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

<u>CFDA#</u>	<u>Agency/Program</u>	Accrued (Deferred) Balance at September 30, 2006	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2007
U.S. DEPARTMENT OF HOMELAND SECURITY					
97.004	Homeland Security Grant Program	\$ 454,890	\$ 3,379,242	\$ 3,082,105	\$ 157,753
97.007	Homeland Security Preparedness Technical Assistance	(7,677)	-	-	(7,677)
97.012	Boating Safety Financial Assistance	255,429	146,339	262,182	371,272
97.021	Hazardous Materials Assistance Program	3,295	3,295	-	-
83.543	Individual and Family Grants	(315,681)	-	-	(315,681)
97.036	Public Assistance Grants	(7,934,485)	67,851	2,706,360	(5,295,976)
97.039	Hazard Mitigation Grant	566,471	1,546,165	2,747,524	1,767,830
83.548	Hazard Mitigation Grant	-	2,171,463	2,171,463	-
97.041	National Dam Safety Program	1,926	-	-	1,926
97.042	Emergency Management Performance Grants	428,472	551,809	482,403	359,066
97.044	Assistance to Firefighters Grant	(16,764)	-	-	(16,764)
97.047	Pre-Disaster Mitigation	-	-	-	-
97.052	Emergency Operations Centers	349,478	2,180,663	1,831,185	-
97.053	Citizen Corps	26,640	-	-	26,640
97.067	Homeland Security Grant Program	24,718	640,865	818,774	202,627
	U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL	<u>\$ (6,163,288)</u>	<u>\$ 10,687,692</u>	<u>\$ 14,101,996</u>	<u>\$ (2,748,984)</u>
U.S. ELECTIONS ASSISTANCE COMMISSION					
90.000	Unknown	\$ -	\$ 172,462	\$ 172,462	\$ -
	U.S. ELECTIONS ASSISTANCE COMMISSION TOTAL	<u>\$ -</u>	<u>\$ 172,462</u>	<u>\$ 172,462</u>	<u>\$ -</u>
	GRAND TOTAL	<u>\$ 842,312</u>	<u>\$ 178,475,208</u>	<u>\$ 180,881,668</u>	<u>\$ 3,248,772</u>

Note: Effective March 1, 2003, certain programs became part of the Department of Homeland Security (CFDA number prefix of 97). However, since funding periods may not coincide with the change in CFDA number, the legacy agency's corresponding CFDA number is presented separately.

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2007

1. Scope of Audit

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

Programs Subject to Single Audit:

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

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

2. Summary of Significant Accounting Policies

a. Basis of Accounting:

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

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

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2007

2. Summary of Significant Accounting Policies, Continued

b. Reporting Entity:

For purposes of complying with The Single Audit Act of 1984, as amended in 1996, GovGuam's reporting entity is defined in Note 1A to its September 30, 2007 basic financial statements; except that the Guam Public School System, 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, 2007.

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

c. Cost Allocation:

The Government of Guam has a plan for allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2007 grant programs are based on 2007 actual expenditures and caseloads.

d. Matching Costs:

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

3. Noncash Awards

Certain federal awards programs do not involve cash awards to the Government of Guam. These programs generally could include donated commodities, insurance, food stamps EBT payments, and loans. For the year ended September 30, 2007, the Government of Guam had the following noncash award:

U.S. Department of Agriculture Food Stamps CFDA #10.551	
Food Stamps EBT benefit payments	\$ <u>55,660,741</u>
Total Food Stamps EBT payments reported on the Schedule of Expenditures of Federal Awards	\$ <u>55,660,741</u>

GOVERNMENT OF GUAM

Schedule of Major Federal Award Programs
Year Ended September 30, 2007

The following lists specific grants selected for detailed compliance testing in accordance with OMB Circular A-133 requirements.

<u>Grantor</u>	<u>CFDA #</u>	<u>Program Name</u>	<u>Fiscal Year 2007 Expenditures</u>
U.S. Department of Agriculture	10.551	Food Stamps	\$ 55,660,741
	10.561	State Administrative Matching Grants for Food Stamp Program	2,096,144
	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	7,353,805
U.S. Department of the Interior	15.875	Economic, Social and Political Development of the Territories	31,208,807
U.S. Department of Transportation	20.205	Highway Planning and Construction	5,522,958
U.S. Environmental Protection Agency	66.600	Environmental Protection Consolidated Grants: Program Support	3,697,007
U.S. Department of Health and Human Services	93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	1,250,345
	93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	1,726,670
	93.053	Nutrition Services Incentive Program	493,881
	93.575	Child Care and Development Block Grant	3,885,007
	93.778	Medical Assistance Program (Medicaid)	14,560,924
U.S. Department of Homeland Security	97.004	Homeland Security Grant Program	3,082,105
	97.039	Hazard Mitigation Grant	4,918,987
	97.067	Homeland Security Grant	<u>818,774</u>
Total Federal Programs selected for audit			\$ <u>136,276,155</u>
Total Federal Awards program expenditures			\$ <u>180,881,668</u>
Percentage of Federal Awards Programs tested			<u>75%</u>

GOVERNMENT OF GUAM

Reconciliation of Schedule of Expenditures of Federal Awards to Basic Financial Statements Year Ended September 30, 2007

	Fiscal Year 2007 <u>Expenditures</u>
Federal contributions, as reported in the 2007 financial statements:	
Federal grants assistance fund, expenditures, transfers, and other uses	\$ 151,675,351
Less local match and contributions	<u>(27,129,867)</u>
Federal expenditures, transfers, and other uses	124,545,484
<u>CFDA #</u>	
10.551 Food Stamps	55,660,741
93.224 Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	941,788
Superior Court of Guam:	
16.554 National Criminal History Improvement Program (NCHIP)	227,107
16.585 Drug Court Discretionary Grant	36,872
Guam Election Commission:	
90.xxx Unknown	172,462
Indirect Costs not charged to the Federal grants fund	<u>(702,786)</u>
Total Federal Expenditures Subject to Audit	\$ <u>180,881,668</u>

GOVERNMENT OF GUAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs Year Ended September 30, 2007

Part I - Summary of Auditors' Results

1. The Independent Auditors' Report on the financial statements expressed an unqualified opinion.
2. A significant deficiency in internal control over financial reporting was identified, which is not considered to be material weakness.
3. No instance of noncompliance considered material to the financial statements was disclosed by the audit.
4. Significant deficiencies in internal control over compliance with requirements applicable to major federal award programs were identified, some of which are considered to be material weaknesses.
5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed a qualified opinion.
6. The audit disclosed findings required to be reported by OMB Circular A-133.
7. The Government of Guam's major programs were as follows:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Food Stamp Cluster:	
Food Stamps	10.551
State Administrative Matching Grants for Food Stamp Program	10.561
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Economic, Social and Political Development of the Territories	15.875
Highway Planning and Construction	20.205
Environmental Protection Consolidated Grants: Program Support	66.600
Aging Cluster:	
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Child Care and Development Block Grants	93.575
Medical Assistance Program (Medicaid)	93.778
Homeland Security Cluster:	
Homeland Security Grant Program	97.004
Homeland Security Grant Program	97.067
Hazard Mitigation Grant	97.039/83.548

8. A threshold of \$3,000,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.
9. The Government of Guam did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Part II – Financial Statement Findings Section

Finding Number	Findings
07-25	Child Support Division - Supporting Sub-ledgers
07-26	Procurement

Part III - Federal Award Findings and Questioned Cost Section

Reference Number	Finding	Questioned Costs	GovGuam Agency
07-01	10.551 Procurement	\$ 29,400	DPHSS, GSA
07-02	10.557 Activities Allowed or Unallowed	34,893	DPHSS
07-03	10.557 Eligibility	176	DPHSS
07-04	15.875 Allowable Costs/Cost Principles	142,645	DPW/BBMR
07-05	15.875 Procurement	781,531	GFD, DPW, DVR, DMHSA, GSA
07-06	15.875 Cash Management	39,757	DOA
07-07	20.205 Procurement	113,634	DPW
07-08	20.205 Cash Management	12,536	DOA
07-09	20.205 Davis-Bacon Act	0	DPW
07-10	66.600 Special Tests and Provisions	0	GEPA
07-11	66.600 Procurement	17,503	GEPA, GSA, DOA
07-12	66.600 Reporting	0	GEPA
07-13	93.044 Cash Management	0	DOA
07-14	93.575 Period of Availability	0	DPHSS
07-15	93.575 Matching, Level of Effort, Earmarking	41,850	DPHSS, DOA
07-16	93.575 Procurement	7,161	DPHSS, GSA
07-17	93.778 Eligibility	0	DPHSS
07-18	93.778 Procurement	13,125	DPHSS, GSA
07-19	93.778 Cash Management	0	DOA
07-20	93.778 Special Tests and Provision – Provider	0	DPHSS
07-21	97.004 Allowable Costs/Cost Principles	22,495	OHS
07-22	97.004 Procurement	1,432,667	OHS, GSA
07-23	97.039 Cash Management	0	DOA
07-24	All Major Equipment Management	0	
07-25	Nonmajor Child Support Division - Supporting Sub-ledgers	0	
07-26	Procurement	<u>113,035</u>	
	Total Federal Questioned Costs	\$ <u>2,802,408</u>	

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-01
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.551/10.561 Food Stamp Cluster
Grant Number: 7GU400GU4
Area: Procurement
Questioned Costs: \$29,400

Criteria:

In accordance with applicable procurement requirements, the grantee will conduct procurement transactions in a manner providing full and open competition, and will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

For one (or 17%) of six transactions tested, sole source procurement was used to procure maintenance and support services for the AGUPA and PAGU computer systems. The sole source rationale states that an employee of the selected vendor was one of the original programmers of the AGUPA system, is the only technical service provider knowledgeable of the systems, and would be the best candidate in expeditiously identifying and correcting deficiencies and responding to challenges that might arise with the systems. However, there is no documentation on file to indicate how the grantee determined that none of the other original programmers or other vendors could provide the required services.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	<u>Total FY 2007 Expenditures</u>
08/20/07	223805	I0096293	P076A02013	DPHSS	\$5,880	\$58,800

Cause:

The Government of Guam is in the process of providing the requested procurement files.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of \$29,400 (\$58,800 x 50% Federal share) exists.

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible procurement official should ensure that the rationale for selecting each vendor is documented in accordance with applicable procurement regulations.

Auditee Response and Corrective Action Plan:

The Program Office provide the following response.

The vendor selected [I0096293] is the only one with the source code used to program the AGUPA and PAGU system.

Name and job title of responsible personnel: Linda T. Susuico, Acting BES Administrator

Specific corrective procedures to be performed: Ensure that documentation is provided by other vendors that indicate their inability to perform needed functions.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-01
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.551/10.561 Food Stamp Cluster
Grant Number: 7GU400GU4
Area: Procurement
Questioned Costs: \$29,400

Auditee Response and Corrective Action Plan, Continued:

Date for performance of corrective action: Immediately.

Chief Procurement Officer, Cladia Acfalle, provided the following response.

Response:

I disagree with the finding. Tran # 223805 P076A02013, the procurement file did contain a justification letter from the vendor that they are the only company that is knowledgeable of the AGUPA and PAGU computer systems in the department due to the source code of the system is solely with the vendor awarded by GSA. The justification submitted by the department also supports the need for the sole source.

Corrective Action:

Although GSA disagrees with the finding, to avoid a repeat of this finding, GSA has issued a request for interest advertisement in June 2008, to inquire if anyone else can provide maintenance program for the existing AGUPA and PAGU computer systems.

Auditor Response:

As the justification letter from the selected vendor was a self certification, as opposed to an independent certification, the procurement files are insufficient to demonstrate how the auditee knows that no other vendor could provide the service. Therefore, the finding remains.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-02
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Grant Number: 7GU700GU7
Area: Activities Allowed or Unallowed
Questioned Costs: \$34,893

Criteria:

In accordance with applicable activities allowed or unallowed requirements, time studies must be conducted and cost allocation procedures developed in order to properly allocate costs. In addition, any modification to the existing automated services must receive prior approval from the grantor agency.

Condition:

In the FY 2007 State Technical Assistance Review (STAR) report, which was conducted by a Regional Nutritionist from May 22 through 25, 2007, the Regional Nutritionist noted that WIC Information Technology (IT) personnel are migrating to the centralized Bureau of Information Technology (BIT) within the Government of Guam, Department of Public Health and Social Services (DPHSS). The report cited concerns that the conversion would not suit WIC's purposes given the existing system specifications.

Furthermore, the report states that no written proposal for moving or modifying the existing WIC service platform has been received by the grantor.

Beginning with the pay period ended April 28, 2007, the two IT personnel employed by WIC were no longer under the supervision of the WIC Program Coordinator, but were under the supervision of the BIT Administrator, participating in cross-training activities of all programs within DPHSS. During this period from April 14, 2007, through the end of the fiscal year, the two IT personnel remained 100% Federally funded under the WIC Program despite their duties benefitting other Federal and local activities.

Cause:

Pursuant to DPHSS Executive Order Number 2005-52, Bureau of Information Technology (BIT) was established to oversee all Information Technology (IT) planning, procurement, development, implementation and infrastructure within the executive branch of the Government of Guam. As a result, BIT in DPHSS is undertaking the task to standardize the types of software and hardware to be used across all programs in DPHSS, including the WIC program.

There appears to be weak internal controls over ensuring that the required prior grantor approval is obtained for applicable activities and that the Program is not fully supporting the salaries of personnel whose responsibilities benefit other Federal and local activities.

Effect:

The grantee is in noncompliance with applicable activities allowed or unallowed requirements. A questioned cost of \$34,893 exists.

Recommendation:

Government of Guam management should perform time studies pertaining to centralized IT personnel and develop cost allocation procedures for the purpose of properly allocating IT staff personnel costs to appropriate programs. Furthermore, approval from the grantor agency must be obtained prior to changing existing automated services to different platform or software application.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-02, Continued
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Grant Number:
Area: Activities Allowed or Unallowed
Questioned Costs: \$34,893

Auditee Response and Corrective Action Plan:

Name and job title of responsible personnel:

Ben Camacho, Systems Administrator

Specific corrective procedures to be performed:

Systems Programming Group Response: The implementation of Track IT system provides System Programming Group data to the percents of IT service per program. Any employee requesting for IT staff reports to the SPG and we have staff funded from other program.

Date for performance of corrective action:

Estimated – November 2008

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-03
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Grant Number: 7GU700GU7
Area: Eligibility
Questioned Costs: \$176

Criteria:

In accordance with applicable eligibility requirements, applicant must provide proof of identity, and eligibility must be determined by a competent professional authority (CPA).

Condition:

Of 66 case files tested, we noted the following:

1. For five (or 8%), identity verification of the applicant was lacking.

<u>Participant No.</u>	<u>Draft No.</u>	<u>Issue Date</u>	<u>Draft Amount</u>
109501	5128729	11/28/06	\$ 15
110966	5070888	12/07/06	69
112092	5585396	09/07/07	37
205975	5377494	06/13/07	12
217205	5396086	06/15/07	<u>12</u>
			<u>\$ 145</u>

2. For three (or 5%), certification of eligibility by a CPA was lacking.

<u>Participant No.</u>	<u>Draft No.</u>	<u>Issue Date</u>	<u>Draft Amount</u>
218680	5338608	05/09/07	\$ 31
220035	5152595	01/10/07	0
413062	5582419	09/24/07	<u>0</u>
			<u>\$ 31</u>

Cause:

There appears to be weak internal controls over ensuring that the applicant's identity is verified and documented and that the eligibility determination is certified by a CPA.

Effect:

Government of Guam is in noncompliance with applicable eligibility requirements. A questioned cost of \$176 exists. Although the known questioned cost is less than \$10,000, the projected questioned cost exceeds the threshold; therefore, this finding is considered reportable.

Recommendation:

The responsible personnel should strengthen internal controls to ensure that the applicant's identity is verified and documented and that the eligibility determination is certified by a CPA in accordance with applicable eligibility requirements.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-03, Continued
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Grant Number: 7GU700GU7
Area: Eligibility
Questioned Costs: \$176

Auditee Response and Corrective Action Plan:

Guam WIC Program Response, Condition 1:

Name and job title of responsible personnel:

Thelma L. Ramoso, Community Nutritionist II – Mangilao WIC Clinic

Specific corrective procedures to be performed:

***Items: 109501, 110966, 112092 and 217205 - Lacking identity verification.
Guam WIC Program agrees with the reviewer's finding on the items listed.***

Corrective Action:

The Clinic supervisor met and discussed with the clinic staff the findings and reinstructed the policies and procedures required by the Guam WIC Program State Plan, VIII Certification, Eligibility and Coordination of Services and the 7 Code of Federal Regulations 246.7.

Date for performance of corrective action:
May 30, 2008.

Guam WIC Program Response, Condition 1 and Condition 2:

Name and job title of responsible personnel:

Godfrey Wong, Community Nutritionist II, Dededo WIC Clinic

Specific corrective procedures to be performed:

***1. Item: 205975 – Lacking identity verification.
Guam WIC Program agrees with the reviewer's finding on the item listed.***

***2. Items: 218680, 220035 – Lacking CPA's signature for certification eligibility.
Guam WIC Program agrees with the reviewer's finding on the items listed.***

Corrective Action:

The Clinic supervisor met with the clinic staff and reinstructed the policies and procedures required by the Guam WIC State Plan, VIII Certification, Eligibility and Coordination of Service and the 7 Code of Federal Regulations (CFR) 246.7.

Date for performance of corrective action:
May 12, 2008

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-03, Continued
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Grant Number: 7GU700GU7
Area: Eligibility
Questioned Costs: \$176

Auditee Response and Corrective Action Plan, Continued:

Guam WIC Program Response, Condition 2:

Name and job title of responsible personnel:

Teresita Mejia, Community Nutritionist II, Tiyan WIC clinic

Specific corrective procedures to be performed:

Item: 413062

Guam WIC Program agrees with the reviewer's finding. At the time of certification the Nutrition Assistant was not a Competent Professional Authority (CPA). The procedure in this case requires the Community Nutritionist II to co-sign which she overlooked.

Corrective Action:

The Clinic supervisor met with the clinic staff and reinstructed the policies and procedures required by the Guam WIC State Plan, VIII Certification, Eligibility and Coordination of Service and the 7Code of Federal Regulations (CFR) 246.7 on May 30, 2008.

Date for performance of corrective action:

May 30, 2008

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-04
Federal Agency: U.S. Department of the Interior
CFDA Program: 15.875 Economic, Social, and Political Development of the Territories
Grant Number: Guam-COFA-2005-1
Area: Allowable Costs/Cost Principles
Questioned Costs: \$142,645

Criteria:

In accordance with applicable allowable costs/cost principles requirements, capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency. Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior approval of the awarding agency.

Condition:

For three (or 4%) of 79 transactions tested, no evidence of the required prior approval was provided for the equipment purchase. For Prior Reference P066A03163, grantor approval for the boat was received in June 2008, therefore, no questioned cost is presented for this transaction.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Amount</u>	<u>Questioned Cost</u>
04/23/07	200077	S0098454	P066A03163	192,052	\$ -
06/13/07	226517	T8784001	P066P00289	93,295	93,295
09/17/07	#002134091	T5745001	P076A06144	49,350	49,350
					<u>\$ 142,645</u>

Cause:

There appears to be weak internal controls over ensuring compliance with applicable allowable costs/cost principles requirements.

Effect:

The Government of Guam is in noncompliance with applicable allowable costs/cost principles requirements. Therefore, a questioned cost of \$142,645 is presented at this finding.

Recommendation:

The Program Administrator should strengthen internal controls to ensure that the required prior approval is obtained for all capital expenditures in accordance with applicable allowable costs/cost principles requirements.

Auditee Response and Corrective Action Plan:

A standard operating procedures are being established to address prior approval and are already being implemented.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-05
 Federal Agency: U.S. Department of the Interior
 CFDA Program: 15.875 Economic, Social, and Political Development of the Territories
 Grant Number: Guam-COFA-2005-1, Guam-COFA-2006-1, Guam-COFA-2007-2
 Area: Procurement
 Questioned Costs: \$781,531

Criteria:

In accordance with applicable procurement requirements, the grantee will conduct procurement transactions in a manner providing full and open competition, and will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Furthermore, in accordance with the applicable local procurement law, the following requirements apply:

- The Guam General Services Agency shall use competitive sealed bidding when the procurement exceeds the small purchase threshold of \$14,999.
- The Guam General Services Agency shall procure from the United States only when the cost is ten percent less than procuring from other contractors.

Condition:

Of 79 transactions tested, we noted the following conditions:

1. For two (or 2%), for purposes of determining whether the Government of Guam could procure directly through the U.S. General Services Agency, informal quotes were obtained for the following transactions that do not meet the local small purchase threshold of \$14,999. For P066A03163 and P066A06539, the Government of Guam performed the required calculation, showing a ten percent savings over other vendors. However, instead of using the required competitive sealed bidding process for the requisition, which was in excess of both the local small purchase threshold of \$14,999 and the federal small purchase threshold of \$100,000, the Government of Guam informally solicited quotations to use in its calculation. Furthermore, for P066A06539, the informal solicitations were sent out with a "rush" status on June 29, 2006, and were due only four days later on July 3, 2006.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>	<u>Grant Year</u>
04/23/07	200077	S0098454	P066A03163	GFD	\$ 192,052	\$ 192,052	2005
01/03/07	179863	P0097514	P066A06539	GPD	\$ 191,260	<u>191,260</u>	
						\$ <u>383,312</u>	

2. For three (or 4%), the documents in the procurement file were not sufficient to demonstrate open competition. For Tran #J070600175 and 0193762, the bid evaluation worksheet was lacking. For 0200076, the change order represents an increase in cost due to additional work that could have been foreseen at the time of the original procurement.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>	<u>Grant Year</u>
01/30/07	J070600175		P066A03215	DMHSA	\$ 43,008	\$ 43,008	2006
03/21/07	0193762	C2408101	P066A05560	DVR	\$ 31,972	150,700	
04/30/07	0200076	I0404001	C060601042	DPW	\$ 82,569	<u>80,274</u>	
						\$ <u>273,982</u>	

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-05, Continued
 Federal Agency: U.S. Department of the Interior
 CFDA Program: 15.875 Economic, Social, and Political Development of the Territories
 Grant Number: Guam-COFA-2005-1, Guam-COFA-2006-1, Guam-COFA-2007-2
 Area: Procurement
 Questioned Costs: \$781,531

3. For two (or 3%), no effort at open competition was exercised based on a Superior Court of Guam court order, ordering the Guam Department of Mental Health and Substance Abuse to continue to provide services through the current service provider. However, the court order also specifies that the services will be paid for by the Government of Guam General Fund until the next service provider is chosen through the request for proposal procurement process.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>	<u>Grant Year</u>
06/12/07	0205371	L0092578	D072300289	DMHSA	\$ 59,970	\$ 59,970	2007
06/12/07	0205601	L0092578	D072300289	DMHSA	\$ 64,267	<u>64,267</u>	
						\$ <u>124,237</u>	

Cause:

Government of Guam management did not enforce established procurement regulations. Also, the Government of Guam is in the process of providing the requested procurement files.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of \$781,531 exists.

Recommendation:

Government of Guam management should enforce established procurement regulations. Also, the Government of Guam should provide the requested procurement documents to effect resolution of Conditions 2 and 3.

Auditee Response and Corrective Action Plan:

Chief Procurement Officer, Claudia Acfalle, provided the following response:

Response:

[Condition 1:]

I disagree with the finding. Pursuant to 5 GCA §5122 and the opinion issued June 16, 2008 by the Office of the Attorney General, GSA complied with applicable procurement laws and regulations. (Refer to attached copy of AG opinion). GSA, has contested this issue in the past audit findings wherein it would not be fair for GSA to issue a competitive sealed bid, for the purpose of calculating ten percent (10%), to show that the prices offered by the General Services Administration Federal Contract is still lower with the ten percent (10%) calculation.

- Tran# 200077 P066A03163, GSA solicited for three (3) informal quotations, none of the vendors responded to the request, however, GSA still calculated the ten percent (10%) to ensure that we applied the requirement of the 5 GCA §5122 on the abstract as required.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-05, Continued
Federal Agency: U.S. Department of the Interior
CFDA Program: 15.875 Economic, Social, and Political Development of the Territories
Grant Number: Guam-COFA-2005-1, Guam-COFA-2006-1, Guam-COFA-2007-2
Area: Procurement
Questioned Costs: \$781,531

Auditee Response and Corrective Action Plan, Continued:

- Tran#179863 P066A06539, GSA solicited for three (3) informal quotations, one (1) vendor provided prices for items requested. GSA did show evidence on the abstract that the General Services Administration Federal Contract was still lower with the ten percent (10%).

[Condition 2:]

- Tran# J070600175 P066A03215, the procurement file did indicate that a request for proposal was issued to acquire the services required. The RFP# is "RFP#: DMHSA-004-06".
- Tran# 0193762 P066A05560, GSA procured via the 5 GCA §5217 Non-Profit Organization (copy of non-profit certification issued by DRT was in the procurement file to include a copy of E.O. 2006-17 as indicated on the purchase order. The Governor of Guam issued E.O. 2006-17 to ensure the government complies with the mandates of the Permanent Injunction.

Auditor Response:

Condition 1:

We did read the opinion from the Office of the Attorney General; however, it was provided to us during the finalization of our reports, and we were not able to fully assess its impact on our compliance findings. The letter did state that competitive sealed bidding is not required for purposes of performing the ten-percent-savings calculation; however, we believe the method used by the Government of Guam was not sufficient in promoting open competition, especially given that the purchases exceeded both the local and federal small purchase thresholds. Therefore, the finding remains.

Condition 2:

For Tran# J070600175, although the procurement file might indicate a request for proposal number, the documents provided to us did not include the bid evaluation worksheet. Therefore, the finding remains.

For Tran# 0193762, there was no documentation provided indicating the rationale for selecting one not-for-profit organization over any other.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-06
Federal Agency: U.S. Department of the Interior
CFDA Program: 15.875 Economic, Social, and Political Development of the Territories
Grant Number: CIP-Guam-2003-1, CIP-Guam-2006-1, CIP-Guam-2006-2, CIP-Guam-2006-3,
Guam-COFA-2004-1, Guam-COFA-2005-1, Guam-COFA-2006-1
Area: Cash Management
Questioned Costs: \$39,757
Interest Liability \$39,757

Criteria:

In accordance with applicable cash management requirements, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks should be minimized. Furthermore, any amount of interest from advances over \$100 should be returned to the Federal government.

Condition:

For 24 (or 30%) of 79 transactions tested, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks exceeded the approved clearance pattern, ranging from one day to 65 days, plus one transaction exceeding the approved clearance pattern by 235 days.

Cause:

There appears to be weak internal controls over ensuring compliance with applicable cash management requirements.

Effect:

The Government of Guam is in noncompliance with applicable cash management requirements. Interest earned on advances is \$39,857, and an interest liability and questioned cost of \$39,757 exists.

Recommendation:

The Comptroller should strengthen internal controls to ensure that the time elapsed between the receipt of Federal funds and the clearance of disbursed checks is in accordance with the approved Treasury-State Agreement. Furthermore, interest earned on advances in excess of \$100 should be remitted to the Federal Government.

Auditee Response and Corrective Action Plan:

Generally, we agree with the audit findings relative to cash management that some checks had cleared beyond the approved clearance period however, we do not have control as to when these disbursed checks were to be presented for payment at the designated bank.

To reduce the number of days elapsed between the receipt of Federal funds and the clearance of disbursed checks, we have revised our Standard Operating Procedure (SOP) and thereby checks are now disbursed three (3) days prior to the anticipated receipt of Federal funds.

We continue to encourage our vendors to avail of our EFT method of payment.

Referencing [this] audit finding, we would like to emphasize that this was due to some external factors or circumstances beyond our control. Initially, check number 0183806 dated 02/01/2007 for \$1.2M was issued to the Superior Court of Guam but was canceled due to the absence of a case number wherein to apply the payment. Eventually, the Department of Interior requested that the amount of \$1.2M had to be refunded and check number 0226637 dated 10/05/2007 for \$1.2M was issued to the Department of Interior. Unfortunately, the Department of Interior misplaced the check and requested for re-issuance and check number 243027 dated 11/30/2007 was issued but a stop payment was put on this check due to a request by the Department of Interior to instead apply the \$1.2M as a partial satisfaction of the request by the Governor of Guam for a \$1.4M funding for land acquisition for the new Solid Waste Landfill.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-07
 Federal Agency: U.S. Department of Transportation
 CFDA Program: 20.205 Highway Planning and Construction
 Area: Procurement
 Questioned Costs: \$113,634

Criteria:

In accordance with applicable procurement requirements, the grantee will conduct procurement transactions in a manner providing full and open competition, and will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

Of 33 transactions tested, we noted the following conditions:

- For two (or 6%), the documents in the procurement file were not sufficient to demonstrate open competition. Negotiations for the first contract were made with the third highest ranking firm based on the RFP Committee's evaluation, not the two highest ranking firms. The solicitation was subsequently cancelled due to the violation of procurement law as determined by the Guam Office of the Attorney General, and the sole source method was used instead. The sole source justification by the grantee was that the Federal Highway Administration informed the grantee that this project must be awarded to Vendor # W3916001 because of the short time left within which to encumber the funds. However, written approval from the grantor was not provided.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	<u>Total FY 2007 Expenditures</u>
09/17/07	0223849	W3916001	C040602480	DPW	91,088	\$ 91,088
09/17/07	0223849	W3916001	C040602481	DPW	23,921	21,529
						<u>\$ 112,617</u>

- For one (or 3%), no procurement documents were provided.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Amount</u>
07/02/07	S00032175	None	None	\$ 1,017

Cause:

Government of Guam management did not enforce established procurement regulations. Also, the Government of Guam is in the process of providing the requested procurement files.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of \$113,634 exists.

Recommendation:

Government of Guam management should enforce established procurement regulations. Also, the Government of Guam should provide the requested procurement files to effect resolution of this finding.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-07, Continued
Federal Agency: U.S. Department of Transportation
CFDA Program: 20.205 Highway Planning and Construction
Area: Procurement
Questioned Costs: \$113,634

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.:	07-08
Federal Agency:	U.S. Department of Transportation
CFDA Program:	20.205 Highway Planning and Construction
Area:	Cash Management
Questioned Costs:	\$12,536
Interest Liability	\$12,536

Criteria:

In accordance with applicable cash management requirements, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks should be minimized. Furthermore, any amount of interest from advances over \$100 should be returned to the Federal government.

Condition:

For 17 (or 52%) of 33 transactions tested, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks exceeded the approved clearance pattern, ranging from one day to 63 days, plus one transaction exceeding the approved clearance pattern by 108 days.

Cause:

There appears to be weak internal controls over ensuring compliance with applicable cash management requirements.

Effect:

The Government of Guam is in noncompliance with applicable cash management requirements. Interest earned on advances is \$12,636, and an interest liability and questioned cost of \$12,536 exists.

Recommendation:

The Comptroller should strengthen internal controls to ensure that the time elapsed between the receipt of Federal funds and the clearance of disbursed checks is in accordance with the approved Treasury-State Agreement. Furthermore, interest earned on advances in excess of \$100 should be remitted to the Federal Government.

Auditee Response and Corrective Action Plan:

Generally, we agree with the audit findings relative to cash management that some checks had cleared beyond the approved clearance period however, we do not have control as to when these disbursed checks were to be presented for payment at the designated bank.

To reduce the number of days elapsed between the receipt of Federal funds and the clearance of disbursed checks, we have revised our Standard Operating Procedure (SOP) and thereby checks are now disbursed three (3) days prior to the anticipated receipt of Federal funds.

We continue to encourage our vendors to avail of our EFT method of payment.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-09
Federal Agency: U.S. Department of Transportation
CFDA Program: 20.205 Highway Planning and Construction
Area: Davis-Bacon Act
Questioned Costs: \$0

Criteria:

In accordance with applicable Davis-Bacon Act requirements, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor.

Condition:

Although the prevailing wage rate tables are included in the bid packets during the procurement process, no personnel has been assigned the responsibility to monitor and ensure that wages are paid at rates no less than the established prevailing wage rates set by the Department of Labor.

Cause:

There appears to be weak internal controls over ensuring compliance with applicable Davis-Bacon Act requirements.

Effect:

The Government of Guam is in noncompliance with applicable Davis-Bacon Act requirements. No questioned cost is presented at this finding as we are unable to quantify the associated questioned costs.

Recommendation:

The Government of Guam should strengthen internal controls to ensure compliance with applicable Davis-Bacon Act requirements. The Government of Guam should ensure that the responsible personnel monitors and ensures that wages are paid at rates no less than the established prevailing wage rates set by the Department of Labor.

Auditee Response and Corrective Action Plan:

It is usually the responsibility of the Project Engineer to monitor and ensure compliance with the Davis-Bacon Act. The Project Engineers do verify for compliance if H-2 workers are used on the projects. There may have been some instances where compliance was not done with locally hired workers. The DPW has corrected this and all Project Engineers will ensure compliance for all workers with regard to the prevailing wage rates.

Name and job title of responsible personnel: All Project Engineers under the Federal Highway Section

Specific corrective procedures to be performed: All Project Engineers will ensure compliance for all workers with regard to the prevailing wage rates.

Date for performance of corrective action: Immediate to all current and future projects

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-10
Federal Agency: U.S. Environmental Protection Agency
CFDA Program: 66.600 Environmental Protection Consolidated Grants-Program Support
Grant Number: M-00906304
Area: Special Tests and Provisions
Questioned Costs: \$0

Criteria:

In accordance with applicable special tests and provisions requirements and grant terms and conditions, the following requirements apply:

- 1) The Government of Guam must ensure that at least 8% of federal funds for prime contracts and subcontracts for supplies, construction, equipment or services are made available to organizations owned or controlled by socially and economically disadvantaged individuals and women (the Fair Share policy).
- 2) The Government of Guam agrees to use recycled paper for all reports which are prepared as a part of the grant and delivered to EPA.

Condition:

The Government of Guam could not provide documentation to support compliance with the applicable special tests and provisions and grant terms and conditions regarding the Fair Share Policy and the use of recycled paper for all grant reports.

Cause:

There appears to be a lack of internal controls to monitor such requirement.

Effect:

The Government of Guam is in noncompliance with applicable special tests and provisions and grant terms and conditions regarding the Fair Share policy and the use of recycled paper for all grant reports. The associated questioned cost is yet to be determined.

Recommendation:

The Government of Guam should strengthen internal controls to ensure compliance with the Fair Share policy by including the Fair Share percentage in bid documents and contracts. Furthermore, the Government of Guam should ensure that all grant reports are prepared and used with recycled paper by including such on the requisition form for paper purchases.

Auditee Response and Corrective Action Plan:

Diane Aldan, Administrative Assistant, provided the following "informal" response.

We (Guam EPA) will prepare a Corrective Action Plan.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-11
 Federal Agency: U.S. Environmental Protection Agency
 CFDA Program: 66.600 Environmental Protection Consolidated Grants-Program Support
 Grant Number: M-00906304
 Area: Procurement
 Questioned Costs: \$17,503

Criteria:

In accordance with applicable procurement requirements, the grantee will conduct procurement transactions in a manner providing full and open competition, and will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

Of 42 transactions tested, we noted the following conditions:

- For one (or 2%), the documents in the procurement file were not sufficient to demonstrate open competition. The sole source determination is based on the selected vendor's certification that he is the only certified industrial hygienist (CIH) on Guam; however, there is no indication that the Government of Guam sought a list of licensed professionals from the Department of Revenue and Taxation or examined the phone book.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>
01/24/07	0183673	I0096012	P076A00772	GEPA	\$ 3,250	\$ 3,250

- For one (or 2%), three travel agencies were solicited, but only two quotations were obtained due to the late transmittal of the travel authorization for the following travel transaction:

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>
07/31/07	0214844	C0807201	T0706T0618	GEPA	\$ 1,670	\$ 1,670

- For two (or 5%), the documents in the procurement file were not sufficient to demonstrate open competition. For instance, the bid evaluation worksheet was lacking.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>
01/05/07	0178982	T0461801	P066A05888	GEPA	8,383	\$ 8,383
05/21/07	0204360	I0921001	D072200039	GEPA	\$ 600	4,200

Cause:

Government of Guam management did not enforce established procurement regulations. Also, the Government of Guam is in the process of providing the requested procurement files.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of \$17,503 exists.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-11, Continued
Federal Agency: U.S. Environmental Protection Agency
CFDA Program: 66.600 Environmental Protection Consolidated Grants-Program Support
Grant Number: M-00906304
Area: Procurement
Questioned Costs: \$17,503

Recommendation:

Government of Guam management should enforce established procurement regulations. Also, the Government of Guam should provide the requested procurement files to effect resolution of this finding.

Auditee Response and Corrective Action Plan:

The Chief Procurement Officer, Claudia Acfalle, provided the following response.

[Condition 1]

I disagree with finding. The sole source procurement was the method used to procure the services required by the department. The procurement file did contain the justification letter from the vendor confirming that he is the only Certified Industrial Hygienist on Guam. The procurement file also contained a copy of a public database search results for persons certified for the practice of industrial hygiene by the American Board of Industrial Hygiene [ABIH]. It is evident that the database only made mention of one individual on Guam.

The Department of Administration provided the following response.

Condition 2:

We disagree with this particular finding that the Government of Guam is in noncompliance with applicable procurement requirements. The failure of travel agencies to respond to our request for quotation is a non-issue. We agree that we did not received back three quotations but the mere fact that we sent an email to three travel agencies soliciting for price quote and awarded the business to the travel agency that responded and provided the lowest quote should render us in compliance with applicable procurement requirements.

We are referencing herewith =
2 GAR - ADMINISTRATION
DIV. 4 - PROCUREMENT REGULATIONS
CH. 3 - SOURCE SELECTION & CONTRACT FORMATION
**(c) Competition for Small Purchases of Supplies or
Services Between \$500 and \$15,000.**

(1) Procedure. Insofar as it is practical for small purchases of supplies or services between \$500 and \$15,000, 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.

[Condition 3:]

Diane Aldan, Administrative Assistant, provided the following "informal" response.

We (Guam EPA) will go over our files and retrieve proper documentation to resolve this issue. We (Guam EPA) will assure all procurement regulations are properly addressed.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-11, Continued
Federal Agency: U.S. Environmental Protection Agency
CFDA Program: 66.600 Environmental Protection Consolidated Grants-Program Support
Grant Number: M-00906304
Area: Procurement
Questioned Costs: \$17,503

Auditor Response:

Condition 1:

The justification letter from the selected vendor was a self certification, as opposed to an independent certification. Also, the roster search states that the omission of a name does not necessarily mean the individual is not certified and that ABIH maintains a listing of their members who ask to be listed as consultants. Therefore, the procurement files are insufficient to demonstrate how the auditee knows that no other vendor could provide the service, and the finding remains.

Condition 2:

As cited by the auditee, the local procurement law requires “no less than three positive written quotations.” Therefore, when no response was received from one of the three travel agencies initially solicited, the Government of Guam should have solicited a quotation from other travel agencies until it could document its three positive responses. Under the heading, “Travel Agencies and Bureaus” in the “2007 Guam Phonebook,” there are 34 companies listed. Therefore, it would have been practical to obtain an additional positive response. Since the Government of Guam did not document three positive responses in compliance with the local procurement law, the finding remains.

The Government of Guam demonstrated implementation of its corrective action through the issuance of Circular 08-022, dated June 19, 2008, to “All Line Agency Directors” regarding “Procurement (Air Travel Voucher),” requesting assistance in enforcing the existing procurement laws and regulations relative to travel.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-12
Federal Agency: U.S. Environmental Protection Agency
CFDA Program: 66.600 Environmental Protection Consolidated Grants-Environmental Support
Grant Number: M-00906304
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting, the Government of Guam must ensure that semiannual progress reports are submitted to the EPA Regional Project Officer electronically, with a copy to the Exchange Network Grant Program Manager at EPA Headquarters. First report must be submitted by April 30, 2007 with subsequent reports due every six months thereafter until project is complete.

Condition:

The Government of Guam did not meet the April 30, 2007 and October 31, 2007 deadline to submit semiannual progress reports. As of May 7, 2008, reports are still in progress.

Cause:

There appears to be lack of internal controls to monitor such applicable reporting requirements.

Effect:

The Government of Guam is in noncompliance with applicable reporting requirements.

Recommendation:

The Government of Guam should strengthen internal controls to ensure compliance with applicable reporting requirements.

Auditee Response:

Diane Aldan, Administrative Assistant, provided the following "informal" response.

We (Guam EPA) will submit a final official response to your office as soon as possible.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-13
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.044/93.045/93.053 Aging Cluster
Grant Number: 05AAGUT3SP, 06AAGUT3SP, 07AAGUT3SP
Area: Cash Management
Questioned Costs: \$0
Interest Liability: \$521

Criteria:

In accordance with applicable cash management requirements, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks should be minimized. Furthermore, any amount of interest from advances over \$100 should be returned to the Federal government.

Condition:

For 10 (or 11%) of 94 transactions tested, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks exceeded the approved clearance pattern, ranging from 2 days to 21 days.

Cause:

There appears to be weak internal controls over ensuring compliance with applicable cash management requirements.

Effect:

The Government of Guam is in noncompliance with applicable cash management requirements. Interest earned on advances is \$621, and an interest liability \$521 exists. No questioned cost exists because the projected interest liability does not exceed \$10,000. Although no questioned cost is associated with this finding, the interest earned exceeds \$100; therefore, this finding is considered reportable.

Recommendation:

The Controller should strengthen internal controls to ensure that the time elapsed between the receipt of Federal funds and the clearance of disbursed checks is in accordance with the approved Treasury-State Agreement. Furthermore, interest earned on advances in excess of \$100 should be remitted to the Federal Government.

Auditee Response and Corrective Action Plan:

Generally, we agree with the audit findings relative to cash management that some checks had cleared beyond the approved clearance period however, we do not have control as to when these disbursed checks were to be presented for payment at the designated bank.

To reduce the number of days elapsed between the receipt of Federal funds and the clearance of disbursed checks, we have revised our Standard Operating Procedure (SOP) and thereby checks are now disbursed three (3) days prior to the anticipated receipt of Federal funds.

We continue to encourage our vendors to avail of our EFT method of payment.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-14
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.575 Child Care and Development Block Grant
Grant Number: G-0301GUCCDF, G-0401GUCCDF, 2005G999003
Area: Period of Availability
Questioned Costs: \$0

Criteria:

In accordance with applicable period of availability requirements, funds must be obligated by the end of the succeeding fiscal year after award, and expended by the end of the third fiscal year after award.

Condition:

At September 30, 2007, there are outstanding encumbrances and available balances recorded in the financial management system for expired grants, as follows:

<u>Grant Year</u>	<u>Award Period</u>	<u>Outstanding Encumbrance</u>	<u>Available Balance</u>	<u>Grant Award #</u>
2003	10/01/02 – 09/30/05	\$ 2,032	\$ 0	G-0301GUCCDF
2004	10/01/03 – 09/30/06	\$ 68,531	\$ 0	G-0401GUCCDF
2005	10/01/04 – 09/30/07	\$ 483,289	\$ 270,325	2005G999003

Cause:

Government of Guam management did not enforce internal controls over ensuring that expired grants are de-encumbered and/or de-appropriated in a timely manner.

Effect:

Outstanding encumbrances and/or available balances for grant years 2003, 2004, 2005 and 2006 are overstated. If such balances are not de-encumbered or de-appropriated, the Government of Guam could potentially expend Federal funds in noncompliance with applicable period of availability requirements.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and de-encumbering or de-appropriating expired funds. The responsible accounting personnel should ensure that expired grants are de-encumbered or de-appropriated in a timely manner and that any liquidation of obligations for expired grants is charged to the General Fund.

Auditee Response and Corrective Action Plan:

The Department of Administration requested a system change or enhancement on the BACIS-AS400 and is currently being implemented. The Director, Department of Administration, issued a memorandum dated March 26, 2007, addressed to all directors of departments informing them regarding the system change on the DOA's BACIS-AS400 accounting system relative to the issue of "Period of Availability".

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-15
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.575 Child Care and Development Block Grant
Grant Number: G-0701GUCCDF
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$41,850

Criteria:

In accordance with applicable matching, level of effort, earmarking requirements, more than five percent of total CCDF awards expended may not be spent on administrative costs.

Condition:

At the end of FY 2007, administrative earmarking requirements were exceeded, as follows:

	<u>Grant Year 2005</u>
CCDF cumulative expenditures	\$ 3,458,258
Earmark %	<u>5%</u>
Maximum earmark	172,913
FY 2007 Actual administrative costs	<u>(214,763)</u>
Excess administrative costs	\$ (41,850)

Cause:

Government of Guam management did not enforce internal controls over ensuring that administrative costs were within earmarking levels.

Effect:

The Government of Guam is in noncompliance with applicable earmarking requirements. A questioned cost of \$41,850 exists.

Recommendation:

The Program Administrator should monitor administrative cost expenditures to ensure compliance with applicable earmarking requirements.

Auditee Response and Corrective Action Plan:

Agree. DPHSS had established and implemented a Microsoft Excel format (ledger) to compile financial transactions that would allow easier access for tracking and monitoring. However, turnover of staff had made it difficult to maintain an accurate financial system. Inconsistency in persons handling the ledgers had allowed entries to be incomplete and/or have been overridden. There was no complete record compiled on all transactions.

Corrective Action

Reviewed Microsoft Excel format (ledger) and updated as necessary. Reconciliation is ongoing.

Effective June 23, 2008, an Administrative Assistant (AA) was recruited to maintain and control the fiscal records; ensuring the Microsoft Excel format is updated on a daily basis.

WPS Supervisor will monitor the amount spent on administrative expenses to ensure administrative costs are limited to 5% of CCDF expenditures and administrative expenditures are costs allowable under the CCDF Program.

Status of Implementation

Ongoing. WPS Supervisor performs supervisory review on all outgoing transactions.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-16
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.575 Child Care and Development Block Grant
Grant Number: G-0601GUCCDF, 2005G999003
Area: Procurement
Questioned Costs: \$7,161

Criteria:

In accordance with applicable procurement requirements, the grantee will conduct procurement transactions in a manner providing full and open competition, and will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

For five (or 7%) of 67 transactions tested, the documents in the procurement file were not sufficient to demonstrate open competition. For instance, the request for bid advertisement, bid specifications, and evaluation of bid worksheet were lacking.

Tran Date	Tran #	Vendor #	Prior Ref	Agency	Amount	Total FY 2007 Expenditures	Grant Year
09/11/07	0223733	X0012204	P076A00365	DPHSS	547	\$ 7,161	2006
01/03/07	0179644	U0221611	C050605791	DPHSS	162,101	162,101	2005
01/03/07	0179645	U0226001	C060602240	DPHSS	146,532	278,260	2005
09/30/07	0231232	U0226001	C060602240	DPHSS	131,728		2005
02/16/07	0188924	G1381601	C060601300	DPHSS	28,200	28,200	2005

Cause:

Government of Guam management did not enforce established procurement regulations. Also, for Vendor # U0221611, U0226001, and G1381601, the contracts were awarded without open competition because the grantee specifically stated in its State Plan that it would partner with these vendors to provide training services to its service providers. The grantee believed that the grantor's approval of the State Plan translated into approval of sole sourcing to the specified vendors.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of \$7,161 exists for Prior Ref P076A00365. No questioned cost is presented for the other transactions because the grantee was following its grantor-approved State Plan, and we do not dispute the qualifications of these institutions of higher education.

Recommendation:

Government of Guam management should enforce established procurement regulations. Also, the Government of Guam should ensure that open competition is applied to the selection of vendors, including the selection of vendors being named in a grant application or State Plan.

Auditee Response and Corrective Action Plan:

The Chief Procurement Officer, Claudia Acfalle, provided the following response.

Tran # 0223733 P076A00365, GSA agrees with finding. The trade-in was executed on September 2002, for an upgrade of the existing copier machine.

Corrective Action:

Effective November 17, 2003, GSA no longer allows trade-in of copier machine at the ending of original lease term.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-17
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Grant Number: 75X0512
Area: Eligibility
Questioned Costs: \$0

Criteria:

In accordance with applicable eligibility requirements, such documents as application worksheets, social security cards, proof of citizenship, verification of employment forms, and recertification forms should be maintained on file to substantiate eligibility determinations. Furthermore, the income and eligibility verification system (IEVS) shall be used to verify eligibility using wage information available from such sources as the agencies administering State unemployment compensation laws, Social Security Administration (SSA), the Internal Revenue Service, or other alternative sources approved by the grantor to verify income eligibility and the amount of eligible benefits.

Condition:

Of 139 cases tested as of 2/27/08, we noted the following:

1. For 18 (or 13%), no copy of the social security card is on file for one or more participants associated with the following case numbers:
33-33593-01, 33-30369-01, 33-47222-01, 33-36913-07, 33-47990-05, 33-44791-07, 33-44954-01, 33-26489-02, 33-72913-03, 33-50370-07, 33-31333-05, 33-72692-01, 33-82034-05, 33-40144-44, 33-49526-03, 33-28038-01, 33-54249-02, and 33-50439-01
2. For eight (or 6%), no copy of the birth certificate card is on file for one or more participants associated with the following case numbers:
33-33593-01, 33-30369-01, 33-36913-07, 33-26489-02, 33-75529-02, 33-72692-01, 33-40144-01, and 33-54249-01
3. For 21 (or 15%), the case file provided lacked sufficient data to substantiate an appropriate eligibility determination, as follows:

<u>Case #</u>	<u>Documents Lacking</u>
33-74313-01	Notification of eligibility or ineligibility.
30-47189-05	Application or supporting documents.
33-41150-02	Work registration and required re-evaluations.
33-74259-06	Work registration.
33-26489-02	Work registration.
33-32941-03	Work registration, school verification
33-72744-06	Work registration.
30-47399-06	Application or supporting documents.
33-30172-01	Work registration.
33-53348-03	Work registration.
33-30374-01	Work registration.
33-31491-01	Work registration.
33-51748-01	Check stubs; work registration for other household members; school verification
33-39472-02	Work registration.
33-54249-02	SS card and birth certificate.
33-51779-01	Work registration.
33-73490-04	School verification

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-17, Continued
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Grant Number: 75X0512
Area: Eligibility
Questioned Costs: \$0

Condition, Continued:

- 33-35386-03 School verification
 - 33-53594-01 Notification of eligibility or ineligibility.
 - 33-76190-01 Notification of eligibility or ineligibility.
 - 33-50786-05 Work registration
4. For one (or 1%), an individual is included in the household size for case number 33-46695-01; however, the individual is not included in the household verification documentation.
 5. For all cases, there is no documentation to indicate that the income and eligibility verification system (IEVS) was used to verify eligibility.
 6. For seven (or 5%), no case files were provided for the following case numbers:

30-47399-06, 33-45680-05, 33-80254-05, 33-55058-02, 33-27565-02, 33-80461-06, 33-53664-06
 7. For seven (or 5%), the claim form did not include any certification of the provider representative, certifying that services were rendered to the patient for the following claim numbers:

60901020015, 60814020001, 61030020042, 61108020001, 61218020016, 70109020074, 70509020248
 8. For two (or 1%), no claim forms were provided for the following claim numbers: 60501040154, 70628000003
 9. For 17 (or 12%), after examining the contact sheet, there was no disqualification given for the following case numbers that were noncompliant with being work registered or being exempt from being work registered:

33-26489-02, 33-28038-01, 33-30172-01, 33-30374-01, 33-31491-01, 33-32941-03, 33-35386-03, 33-39472-02, 33-41150-02, 33-50786-05, 33-51748-01, 33-51779-01, 33-53348-03, 33-60364-04, 33-72744-06, 33-73490-04, 33-74259-06.
 10. For one (or 1%) (i.e., case number 30-47189-05), the applicant was disqualified during the period from January 1, 2006 to March 31, 2006, for failing to accept a job/and or work the required hours per week and failed to go to a work assignment, such as the Community Work Experience Program. However, service date was performed March 13, 2006.
 11. For one (or 1%) (i.e., case number 33-80863-03), the fluctuating income sheet did not include holiday hours which, when included, comes out to a gross income of \$1,076, instead of \$914.

Cause:

There appears to be weak internal controls over record keeping.

Effect:

The Government of Guam is in noncompliance with applicable eligibility requirements. We are unable to quantify the questioned costs resulting from the conditions above.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-17, Continued
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Grant Number: 75X0512
Area: Eligibility
Questioned Costs: \$0

Recommendation:

The Program Administrator should strengthen record keeping controls to ensure that complete case files are maintained to substantiate eligibility and that the IEVS is implemented in accordance with applicable eligibility requirements. Furthermore, if the grantee is unable to use the IEVS, then the Program Administrator should consider discussing the issue with the grantor agency and obtaining a written waiver or approved alternative.

Auditee Corrective Action Plan:

Condition 1:

Response: *Pending results of research from Joe and staff*

Name and job title of responsible personnel:

Joseph S. Diaz, Social Services Supervisor II and Certification Supervisor

Specific corrective procedures to be performed:

Issue the following:

- a) A reminder notice to all Eligibility Specialists and File Room Clerks filing documents to ensure that vital and permanent documents such as social security cards be filed on the inside front cover of a client's case file to easy retrieval.
- b) A reminder notice to all Eligibility Specialists to have the case file with them when interviewing and to promptly file documents as they are completed.

Date for performance of corrective action:

June 20, 2008

Condition 2:

Response: *Pending results of research from Joe and staff*

Name and job title of responsible personnel:

Joseph S. Diaz, Social Services Supervisor II and Certification Supervisor

Specific corrective procedures to be performed:

Issue the following:

- a) A reminder notice to all Eligibility Specialists and File Room Clerks filing documents to ensure that vital and permanent documents such as birth certificates be filed on the inside front cover of a client's case file to easy retrieval.
- b) A reminder notice to all Eligibility Specialists to have the case file with them when interviewing and to promptly file documents as they are completed.

Date for performance of corrective action:

June 20, 2008

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-17, Continued
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Grant Number: 75X0512
Area: Eligibility
Questioned Costs: \$To Be Determined

Auditee Corrective Action Plan, Continued:

Condition 3:

Response: *Pending results of research from Joe and staff*

Name and job title of responsible personnel:

Joseph S. Diaz, Social Services Supervisor II and Certification Supervisor

Specific corrective procedures to be performed:

Issue the following:

- a) A reminder notice to all Eligibility Specialists and File Room Clerks filing documents to ensure that vital and permanent documents such as birth certificates be filed on the inside front cover of a client's case file to easy retrieval.
- b) A reminder notice to all Eligibility Specialists to have the case file with them when interviewing and to promptly file documents as they are completed.

Date for performance of corrective action:

June 20, 2008

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-18
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Grant Number: 75X0512
Area: Procurement
Questioned Costs: \$13,125

Criteria:

In accordance with applicable procurement requirements, the grantee will conduct procurement transactions in a manner providing full and open competition, and will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

For one (or 0.05%) of 208 transactions tested, sole source procurement was used to procure maintenance and support services for the AGUPA and PAGU computer systems. The sole source rationale states that an employee of the selected vendor was one of the original programmers of the AGUPA system, is the only technical service provider knowledgeable of the systems, and would be the best candidate in expeditiously identifying and correcting deficiencies and responding to challenges that might arise with the systems. However, there is no documentation on file to indicate how the grantee determined that none of the other original programmers or other vendors could provide the required services.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	<u>Total FY 2007 Expenditures</u>
07/02/07	0214304	I0096293	P076A04192	DPHSS	\$ 4,375	\$ 26,250

Cause:

Government of Guam management did not enforce established procurement regulations. Also, the Government of Guam is in the process of providing the requested procurement files.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of \$13,125 (\$26,250 x 50% Federal share) exists.

Recommendation:

Government of Guam management should enforce established procurement regulations.

Auditee Response and Corrective Action Plan:

The Program Office provided the following response.

The vendor selected (Intelligent Technologies) is the only one with the source code used to program the AGUPA and PAGU system.

Name and job title of responsible personnel:

Linda T. Susuico, Acting BES Administrator

Specific corrective procedures to be performed for future procurement:

Ensure that documentation is provided by other vendors that indicate their inability to perform needed functions.

Date for performance of corrective action: Immediately.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-18, Continued
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Grant Number: 75X0512
Area: Procurement
Questioned Costs: \$13,125

Auditee Response and Corrective Action Plan, Continued:

The Chief Procurement Officer, Claudia Acfalle, provided the following response.

I disagree with finding. Tran # 0214304 P076A04192, the procurement file did contain a justification letter from the vendor that they are the only company that is knowledgeable of the AGUPA and PAGU computer systems in the department due to the source code of the system is solely with the vendor awarded by GSA. The justification submitted by the department also supports the need for the sole source.

Corrective Action:

Although GSA disagrees with the finding, to avoid a repeat of this finding, GSA has issued a request for interest advertisement in June 2008, to inquire if anyone else can provide maintenance program for the existing AGUPA and PAGU computer systems.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-19
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Grant Number: 75X0512
Area: Cash Management
Questioned Costs: \$0
Interest Liability: \$3,796

Criteria:

In accordance with applicable cash management requirements, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks should be minimized. Furthermore, any amount of interest from advances over \$100 should be returned to the Federal government.

Condition:

For 66 (or 32%) of 204 transactions tested, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks exceeded the approved clearance pattern, ranging from one day to 84 days, plus two transactions exceeding the approved clearance pattern by 136 days.

Cause:

There appears to be weak internal controls over ensuring compliance with applicable cash management requirements.

Effect:

The Government of Guam is in noncompliance with applicable cash management requirements. Interest earned on advances is \$3,896, and an interest liability \$3,796 exists. No questioned cost exists because the projected interest liability does not exceed \$10,000. Although no questioned cost is associated with this finding, the interest earned exceeds \$100; therefore, this finding is considered reportable.

Recommendation:

The Controller should strengthen internal controls to ensure that the time elapsed between the receipt of Federal funds and the clearance of disbursed checks is in accordance with the approved Treasury-State Agreement. Furthermore, interest earned on advances in excess of \$100 should be remitted to the Federal Government.

Auditee Response and Corrective Action Plan:

Generally, we agree with the audit findings relative to cash management that some checks had cleared beyond the approved clearance period however, we do not have control as to when these disbursed checks were to be presented for payment at the designated bank.

To reduce the number of days elapsed between the receipt of Federal funds and the clearance of disbursed checks, we have revised our Standard Operating Procedure (SOP) and thereby checks are now disbursed three (3) days prior to the anticipated receipt of Federal funds.

We continue to encourage our vendors to avail of our EFT method of payment.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-20
Federal Agency: U.S. Department of Health and Human Services
CFDA Program: 93.778 Medical Assistance Program
Grant Number: 75X0512
Area: Special Tests and Provisions – Provider Eligibility
Questioned Costs: \$0

Criteria:

In accordance with applicable special tests and provisions requirements, in order to receive Medicaid payments, providers of medical services furnishing services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program.

Condition:

The Government of Guam did not provide the medical provider's license for the following medical providers to which payments were made during FY 2007, as follows:

<u>Vendor #</u>	<u>Provider #</u>	<u>Payment</u>
C0097917	247	\$ 2,918
F5596501	638	\$ 3,733

Cause:

There appears to be weak internal controls over record keeping.

Effect:

The Government of Guam is in noncompliance with applicable special tests and provisions requirements pertaining to provider eligibility.

Recommendation:

The Department of Public Health and Social Services should strengthen record keeping controls to ensure that pertinent documents are maintained.

Auditee Response and Corrective Action Plan:

Teresita Gumataotao, Management Analyst IV, DPHSS Division of Public Welfare, Bureau of Health Care Financing, provided an email from Jane M. Diego from the Guam Board indicating that provider 247 & 638 have been certified by the Guam Board of Examiners for Pharmacy and the Guam Board of Medical Examiners.

Auditor's Response:

The certification documents of the Guam Board of Medical Examiners (GBME) or the Guam Board of Examiners for Pharmacy (GBEP) were not provided. Therefore, the finding remains.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-21
Federal Agency: U.S. Department of Homeland Security
CFDA Program: 97.004/97.067 Homeland Security Cluster
Grant Number: 2005-GE-T5-0036
Area: Allowable Costs/Cost Principles
Questioned Costs: \$22,495

Criteria:

In accordance with applicable allowable costs/cost principles requirements, capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency. Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior approval of the awarding agency.

Condition:

For 1 (or 2%) of 46 transactions tested, no evidence of the required prior approval was provided for the equipment purchase.

Tran Date	Tran #	Vendor #	Prior Ref	Tran Amount
05/09/07	0204996	T5745001	P076A01092	\$ 22,495

Cause:

There appears to be weak internal controls over ensuring compliance with applicable allowable costs/cost principles requirements.

Effect:

The Government of Guam is in noncompliance with applicable allowable costs/cost principles requirements. A questioned cost of \$22,495 exists.

Recommendation:

The Program Administrator should strengthen internal controls to ensure that the required prior approval is obtained for all capital expenditures in accordance with applicable allowable costs/cost principles requirements.

Auditee Response and Corrective Action Plan:

Approval documentation for the purchase of the vehicle was not on file within the Guam Office of Homeland Security GHS. Arleen Unpingco Pierce, Financial Controller/Acting SAA Grants Manager, requested a copy from Program Analyst, Mr. Dave Turner, Department of Homeland Security/FEMA, Grant Development & Administration, Grants Program Directorate, on June 6, 2008. Both of our agencies do not have a hard copy on file. Both offices experienced a turnover in staff, which contributed to the lack of documentation. In addition, the GHS Office had relocated to another location as a result of the construction of the Emergency Operating Center EOC. This finding therefore was an isolated case. Currently, both our offices are using electronic communications and have improved maintaining all of our records to prevent this finding from occurring.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-22
 Federal Agency: U.S. Department of Homeland Security
 CFDA Program: 97.004/97.067 Homeland Security Cluster
 Grant Number: 2003-MU-T3-0207, 2004-GE-T4-0032, 2005-GE-T5-0036
 Area: Procurement
 Questioned Costs: \$1,432,667

Criteria:

In accordance with applicable procurement requirements, the grantee will conduct procurement transactions in a manner providing full and open competition, and will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Furthermore, in accordance with the applicable local procurement law, the following requirements apply:

- The Guam General Services Agency shall use competitive sealed bidding when the procurement exceeds the small purchase threshold of \$14,999.
- The Guam General Services Agency shall procure from the United States only when the cost is ten percent less than procuring from other contractors.

Condition:

Of 46 transactions tested, we noted the following:

1. For six (or 13%), for purposes of determining whether the Government of Guam could procure directly through the U.S. General Services Agency, informal quotes were obtained for the following transactions that do not meet the local small purchase threshold of \$14,999. The Government of Guam performed the required calculation, showing a ten percent savings over other vendors. However, instead of using the required competitive sealed bidding process for the requisition, which was in excess of the local small purchase threshold of \$14,999, and in some cases, also in excess of the federal small purchase threshold of \$100,000, the Government of Guam informally solicited quotations to use in its calculation. Items purchased include trailers, software system, surveillance van, boat, and computer parts/labor.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	<u>Total FY 2007 Expenditures</u>	<u>Questioned Cost for this Condition</u>
02/28/07	189811	L0092463	P066A01753	Gov	\$ 339,292	\$ 339,292	\$ 339,292
03/21/07	194244	N0096658	P066A01760	Gov	88,875	88,875	
11/13/06	167197	E0098781	P066A04482	Gov	33,243	141,987	141,987
12/29/06	178492	E0098781	P066A04482	Gov	60,837		
01/12/07	183598	S0098454	P056A07369	Gov	50,957	50,957	
06/28/07	210147	D0096843	P076A02108	Gov	60,600	<u>60,600</u>	
						<u>\$ 681,711</u>	<u>\$ 481,279</u>

In an opinion from the Guam Office of the Attorney General, dated June 18, 2008, and received by our office on June 24, 2008, use of informal quotations for purposes of the required calculations is deemed permissible. Therefore, no questioned cost is presented for transactions (i.e., Prior Ref # P066A01760, P056A07369, and P076A02108) that fall below the federal small purchase threshold. However, the finding remains as this condition has been cited in prior audits of the Government of Guam, and we have not been informed by the grantor agency that the prior findings are not sustained.

For P066A01753 and P076A02108, the grand award affected was 2003-MU-T3-0207. For P066A01760, P066A04482, and P056A07369, the grant award affected was 2004-GE-T4-0032.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-22, Continued
 Federal Agency: U.S. Department of Homeland Security
 CFDA Program: 97.004/97.067 Homeland Security Cluster
 Grant Number: 2003-MU-T3-0207, 2004-GE-T4-0032, 2005-GE-T5-0036
 Area: Procurement
 Questioned Costs: \$1,432,667

2. For seven (or 15%), sole source procurement was used, based on the rationale that the vendor was the only distributor/agent; however, there is no documentation on file to indicate how the grantee determined that no other vendor could provide such goods or services for the following:

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>	<u>Grant Year</u>
12/20/06	179062	S0098524	P066A06288	Gov	\$ 33,334	\$ 33,334	2003
12/21/06	179062	S0098524	P066A06304	Gov	204,000	204,000	2003
02/01/07	184036	P3526001	P066A08675	Gov	49,903	49,903	2003
01/30/07	184036	P3526001	P066A09019	Gov	197,720	346,009	2004
03/21/07	194249	P3526001	P066A09019	Gov	148,290		2004
03/07/07	189812	P3526001	P076A01584	Gov	74,775	74,775	2003
03/12/07	194302	P3526001	P076A01580	Gov	31,954	<u>31,954</u>	2003
						\$ <u>739,975</u>	

3. For two (or 4%), prospective vendors were not given the minimum 15 days to respond to the request for proposal for the following:

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>	<u>Grant Year</u>
01/25/07	0183687	T0092916	P066A07264	Gov	\$ 18,135	\$ 119,995	2003
03/30/07	0204994	T0092916	P066A07264	Gov	30,440		2003
03/30/07	0204994	T0092916	P066A07264	Gov	49,512		2003
11/17/06	183673	I4231001	P066A07269	Gov	28,380	40,340	2003
01/25/07	183665	A0098184	P066A05411	Gov	37,574	<u>37,574</u>	2003
						\$ <u>197,909</u>	

4. For one (or 7%), no quotations were solicited from other vendors.

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>	<u>Grant Year</u>
11/27/06	0179047	A0098254	D070280005	Gov	\$ 3,824	\$ 3,824	2003

5. For 2 (or 4%), only one price quotation was obtained for the following travel transactions:

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>	<u>Grant Year</u>
11/27/06	0173101	T4306901	T0706T0139	Gov	\$ 2,080	\$ 2,080	2005
03/06/07	0190167	T4306901	T0706T0443	Gov	2,379	<u>2,379</u>	2005
						\$ <u>4,459</u>	

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-22, Continued
 Federal Agency: U.S. Department of Homeland Security
 CFDA Program: 97.004/97.067 Homeland Security Cluster
 Grant Number: 2003-MU-T3-0207, 2004-GE-T4-0032, 2005-GE-T5-0036
 Area: Procurement
 Questioned Costs: \$1,432,667

6. For 2 (or 4%), only two price quotations were obtained due to late transmittal of the travel authorization for the following travel transactions:

<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>	Total FY 2007 <u>Expenditures</u>	<u>Grant Year</u>
01/08/07	0183597	R3246901	T0706T0280	Gov	\$ 2,594	\$ 2,594	2005
01/23/07	0183689	T4306901	T0706T0328	Gov	2,627	<u>2,627</u>	2005
						\$ <u>5,221</u>	

Cause:

Government of Guam management did not enforce established procurement regulations.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of \$1,432,667 exists.

Recommendation:

Government of Guam management should enforce established procurement regulations. Also, the Government of Guam should provide the requested procurement documents to effect resolution of this finding.

Auditee Response and Corrective Action Plan:

The Chief Procurement Officer, Claudia Acfalle, provided the following response.

[Condition 1]

I disagree with finding. Pursuant to 5 GCA §5122 and the opinion issued June 16, 2008 by the Office of the Attorney General, GSA complied with applicable procurement laws and regulations. (Refer to attached copy of AG opinion). GSA, has contested this issue in the past audit findings wherein it would not be fair for GSA to issue a competitive sealed bid, for the purpose of calculating ten percent (10%), to show that the prices offered by the General Services Administration Federal Contract is still lower with the ten percent (10%) calculation.

Tran # 189811 P066A01753, GSA solicited three (3) informal quotations from three (3) vendors. The procurement file did contain copies of the request for quotations requesting for informal quotations.

Tran # 194244 P066A01760, GSA solicited three (3) informal quotations from three (3) vendors. One (1) vendor responded, however, the General Services Administration Federal Contract was still lower with the ten percent than the price provided by the local vendor. Therefore, GSA did comply with applicable procurement law as stated by 5 GCA §5122.

Tran # 167197 & 178492 P066A04482, GSA solicited three (3) informal quotations from three (3) vendors. The procurement file did contain copies of the request for quotations requesting for informal quotations.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-22, Continued
Federal Agency: U.S. Department of Homeland Security
CFDA Program: 97.004/97.067 Homeland Security Cluster
Grant Number: 2003-MU-T3-0207, 2004-GE-T4-0032, 2005-GE-T5-0036
Area: Procurement
Questioned Costs: \$1,432,667

Auditee Response and Corrective Action Plan, Continued:

Tran # 183598 P066A07369, GSA solicited three (3) informal quotations from three (3) vendors. The procurement file did contain copies of the request for quotations requesting for informal quotations.

Tran # 210147 P076A002108, GSA solicited three (3) informal quotations from three (3) vendors. The procurement file did contain copies of the request for quotations requesting for informal quotations.

[Condition 2]

Tran #179062 P066A06288 & 6304 [Vendor # S0098524], I disagree with finding. The procurement file contained all the sole source justification needed to execute the purchase order to include the National Preparedness HSPD-8 to include letters from the Navy and Air Force wherein they are currently have the same equipment requested by the Office of Homeland Security.

For the following Tran Nos. [Vendor # P3526001] GSA issued an invitation for bid on September 13, 2005 for procurement of a video surveillance camera for the Guam Power Authority. The vendor awarded the bid is the vendor awarded through the sole source procurement based on the HSPd-8 for standardization and interoperability of the government equipments. Therefore, based on the award of the invitation for bid, it was then determined that the sole source was justified because a bid solicitation was issued for the initial purchase of the equipment being standardized by the government.

Tran # 184036 P066A08675, Tran #194249 P066A9019, Tran # 189812 P076A01584 & Tran # 194302 P076A01580

[Condition 3]

I disagree with finding. The 2 GAR §3109 (f) (2) indicates that a bid may be advertised at least 7 days prior to bid submittal date. Therefore, GSA complied with the 2 GAR. A copy was provided to your office.

GSA will continue to improve the processes and to uphold the integrity within the procurement activities of this government.

The Department of Administration provided the following response.

[Condition 5]

Technically, we agree with this particular finding that the Government of Guam is in noncompliance with applicable procurement requirement by not soliciting the three minimum quotations required however, it is not practical in a special situation when there is a time constraint for the solicitation of the required minimum three quotations when procuring a reservation for an unplanned off-island travel, it creates reservation problems with the airline.

We (Department of Administration – Division of Accounts) have conducted training sessions (in September 2007 and April 2008) wherein employees from different agencies involved in travel were attendees and we emphasized the need to solicit the three minimum quotations required and we will continue to reiterate (through circulars) to all Government Departments/Agencies that in all situations the minimum three quotes need to be solicited.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-22, Continued
Federal Agency: U.S. Department of Homeland Security
CFDA Program: 97.004/97.067 Homeland Security Cluster
Grant Number: 2003-MU-T3-0207, 2004-GE-T4-0032, 2005-GE-T5-0036
Area: Procurement
Questioned Costs: \$1,432,667

Auditee Response and Corrective Action Plan, Continued:

[Condition 6]

T0706T0280. Technically, we agree with this particular finding that the Government of Guam is in noncompliance with applicable procurement requirement by not soliciting the three minimum quotations required however, it is not practical in a special situation when there is a time constraint for the solicitation of the required minimum three quotations when procuring a reservation for an unplanned off-island travel, it creates booking problems.

We (Department of Administration – Division of Accounts) have conducted training sessions (in September 2007 and April 2008) wherein employees from different agencies involved in travel were attendees and we emphasized the need to solicit the three minimum quotations required and we will continue to reiterate (through circulars, as demonstrated by) to all Government Departments/Agencies that in all situations the minimum three quotes need to be solicited.

T0706T0328. We disagree with this particular finding that the Government of Guam is in noncompliance with applicable procurement requirements. The failure of travel agencies to respond to our request for quotation is a non-issue. It is a fact and we agree that we did not received back three quotations requested but the fact that we sent an email to three travel agencies and awarded the business to the travel agency that responded and provided the lowest quote should render us in compliance with applicable procurement requirements.

We are referencing herewith =

2 GAR - ADMINISTRATION

DIV. 4 - PROCUREMENT REGULATIONS

CH. 3 - SOURCE SELECTION & CONTRACT FORMATION

(c) Competition for Small Purchases of Supplies or Services Between \$500 and \$15,000.

(1) Procedure. Insofar as it is practical for small purchases of supplies or services between \$500 and \$15,000, 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.

Auditor Response:

Condition 1:

We did read the opinion from the Office of the Attorney General; however, it was provided to us during the finalization of our reports, and we were not able to fully assess its impact on our compliance findings. The letter did state that competitive sealed bidding is not required for purposes of performing the ten-percent-savings calculation; however, we believe the method used by the Government of Guam was not sufficient in promoting open competition, especially given that the purchases resulting in questioned costs exceed both the local and federal small purchase thresholds. Therefore, the finding remains.

Condition 2:

Regarding Vendor # S0098524, we do not dispute the necessity for compatible and standardized equipment. The finding remains because the procurement file provided to us does not include documentation to substantiate how the Government of Guam knows that the vendor is the only provider of the compatible/standardized equipment.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-22, Continued
Federal Agency: U.S. Department of Homeland Security
CFDA Program: 97.004/97.067 Homeland Security Cluster
Grant Number: 2003-MU-T3-0207, 2004-GE-T4-0032, 2005-GE-T5-0036
Area: Procurement
Questioned Costs: \$1,432,667

Auditor Response, Continued:

Regarding Vendor # P3526001, the invitation for bid that the Government of Guam relied on occurred in September 2005. The finding remains because the procurement file does not include documentation to substantiate how the Government of Guam knows that the vendor was the only provider of the compatible/standardized equipment in January 2007.

Condition 3:

We have read 2 GAR §3109 and agree that a publication date at least 7 days prior to the bid submittal date is required for every procurement in excess of \$25,000. However, such referenced section also requires that bidders will be provided a minimum of 15 days to prepare their bids. The finding remains because the procurement files did not contain any other document to demonstrate that the bidders were provided the required minimum bidding time.

Condition 6:

As cited by the auditee, the local procurement law requires “no less than three positive written quotations.” Therefore, when no response was received from one of the three travel agencies initially solicited, the Government of Guam should have solicited a quotation from other travel agencies until it could document its three positive responses. Under the heading, “Travel Agencies and Bureaus” in the “2007 Guam Phonebook,” there are 34 companies listed. Therefore, it would have been practical to obtain an additional positive response. Since the Government of Guam did not document three positive responses in compliance with the local procurement law, the finding remains.

The Government of Guam demonstrated implementation of its corrective action through the issuance of Circular 08-022, dated June 19, 2008, to “All Line Agency Directors” regarding “Procurement (Air Travel Voucher),” requesting assistance in enforcing the existing procurement laws and regulations relative to travel.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-23
Federal Agency: U.S. Department of Homeland Security
CFDA Program: 97.039 Hazard Mitigation Grants
Grant Number: FEMA-1426-DR-GU, FEMA-1446-DR-GU
Area: Cash Management
Questioned Costs: \$0
Interest Liability: \$2,337

Criteria:

In accordance with applicable cash management requirements, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks should be minimized. Furthermore, any amount of interest from advances over \$100 should be returned to the Federal government.

Condition:

For 12 (or 23%) of 52 transactions, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks exceeded the approved clearance pattern, ranging from one day to 14 days.

Cause:

There appears to be weak internal controls over ensuring compliance with applicable cash management requirements.

Effect:

The Government of Guam is in noncompliance with applicable cash management requirements. Interest earned on advances is \$2,437 and an interest liability of \$2,337 exists. No questioned cost exists because the projected interest liability does not exceed \$10,000. Although no questioned cost is associated with this finding, the interest earned exceeds \$100; therefore, this finding is considered reportable.

Recommendation:

The Controller should strengthen internal controls to ensure that the time elapsed between the receipt of Federal funds and the clearance of disbursed checks is in accordance with the approved Treasury-State Agreement. Furthermore, interest earned on advances in excess of \$100 should be remitted to the Federal Government.

Auditee Response and Corrective Action Plan:

Generally, we agree with the audit findings relative to cash management that some checks had cleared beyond the approved clearance period however, we do not have control as to when these disbursed checks were to be presented for payment at the designated bank.

To reduce the number of days elapsed between the receipt of Federal funds and the clearance of disbursed checks, we have revised our Standard Operating Procedure (SOP) and thereby checks are now disbursed three (3) days prior to the anticipated receipt of Federal funds.

We continue to encourage our vendors to avail of our EFT method of payment.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-24
 CFDA No. All major programs
 Area: Equipment Management
 Questioned Costs: \$0

Criteria:

In accordance with the Common Rule’s 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. In addition, adequate maintenance procedures must be established to keep the property in good condition.

Condition:

The Government of Guam has not performed the required comprehensive physical inventories of its property in FY 2007 or in the two prior years. We are unable to assess the overall cumulative monetary value of this deficiency. However, a summary of total capital outlays over the past five years for the Government of Guam’s FY 2007 major programs is as follows:

	Major Programs	2007	2006	2005	2004	2003	Total
	CFDA #s	Purchases	Purchases	Purchases	Purchases	Purchases	
1.	10.551/10.561	153,222	136,679	103,219	51,380	54,668	499,168
2.	10.557	0	0	0	8,986	4,665	13,651
3.	15.875	792,224	2,141,421	5,515,208	3,678,398	3,768,641	15,895,892
4.	20.205	1,396,487	2,956,688	2,150,383	7,674,249	6,755,001	20,932,808
5.	66.600	47,436	0	114,831	31,607	226,434	420,308
6.	93.044/93.045/93.053	0	0	0	0	0	0
7.	93.575	0	4,018	675	38,072	0	42,765
8.	93.778	0	0	21,796	75,790	0	97,586
9.	97.004/97.067	2,054,971	1,748,804	744,353	0	991,332	5,539,460
10.	97.039	142,331	202,522	821,559	0	0	1,166,412

Cause:

The Government of Guam is currently in the process of implementing its fixed asset management system. Efforts are being made to tag all equipment with bar code property identification labels. Until the Government completes tagging of all equipment, it will not be able to conduct a physical inventory.

Effect:

The Government is in noncompliance with applicable equipment management requirements. The underlying capital outlays are not considered questioned costs as corrective action is in progress.

Prior Year Status:

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

Recommendation:

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

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-24, Continued
 CFDA No. All major programs
 Area: Equipment Management
 Questioned Costs: \$0

Auditee Response and Corrective Action Plan:

GOV GUAM - Audit Problem Resolution Action Plan

Problem: Equipment Management.	Issue: Physical Inventory of Fixed Assets	Measure: # of compliant departments-- benchmark 100%	Progress Reporting: Quarterly reports to the comptroller
<u>Steps to address the problem</u>	<u>Who</u>	<u>Timeline</u>	<u>Comments</u>
1 Develop Inventory Procedures and communicate the procedures to the line agencies	DOA-Division of Accounts -Fixed Assets Section	Completed Procedures.	Meeting with agencies to be held on January 2007. Another meeting was held in April 2008.
2 Conduct physical inventory base on the procedures developed.	DOA Fixed Assets Section & GovGuam line agency property managers	Jul-08	In progress. Completed inventory for 26 agencies out of the 39 agencies.
3 Tag all other Fixed Assets without tags.	DOA Fixed Assets Section & GovGuam line agency property managers	Sep-08	
Out of the 39 agencies we have, we completed Fixed Assets inventory for the following 26 agencies:			
AGENCY	Date Completed	AGENCY	Date Completed
<i>Lt. Governor's Office</i>	8/18/2006	<i>C&Q</i>	6/21/2006
<i>Bureau of Planning</i>	6/14/2006	<i>Guam Energy</i>	7/25/2006
<i>Guam Public Library</i>	6/20/2006	<i>CAHA</i>	6/15/2007
<i>Department of Youth Affairs</i>	7/24/2006	<i>Voc Rehab</i>	7/3/2006
<i>Chamorro Land Trust</i>	6/13/2006	<i>GEPA</i>	7/25/2006
<i>Chief Medical Examiner</i>	7/13/2006	<i>Mayor's Council</i>	9/30/2007
<i>Department of Agriculture</i>	9/30/2007	<i>Governors House</i>	2/28/2007
<i>Department of Chamorro Affairs</i>	09/30/2007	<i>GTA Transition Office</i>	06/13/2006
<i>Guam Museum</i>	09/30/2007		
<i>Civil Services Commission</i>	03/29/2008	<i>Guam Election Commission</i>	09/30/2007
<i>Department of Public Works</i>	04/24/2008	<i>Chamorro Language Comm.</i>	04/30/2008
<i>Agency of Human Resources Development</i>	02/11/2008	<i>DMHA</i>	05/05/2008
<i>Department of Labor</i>	02/11/2008	<i>DPR</i>	04/28/2008
		<i>Dept-Military Affairs</i>	04/22/2008

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-24, Continued
 CFDA No. All major programs
 Area: Equipment Management
 Questioned Costs: \$0

Auditee Response and Corrective Action Plan, Continued:

We partially completed Fixed Assets inventory for the following 8 agencies as of 05/31/2008:			
<i>Office of the Governor</i>	07/07/2008	<i>Guam Police Department</i>	06/25,30/2008
<i>Department of Administration</i>	07/21/2008	<i>Department of Revenue and Tax</i>	06/26,27/2008
<i>Department of Public Health & Social Service</i>	06/24/2008	<i>Department of Law</i>	6/30/2008
<i>State Homeland Security Program</i>	06/25,30/2008	<i>Office of Civil Defense</i>	06/25,30/2008
The remaining 5 agencies are scheduled as follows:			
<i>Department of Corrections</i>	07/10,11/2008	<i>Veterans' Affairs Office</i>	07/22-23/2008
<i>Department of Land Management</i>	07/14-16/2008	<i>Guam Fire Department</i>	07/24,25,28/2008
<i>BBMR</i>	07/08,09/2008		

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-25
Area: Child Support Division - Supporting Sub-ledgers

Criteria:

Balances in the general ledger should be accompanied by supporting detailed sub-ledgers.

Condition:

For the following general ledger accounts, no supporting detailed sub-ledger was provided. Furthermore, in a Letter from the U.S. Department of Health and Human Services to the Governor of Guam (CIN A-09-07-85676), GovGuam had until April 30, 2008, to develop procedures to ensure subsidiary ledgers are (1) prepared and (2) reconciled in time for the FY 2006 audit. For the FY 2007 audit, sub-ledgers were still not provided.

GL Account	Account Name	Balance
110027000	Collections – Child Support	\$ 2,313,759
110027100	Collections – Child Support	\$ 1,558,036

Cause:

The cause of the above condition is the lack of adequate internal control procedures over the reconciliation of child support collections and disbursements to supporting subsidiary schedules.

Effect:

The effect of the above condition is the potential misstatement of child support collections and disbursements.

Recommendation:

The auditee should strengthen internal controls over ensuring general ledger balances are supported by detailed sub-ledgers.

Prior Year Status:

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

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2007

Finding No.: 07-26
CFDA Program: Nonmajor Programs
Area: Procurement
Questioned Costs: \$113,035

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of compliance with applicable procurement requirements. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

Of 46 transactions tested, we noted the following conditions:

- For one (or 2%), sole source procurement was used based on the rationale that the vendor was the only distributor/agent, the award was based on the compatibility of equipment, accessories, or replacement parts, and that it was due to warranty; however, the documented evidence was not sufficient to indicate how the grantee determined that no other vendor could provide the required goods or services (i.e. there was no documentation evidencing that the non-responsive bidders actually received the solicitation).

<u>CFDA #</u>	<u>Tran Date</u>	<u>Tran #</u>	<u>Prior Ref</u>	<u>Vendor #</u>	<u>Amount</u>
16.540	03/09/07	0190119	P076A01645	I0096294	\$14,565

- For three (or 7%), prospective vendors were not given the minimum 15 days to respond to the request for proposal for the following:

<u>CFDA #</u>	<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>
11.419	10/13/06	0167406	N0096554	P066A8265	GSA	\$ 33,139
84.186B	12/26/06	0178793	S0098579	C060600820	DYA	9,779
84.186B	07/05/07	EFT_070607	S1456001	C070600200	DYA	23,011

- For five (or 11%), the documents in the procurement file were not sufficient to demonstrate open competition. For instance, the rationale of vendor selection was lacking.

<u>CFDA #</u>	<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>
84.126	01/09/07	0179580	G0802201	C072600040	DVR	\$ 2,211
93.052	10/12/06	0173266	U0226151	C060602210	DPHSS	502,398
93.116	01/18/07	0179930	K0276601	P076A01827	GSA	7,250
93.268	06/06/07	0205209	G1381601	C070601310	DPHSS	30,000
93.779	05/22/07	0204900	R0099375	P076A00216	GSA	10,445

- For one (or 2%), the most responsive bidder was not selected. One of the items purchased was 10 boxes of Earloop Procedure Facemasks (item #278). Per examination of the quotations, the selected vendor's unit price was \$7.15, while the lowest bidder quoted \$5.50.

<u>CFDA #</u>	<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>
93.994	05/15/07	0200897	M0098076	P076A03898	GSA	\$ 293

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued Year Ended September 30, 2007

Finding No.: 07-26, Continued
CFDA Program: Nonmajor Programs
Area: Procurement
Questioned Costs: \$113,035

Condition, Continued:

5. For three (or 7%), no procurement documents were provided.

<u>CFDA #</u>	<u>Tran Date</u>	<u>Tran #</u>	<u>Vendor #</u>	<u>Prior Ref</u>	<u>Agency</u>	<u>Amount</u>
16.575	08/07/07	0215682	V2466001	C070600030	Law	\$ 6,198
93.563	07/15/07	0215300	P1176004	D071100092	Law	6,000
93.959	09/24/07	0226868	A0098457	D072300437	DMHSA	144

Cause:

The Government of Guam is in the process of providing the requested procurement files. Government of Guam management did not enforce established procurement regulations. Also, for Vendor #U0226151, the contract was awarded without open competition because the grantee prepared an MOU through an Inter-Department Work Request that was concurred mutually with UOG. The DPHSS Division of Senior Citizens elected to provide this service through an MOU which is an option provided to all Government of Guam agencies as specified in 5 GCA Section 5004(b).

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of \$113,035 exists. However, no questioned cost is presented for Prior Reference C060602210 and C070601310 at Condition 3 above as we do not dispute the qualifications of these institutions of higher education to provide the required training services.

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible procurement official should ensure that the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. Also, the Government of Guam should ensure that open competition is applied to the selection of vendors, including the selection of vendors being named in a grant application or State Plan.

Auditee Response and Corrective Action Plan:

[Condition 3 Prior Reference C060602210]

Name and job title of responsible personnel:

Leon P.C. Bamba, Program Coordinator IV and Charlene D. San Nicolas, PC IV
Arthur U. San Agustin, Senior Citizens Administrator

Specific corrective procedures to be performed:

Until such time the Division of Senior Citizens receives formal documentation from the grantor office that the practice of entering into service agreements through a Memorandum of Understanding with another government entity is permissible, the Division of Senior Citizens will discontinue the use of Memorandums of Understanding and will instead use the process of publishing specifications for the solicitation of qualified, responsive and responsible offerors through the Request for Proposal process. This effort will be reflected in the contracting of services during Fiscal Year 2009.

Date for performance of corrective action:

The Division of Senior Citizens, DPH&SS will publish specifications for securing services for the National Family Caregiver Support Program for Fiscal Year 2009 within the current fiscal year, FY 2008. Services secured through the RFP process will be effectuated in FY 2009.

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs Arising from
Prior Year Single Audits
Year Ended September 30, 2007

	<u>Prior Year Listed Unresolved Questioned Costs</u>	<u>Questioned Costs Resolved During the Year</u>	<u>End of Year</u>
Unresolved Questioned Costs FY 00	\$ 1,021,514	\$ 1,021,514	\$ -
Unresolved Questioned Costs FY 02	620,993	-	620,993
Unresolved Questioned Costs FY 03	606,833	11,013	595,820
Unresolved Questioned Costs FY 04	225,459	112,211	113,248
Unresolved Questioned Costs FY 05	511,892	221,877	290,015
Unresolved Questioned Costs FY 06	<u>2,773,997</u>	<u>112,107</u>	<u>2,661,890</u>
	<u>\$ 5,760,688</u>	<u>\$ 1,478,722</u>	4,281,966
Add Questioned Costs for FY 2007			<u>2,802,408</u>
Total Unresolved Questioned Costs at September 30, 2007			\$ <u>7,084,374</u>

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs Arising from
Prior Year Single Audits, Continued
Year Ended September 30, 2007

<u>CFDA #</u>		<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>Total</u>
10.551/10.561	Food Stamp Cluster	\$ 29,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,400
10.557	WIC	35,069	-	-	-	-	-	35,069
15.875	Compact Impact	963,933	-	54,236	-	-	-	1,018,169
16.579	Byrne Formula Grant	-	-	-	-	277,427	-	277,427
20.205	Highway Planning & Construction	126,170	-	-	-	-	-	126,170
66.600	Environmental Protection	17,503	-	-	-	-	-	17,503
83.541	DUA	-	-	-	-	9,855	-	9,855
83.544	Public Assistance Grants	-	-	-	-	308,538	-	308,538
84.126	Voc. Rehabilitation	-	-	57,607	-	-	-	57,607
93.283	CDC	-	-	39,741	-	-	-	39,741
93.558	TANF	-	402,764	-	-	-	-	402,764
93.563	Child Support Enforcement	-	200,384	-	97,548	-	620,993	918,925
93.575	CCDF	49,011	265,324	-	-	-	-	314,335
93.778	Medicaid	13,125	9,427	-	-	-	-	22,552
93.959	SAPT	-	23,072	-	-	-	-	23,072
93.994	Maternal and Child Health	-	-	-	15,700	-	-	15,700
94.006	Americorps	-	53	-	-	-	-	53
97.004/97.067	Homeland Security	1,455,162	1,640,751	138,431	-	-	-	3,234,344
97.039/83.548	Hazard Mitigation	-	120,115	-	-	-	-	120,115
	Nonmajor Programs	<u>113,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,035</u>
	Totals	<u>\$2,802,408</u>	<u>\$2,661,890</u>	<u>\$ 290,015</u>	<u>\$ 113,248</u>	<u>\$595,820</u>	<u>\$620,993</u>	<u>\$ 7,084,374</u>

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs Arising from
Prior Year Single Audits, Continued
Summary Schedule of Resolved Prior Audit Findings as
Represented by the Government of Guam
Year Ended September 30, 2007

Finding #	CFDA #	Questioned Costs Resolved in 2007	Responding Office
2000-10	83.544	\$ 1,021,514	OMB Circular A-133, Section .315(b)(4)
2003-01	93.563	9,251	OMB Circular A-133, Section .315(b)(4)
2003-01	93.778	1,762	OMB Circular A-133, Section .315(b)(4)
2004-01	15.875	28,512	OMB Circular A-133, Section .315(b)(4)
2004-10	66.600	21,107	U.S. EPA Region IX, November 21, 2007
2004-16	93.778	62,592	U.S. DHHS, May 24, 2008
2005-01	10.511/10.561	127,680	U.S. DHHS, February 12, 2008
2005-03	11.419	18,041	U.S. DOC, January 16, 2008
2005-04	11.419	35,437	U.S. DOC, January 16, 2008
2005-08	17.258/259/260	2,240	Guam DOL, May 23, 2008
2005-11	66.600	12,808	U.S. EPA Region IX, November 21, 2007
2005-24	93.778	25,671	U.S. DHHS, February 6, 2008
2006-04	17.258/259/260	11,280	Guam DOL, May 23, 2008
2006-05	17.258/259/260	15,708	Guam DOL, May 23, 2008
2006-07	66.600	<u>85,119</u>	U.S. EPA, April 1, 2008
Total Questioned Costs Resolved \$		<u>1,478,722</u>	