

Report on Compliance

Government of Guam

Year Ended September 30, 2022



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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Lourdes A. Leon Guerrero
Governor
Government of Guam:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements, and have issued our report thereon dated November 20, 2023. Our report includes a reference to other auditors. Other auditors audited the financial statements of the GovGuam Retirement Fund and the GovGuam Deferred 457 Compensation Plan. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 through 2022-008 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

GovGuam's Response to Findings

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

Purpose of This Report

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

Ernst + Young LLP

November 20, 2023



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**Report of Independent Auditors on Compliance for Each Major Federal Program;
 Report on Internal Control Over Compliance; and Report on Schedule of
 Expenditures of Federal Awards Required by the Uniform Guidance**

Honorable Lourdes A. Leon Guerrero
 Governor
 Government of Guam:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Government of Guam’s (GovGuam’s) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of GovGuam’s major federal programs for the year ended September 30, 2022. GovGuam’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Ten Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, GovGuam complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the following major federal programs for the year ended September 30, 2022:

	SNAP Cluster:
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the SNAP
15.875	Economic, Social and Political Development of the Territories
17.225	Unemployment Insurance
21.023	Emergency Rental Assistance Program
21.026	Homeowner Assistance Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425H	Education Stabilization Fund – Governors (Outlying Areas) (ESF-Governor)
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.569	Community Services Block Grant
	CCDF Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GovGuam complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on Ten Major Federal Programs

As described in Findings 2022-008, 2022-010, 2022-011, 2022-013, 2022-015, 2022-017, 2022-018, 2022-020, 2022-022 through 2022-025, 2022-027, and 2022-030 in the accompanying Schedule of Findings and Questioned Costs, GovGuam did not comply with the requirements regarding the following:

Finding #	ALN	Program or Cluster Name	Compliance Requirement
2022-010	10.551 10.561	SNAP Cluster	Special Tests and Provisions – EBT
2022-011	10.551 10.561	SNAP Cluster	Special Tests and Provisions - ADP
2022-008	15.875	Economic, Social and Political Development of the Territories	Equipment and Real Property Management
2022-013	15.875	Economic, Social and Political Development of the Territories	Procurement and Suspension and Debarment
2022-015	17.225	Unemployment Insurance	Special Tests and Provisions
2022-017	21.023	Emergency Rental Assistance Program	Reporting
2022-018	21.023	Emergency Rental Assistance Program	Special Tests and Provisions
2022-020	21.026	Homeowner Assistance Fund	Reporting
2022-022	21.027	Coronavirus State and Local Fiscal Recovery Funds	Procurement and Suspension and Debarment
2022-023	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2022-024	84.425	Education Stabilization Fund	Subrecipient Monitoring

Finding #	ALN	Program or Cluster Name	Compliance Requirement
2022-008	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Equipment and Real Property Management
2022-025	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Procurement and Suspension and Debarment
2022-027	93.569	Community Services Block Grant	Eligibility
2022-030	93.575 93.596	CCDF Cluster	Reporting

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GovGuam’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of GovGuam’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GovGuam’s internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-009, 2022-012, 2022-014, 2022-016, 2022-019, 2022-021, 2022-026, 2022-028, 2022-029, and 2022-031 through 2022-033. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-008, 2022-010, 2022-011, 2022-013, 2022-015, 2022-017, 2022-018, 2022-020, 2022-022 through 2022-025, 2022-027, and 2022-030 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-009, 2022-012, 2022-014, 2022-016, 2022-019, 2022-021, 2022-026, 2022-028, 2022-029, and 2022-031 through 2022-033 to be significant deficiencies.

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

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

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

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

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of GovGuam as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements. We issued our report thereon, dated November 20, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

November 20, 2023

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor

Year Ended September 30, 2022

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. Department of Agriculture	\$ 169,594,917	\$ 175,863
U.S. Department of Commerce	2,325,647	416,821
U.S. Department of Defense	15,770,200	3,121,363
U.S. Department of Housing and Urban Development	-	-
U.S. Department of the Interior	29,192,375	6,561,520
U.S. Department of Justice	6,037,655	2,338,311
U.S. Department of Labor	8,986,059	-
U.S. Department of Transportation	26,760,212	14,027
Department of Treasury	219,940,857	55,050,675
National Foundation on the Arts and the Humanities	739,998	211,773
U.S. Environmental Protection Agency	2,618,859	-
U.S. Department of Energy	583,692	-
U.S. Department of Education	21,074,370	16,549,794
U.S. Department of Health and Human Services	237,636,455	21,795,831
Corporation for National and Community Service	1,736,055	1,251,158
U.S. Department of Homeland Security	6,924,077	476,803
U.S. Elections Assistance Commission	-	-
GRAND TOTAL	<u>\$ 749,921,428</u>	<u>\$ 107,963,939</u>

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

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
 U.S. DEPARTMENT OF AGRICULTURE		
10.025 Plant and Animal Disease, Pest Control, and Animal Care	\$ 15,610	\$ 15,610
10.170 In Vitro Dev of Clean Planting Stock	87,013	37,171
10.179 Micro-Grants for Food Security Program	41,691	
10.535 Snap Fraud Framework Implementation Grant	-	
10.542 Pandemic EBT Benefits	15,262,985	
 SNAP Cluster:		
10.551 Supplemental Nutrition Assistance Program	144,346,724	
10.561 State Administrative Matching Grant for Food Stamp Program	1,851,787	115,060
10.561 COVID-19 State Administrative Matching Grant for Food Stamp Program	9,000	
Subtotal SNAP Cluster	146,207,511	115,060
10.557 Special Supplemental Food Program for Women, Infants and Children	7,544,121	
10.557 COVID-19 Special Supplemental Food Program for Women, Infants and Children	-	
10.572 WIC Farmers' Market Nutrition Program (FMNP)	-	
10.579 Child Nutrition Discretionary Grant	-	
10.649 Pandemic EBT Administrative Costs	293,099	
10.664 Cooperative Forestry Assistance	105,087	8,022
10.678 Forest Stewardship Program	-	
 Community Facilities Loans and Grants Cluster		
10.766 Community Facilities Loans and Grants	37,800	
Subtotal Community Facilities Loan and Grants Cluster	37,800	-
U.S. DEPARTMENT OF AGRICULTURE TOTAL	\$ 169,594,917	\$ 175,863
 U.S. DEPARTMENT OF COMMERCE		
11.001 Census Bureau Data Products	\$ -	\$ -
 Economic Development Cluster		
11.307 Economic Adjustment Assistance	18,250	
11.307 COVID-19 Economic Adjustment Assistance	155,819	
Subtotal Economic Development Cluster	174,069	-
11.400 Regional Fishery Mgmt Councils	-	
11.407 Interjurisdictional Fisheries Act of 1986	13,762	
11.419 Coastal Zone Management Administration Awards	1,163,645	196,266
11.437 Pacific Fisheries Data Program	95,850	
11.441 Regional Fishery Mgmt Councils	-	
11.452 Unallied Industry Projects	159	
11.454 Unallied Management Projects	5,601	
11.467 Meteorologic and Hydrologic Modernization Development	454,212	

See accompanying notes to schedule of expenditures of federal awards.

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
11.472 UNALLIED SCIENCE PROGRAM	(2,018)	
11.482 Coral Reef Conservation Program	420,367	220,555
11.549 State and Local Implementation Grant Program	-	
11.999 Marine Debris Program	-	
	-	-
U.S. DEPARTMENT OF COMMERCE TOTAL	\$ <u>2,325,647</u>	\$ <u>416,821</u>
U.S. DEPARTMENT OF DEFENSE		
12.113 State Memorandum of Agreement Program for the Reimbursement of Technical Services (DSMOA)	\$ 272,018	\$ -
12.401 National Guard Military Operations and Maintenance (O&M) Projects	4,584,229	
12.404 National Guard ChalleNge Program	649,984	
12.600 community investment	6,970,009	557,758
12.607 Guam Military Complex - Phase III	-	
12.610 Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies.	13,833	
12.618 Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation	3,280,127	2,563,605
	3,280,127	2,563,605
U.S. DEPARTMENT OF DEFENSE TOTAL	\$ <u>15,770,200</u>	\$ <u>3,121,363</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.235 Supportive Housing Program	\$ -	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL	\$ <u>-</u>	\$ <u>-</u>
U.S. DEPARTMENT OF THE INTERIOR		
Fish and Wildlife Cluster:		
15.605 Sport Fish Restoration	\$ 1,224,988	\$ -
15.611 Wildlife Restoration	842,660	
15.626 Enhanced Hunter Education and Safety	3,121	
Subtotal Fish and Wildlife Cluster	2,070,769	-
15.615 Cooperative Endangered Species Conservation Fund	364,667	71,351
15.622 Sportfishing and Boating Safety Act	3,900	
15.634 State Wildlife Grants	127,611	10,383
15.875 Economic, Social, and Political Development of the Territories	23,043,384	6,479,786
15.875 COVID-19 Economic, Social, and Political Development of the Territories	3,259,527	
15.904 Historic Preservation Fund Grants-In-Aid	322,517	
	322,517	-
U.S. DEPARTMENT OF THE INTERIOR TOTAL	\$ <u>29,192,375</u>	\$ <u>6,561,520</u>

See accompanying notes to schedule of expenditures of federal awards.

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
 U.S. DEPARTMENT OF JUSTICE		
16.017 Sexual Assault Services Formula Program	\$ 75,156	\$ 73,979
16.034 Coronavirus Emergency Supplemental Funding Program	532,015	
16.523 Juvenile Accountability Incentive Block Grants	-	
16.527 Supervised Visitation, Safe Havens for Children	-	
16.540 Juvenile Justice and Delinquency Prevention-Allocation to States	19,649	
16.541 Developing, Testing and Demonstrating Promising New Programs	-	
16.554 National Criminal History Improvement Program (NCHIP)	622,427	
16.575 Crime Victim Assistance	1,316,792	776,773
16.576 Victim Compensation Program	116,199	108,805
16.579 Drug Free Communities	-	
16.580 Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	-	
16.582 Crime Victim Assistance/Discretionary Grants	-	
16.585 Drug Court Discretionary Grant Program	267,645	
16.588 Violence Against Women Formula Grants	853,569	743,661
16.590 Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	67,430	28,623
16.593 Residential Substance Abuse Treatment for State Prisoners	74,266	70,080
16.606 State Criminal Alien Assistance Program	21,980	
16.710 Public Safety Partnership and Community Policing Grants	458,547	
16.735 PREA Program: Strategic Support for PREA Implementation	100	
16.738 Edward Byrne Memorial Justice Assistance Grant Program	420,790	370,808
16.742 Paul Coverdell Forensic Science	180,654	165,582
16.750 Support for Adam Walsh Act Implementation Grant Program	135,815	
16.751 Edward Byrne Memorial Competitive Grant Program	31,565	
16.754 Harold Rogers Prescription Drug Monitoring Program	263,554	
16.812 Adult Reentry Demonstration Program	320,502	
16.816 John R. Justice Prosecutors and Defenders Incentive Act	-	
16.828 Swift Certain and Fair Sanctions Program	82,102	
16.922 Equitable Sharing Funds	176,898	
	<u>6,037,655</u>	<u>2,338,311</u>
U.S. DEPARTMENT OF JUSTICE TOTAL		
 U.S. DEPARTMENT OF LABOR		
17.002 Labor Force Statistics	\$ 60,466	\$ -
17.005 Compensation and Working Conditions Data	39,432	
 Employment Service Cluster:		
17.207 Employment Service	479,927	
17.801 Disabled Veteran's Outreach Program (DVOP)	102,497	
Subtotal Employment Service Cluster	<u>582,424</u>	<u>-</u>
17.225 COVID-19 -Unemployment Insurance	3,990,045	
17.235 Senior Community Service Employment Program	749,696	

See accompanying notes to schedule of expenditures of federal awards.

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
WIOA Cluster:		
17.258 WIA Adult Program	626,022	
17.259 WIA Youth Activities	888,230	
17.278 WIA Dislocated Worker Formula Grant	867,816	
Subtotal WIOA Cluster	2,382,068	-
17.273 Foreign Labor Certification	3,779	
17.277 WIA-Natl Emerg Grants	-	
17.277 COVID-19- WIA-Natl Emerg Grants	517,994	
17.281 WIOA Dislocated Worker National Reserve Technical Assistance and Training	-	
17.285 Apprenticeship USA Grants	185,793	
17.504 Consultation Agreements	395,666	
17.604 Safety and Health Grants	-	
17.700 Women's Bureau	78,696	
U.S. DEPARTMENT OF LABOR TOTAL	\$ 8,986,059	\$ -
U.S. DEPARTMENT OF TRANSPORTATION		
Highway Planning & Construction Cluster:		
20.205 Highway Planning & Construction	\$ 22,424,945	\$ -
20.205 COVID-19-Highway Planning & Construction	839,981	
Subtotal Highway Planning & Construction Cluster	23,264,926	-
FMCSA Cluster		
20.218 Motor Carrier Safety Assistance Program	292,206	
Subtotal FMCSA Cluster	292,206	-
Federal Transit Cluster:		
20.500 Federal Transit-Capital Investment Grant	14,159	
Subtotal Federal Transit Cluster	14,159	-
20.509 COVID 19 -Formula Grants for Other Than Urbanized Areas	868,516	
Transit Services Programs Cluster:		
20.513 Enhanced Mobility of Seniors and Individuals with Disabilities	-	-
Subtotal Transit Services Programs Cluster:	-	-
20.530 Public Transportation Innovation	43,154	
20.509 Formula Grants for Other Than Urbanized Areas	1,367,082	

See accompanying notes to schedule of expenditures of federal awards.

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
Highway Safety Cluster:		
20.600 State & Community Highway Safety	797,882	14,027
20.602 Occupant Protection Incentive Grants	21,770	
20.616 National Priority Safety Programs	4,000	
Subtotal Highway Safety Cluster	823,652	14,027
20.703 Interagency Hazardous Materials Public Sector Training and Planning Grants	86,517	
U.S. DEPARTMENT OF TRANSPORTATION TOTAL	\$ 26,760,212	\$ 14,027
DEPARTMENT OF TREASURY		
21.016 Equitable Sharing Program	\$ -	\$ -
21.019 Coronavirus Relief Fund	-	
21.023 COVID-19 -Emergency Rental Assistance Program	18,069,016	
21.026 COVID-19 - Homeowners Assistance Fund	5,439,199	
21.027 Coronavirus State and Local Fiscal Recovery Funds	196,432,642	55,050,675
DEPARTMENT OF TREASURY TOTAL	\$ 219,940,857	\$ 55,050,675
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.025 Promotion of the Arts-Partnership Agreements	\$ 337,673	\$ 83,123
45.025 COVID-19 Promotion of the Arts-Partnership Agreements	128,650	128,650
45.310 State Library Program	142,359	
45.310 COVID-19 State Library Program	131,316	
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	\$ 739,998	\$ 211,773
U.S. ENVIRONMENTAL PROTECTION AGENCY		
66.040 State Clean Diesel Grant Program	\$ -	\$ -
66.600 Environmental Protection Consolidated Grants - Program Support	2,618,859	
66.804 GEPA Lust Program	-	
U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	\$ 2,618,859	\$ -
U.S. DEPARTMENT OF ENERGY		
81.041 State Energy Program	\$ 328,071	\$ -
81.119 State Energy Program Special Projects	243,746	
81.042 ARRA Weatherization Assistance for Low-Income Persons	11,875	
U.S. DEPARTMENT OF ENERGY TOTAL	\$ 583,692	\$ -

See accompanying notes to schedule of expenditures of federal awards.

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
U.S. DEPARTMENT OF EDUCATION		
84.126A Rehabilitation Services-Vocational Rehabilitation Grants to States	\$ 1,253,752	\$ -
84.177B Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind (B)	-	-
84.187 Supported Employment Services for Individuals with Severe Disabilities	-	-
84.187B Supported Employment Services for Individuals with Severe Disabilities (B)	-	-
84.425H COVID-19- Education Stabilization Fund	19,820,618	16,549,794
	19,820,618	16,549,794
U.S. DEPARTMENT OF EDUCATION TOTAL	\$ 21,074,370	\$ 16,549,794
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	\$ 18,582	\$ -
93.042 Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	39,660	-
93.042 COVID-19-Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	29,326	-
93.043 Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	61,499	-
Aging Cluster:		
93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	708,229	-
93.044 COVID-19-Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	606,597	-
93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services	1,453,996	-
93.045 COVID-19 Special Programs for the Aging - Title III, Part C - Nutrition Services	1,147,306	-
93.053 Nutrition Services Incentive Program	387,207	-
Subtotal Aging Cluster	4,303,335	-
93.048 Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	76,990	-
93.048 COVID 19 -Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	156,172	-
93.052 Nation Family Caregiver Support Program	487,723	-
93.052 COVID-19 Nation Family Caregiver Support Program	96,732	-
93.069 Pandemic Influenza/ Response to Bioterrorism	383,810	-
93.070 ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE	339,310	-
93.074 Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreement	(177)	-
93.077 Family Smoking Prevention and Tobacco Control Act Regulatory Research	321,293	-
93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	-	-
93.110 Maternal and Child Health Federal Consolidated Programs	58,933	-
93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs	704,532	-
93.127 EMSC Partnership Grants	170,494	-
93.136 Sex Violence Prevention	-	-
93.150 Projects for Assistance in Transition from Homelessness (PATH)	65,613	-
93.217 Family Planning - Services	147,160	-

See accompanying notes to schedule of expenditures of federal awards.

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
Health Center Program Cluster:		
93.224 Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care	2,020,770	
93.224 COVID 19-Consolidated Health Centers (Community Health Centers, Migrant Health Centers,	709,039	
Subtotal Health Center Program Cluster	2,729,809	-
93.243 Substance Abuse and Mental Health Services-Projects of Regional and National Significance	3,237,842	
93.268 Immunization Grants	1,159,037	
93.268 COVID-19 Immunization Grants	503,863	
93.103 Food and Drug Administration Research (B)	-	
93.323 Epidemiology and Lab Cap Prog2	592,627	
93.323 COVID 19- Epidemiology and Lab Cap Prog2	7,301,568	
93.324 State Health Insurance Assistance Program	67,379	
93.324 COVID-19 State Health Insurance Assistance Program	2,510	
93.336 Behavioral Risk Factor Srv Sys	218,275	
93.354 STLT HLTH DEPT RESP TO CRISIS	602,142	
93.369 ACL Independent Living State Grants	-	
93.377 Prevention and Control of Chronic Disease	392,463	
93.387 NATIONAL STATE TOBACCO PROGRAM	45,152	
93.391 COVID-19- Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	1,620,252	644,656
93.434 Prevention and Control of Chronic Disease	1,033,114	
93.495 COVID-19- Community Health Workers for Public Health Response and Resilient	129,717	
93.499 COVID-19- Low Income Household Water Assistance Program	86,475	
93.504 Family to Family Health Information Centers	73,259	
93.505 Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	(349)	
93.521 The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information System Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease and Emerging Infections Program	(147,789)	
93.556 Promoting Safe and Stable Families	428,540	
93.556 COVID-19 Promoting Safe and Stable Families	70,064	
93.558 Temporary Assistance for Needy Families	7,489,317	
93.558 COVID-19 Temporary Assistance for Needy Families	888,080	
93.560 Family Support Payments to States_Assistance Payments	1,154,617	
93.563 Child Support Enforcement	4,722,839	379,852
93.568 Low-Income Home Energy Assistance	530,952	
93.568 COVID-19 Low-Income Home Energy Assistance	858,254	
93.569 Community Services Block Grant	767,667	
CCDF Cluster:		
93.575 Child Care and Development Block Grant	7,054,555	201,412
93.575 COVID-19 Child Care and Development Block Grant	21,568,542	20,569,911
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund	1,432,712	
Subtotal CCDF Cluster	30,055,809	20,771,323

See accompanying notes to schedule of expenditures of federal awards.

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
93.587 Promote the Survival and Continuing Vitality of Native American Languages	214,969	
93.597 Grants to States for Access and Visitation Programs	52,411	
93.630 Developmental Disabilities Basic Support and Advocacy Grants	275,289	
93.630 COVID-19 Developmental Disabilities Basic Support and Advocacy Grants	11,902	
93.643 Children's Justice Grants to States	60,075	
93.645 Stephanie Tubbs Jones Child Welfare Services Program	306,256	
93.645 COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	2,851	
93.665 COVID-19- Emergency Grants to Address mental and Substance Use Disorders during COVID-	405,380	
93.667 Social Services Block Grant	639,837	
93.669 Child Abuse and Neglect State Grants	110,495	
93.669 COVID-19 Child Abuse and Neglect State Grants	12,054	
93.671 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	143,609	
93.671 COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	394,776	
93.735 State Public Health Approaches for Ensuring Quiltline Capacity	-	
93.745 Health Care Surveillance/Health Statistics ? Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund	-	
93.747 COVID-19- ELDER ABUSE PREVENTION INTERVENTIONS PROGRAM	46,350	
93.767 Children's Health Insurance Program	1,325,418	
Medicaid Cluster:		
93.778 Medical Assistance Program (Medicaid; Title XIX)	151,169,379	
93.778 COVID-19 Medical Assistance Program (Medicaid; Title XIX)	161,347	
Subtotal Medicaid Cluster	151,330,726	-
93.788 Opioid STR	315,287	
93.829 Section 223 Demonstration Programs to Improve Community Mental Health Services	1,503,089	
93.870 Maternal, Infant and Early Childhood Home visiting Grant Program	882,887	
93.870 COVID-19 Maternal, Infant and Early Childhood Home visiting Grant Program	37,215	
93.889 National Bioterrorism Hospital Preparedness Program	-	
93.898 Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	534,037	
93.917 HIV Care Formula Grants	302,348	
93.917 COVID-19 HIV Care Formula Grants	616	
93.945 Assistance Program for Chronic Disease Prevention and Control	(18,209)	
93.958 Block Grants for Community Mental Health Services	1,021,977	
93.958 COVID 19 - Block Grants for Community Mental Health Services	365,971	
93.959 Block Grants for Prevention and Treatment of Substance Abuse	1,645,687	
93.959 COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	147,402	
93.982 Mental Health Disaster Assisance and Emergency Mental Health	404,549	
93.991 Preventive Health and Health Services Block Grant	341,255	
93.994 Maternal and Child Health Services Block Grant to the States	745,474	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL \$	237,636,455	\$ 21,795,831

See accompanying notes to schedule of expenditures of federal awards.

Government of Guam

Summary of Schedule of Expenditures of Federal Awards, by Grantor, continued

<u>Agency/Program</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through To Subrecipients</u>
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.003 State Commissions	\$ 305,444	\$
94.006 AmeriCorps State and National	1,251,158	1,251,158
94.008 AmeriCorps Commission Investment Fund	129,413	
94.009 Training and Technical Assistance	<u>50,040</u>	<u> </u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL	\$ <u>1,736,055</u>	\$ <u>1,251,158</u>
 U.S. DEPARTMENT OF HOMELAND SECURITY		
97.008 Non-Profit Security Program	\$ 444,500	\$ 444,500
97.012 Boating Safety Financial Assistance	1,307,762	
97.036 Public Assistance Grants	2,153,284	
97.036 COVID-19 Public Assistance Grants	812,834	
97.039 Hazard Mitigation Grant	153,666	32,303
97.042 Emergency Management Performance Grants	963,202	
97.042 COVID-19 Emergency Management Performance Grants	112,784	
97.047 Pre-Disaster Mitigation	-	
97.050 COVID-19- PRESIDENTIAL DECLARED DISASTER ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS-OTHER NEEDS	41,353	
97.067 Homeland Security Grant Program	934,692	
97.082 Earthquake and Consortium	<u>-</u>	<u> </u>
U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL	\$ <u>6,924,077</u>	\$ <u>476,803</u>
GRAND TOTAL	\$ <u>749,921,428</u>	\$ <u>107,963,939</u>

Government of Guam

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

1. **Scope of Audit**

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

2. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GovGuam under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of GovGuam, it is not intended to and does not present the financial positions or changes in financial positions of GovGuam.

3. **Summary of Significant Accounting Policies**

a. **Basis of Accounting:**

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

b. **Reporting Entity:**

For purposes of complying with The Single Audit Act of 1984, as amended in 1996, GovGuam's reporting entity is defined in Note 1A to its September 30, 2022 basic financial statements; except that the Guam Department of Education, the GovGuam Retirement Fund, and all of the discretely presented component units are excluded. Accordingly, the accompanying Schedule of Expenditures of Federal Awards presents the federal award programs administered by GovGuam, as defined above, for the year ended September 30, 2022.

Government of Guam

Notes to the Schedule of Expenditures of Federal Awards, continued

3. Summary of Significant Accounting Policies, Continued

The federal expenditure totals for the excluded departments and component units as of September 30, 2022, are as follows:

<u>Department or Component Unit</u>	<u>Federal Expenditure Total</u>
Antonio B. Won Pat International Airport Authority	\$ 47,680,719
GovGuam Retirement Fund	\$ -
Guam Community College	\$ 11,662,120
Guam Department of Education	\$ 163,501,710
Guam Economic Development Authority	\$ 3,477,914 ⁱ
Guam Educational Telecommunications Corporation	\$ 805,462
Guam Housing and Urban Renewal Authority	\$ 76,795,776
Guam Housing Corporation	\$ -
Guam Memorial Hospital Authority	\$ 20,513,712
Guam Power Authority	\$ 1,955,370
Guam Preservation Trust	\$ -
Guam Visitors Bureau	\$ 5,601,481
Guam Waterworks Authority	\$ 35,806,383
Port Authority of Guam	\$ 16,834,728
University of Guam	\$ 66,322,406

¹ The Guam Economic Development Authority (GEDA) federal expenditure total is a representation of what the Department of Administration has paid out to them. GEDA is still undergoing their Uniform Guidance Audit for FY22, an accurate number will be provided once completed.

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

c. Cost Allocation:

The Government of Guam has a plan for the allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2022 federal awards programs are based on 2022 actual expenditures and caseloads.

d. Matching Costs:

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

Government of Guam

Notes to the Schedule of Expenditures of Federal Awards, continued

4. Noncash Awards

Certain federal award programs do not involve cash awards to the Government of Guam. These programs generally could include donated commodities, insurance, electronic benefit payments under the Supplemental Nutrition Assistance Program (SNAP) and the Pandemic EBT Benefits (P-EBT), and loans. For the year ended September 30, 2022, the Government of Guam had the following noncash awards:

U.S. Department of Agriculture CFDA #10.551 SNAP EBT payments	\$144,346,724
U.S. Department of Agriculture CFDA #10.542 Pandemic EBT payments	\$ <u>15,262,985</u>
Total SNAP EBT and P-EBT payments reported on the Schedule of Expenditures of Federal Awards	<u>\$159,609,709</u>

Government of Guam

Reconciliation of the Schedule of Expenditures of Federal Awards to
Basic Financial Statements

Year Ended September 30, 2022

	<u>2022</u> <u>Expenditures</u>
Federal Grants Assistance Fund:	
Total expenditures	\$ 525,363,993
Less transfers in from other funds	(25,112,209)
Plus transfers out to other funds	7,166,485
ARP Act Assistance Fund:	
Total expenditures	192,041,777
Plus transfers out to other funds	<u>3,570,747</u>
Federal expenditures, transfers, and other uses	\$ 703,030,793
Expenditures reported in Other Governmental Funds	40,891,427
Expenditures from prior years included in ALN 93.558	6,760,712
Variance	<u>(761,504)</u>
Total Expenditures of Federal Awards	<u>\$ 749,921,428</u>

Government of Guam

Schedule of Findings and Questioned Costs

Year Ended September 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X **Yes** **No**

Significant deficiency(ies) identified?

 Yes X **None reported**

Noncompliance material to financial statements noted?

 Yes X **No**

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 X **Yes** **No**

Significant deficiency(ies) identified?

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

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

ALN 10.542

Unmodified

ALN 12.618

Unmodified

ALN 20.205

Unmodified

ALN 93.243

Unmodified

ALN 93.558

Unmodified

ALN 93.563

Unmodified

ALN 93.778

Unmodified

All other major federal programs

Qualified

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

 X **Yes** **No**

Government of Guam

Schedule of Findings and Questioned Costs, continued

Section I - Summary of Auditor's Results, continued

Identification of major federal programs:

Assistance

Listing

Numbers Name of Federal Program or Cluster

10.542	Pandemic EBT Food Benefits
	SNAP Cluster:
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the SNAP
12.618	Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation
15.875	Economic, Social and Political Development of the Territories
17.225	Unemployment Insurance
	Highway Planning and Construction Cluster:
20.205	Highway Planning and Construction
21.023	Emergency Rental Assistance Program
21.026	Homeowner Assistance Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425H	Education Stabilization Fund – Governors (Outlying Areas) (ESF-Governor)
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement Program
93.569	Community Services Block Grant
	CCDF Cluster:
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
	Medicaid Cluster:
93.778	Medical Assistance Program

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

_____ \$3,000,000 _____

Auditee qualified as low risk auditee?

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Section II - Financial Statement Findings

Reference Number	Findings
2022-001	Financial Management Information System (FMIS)
2022-002	General Ledger and SEFA Reconciliations
2022-003	GASB 24 Transactions – SNAP and P-EBT
2022-004	Revenue Recognition
2022-005	OPEB Census Data
2022-006	Implementation of GASB 87
2022-007	Taxes Receivable
2022-008	Capital Assets/Equipment Management

Government of Guam

Schedule of Findings and Questioned Costs, continued

Section III - Federal Award Findings and Questioned Costs

Reference Number	ALN	Findings	Questioned Costs
2022-009	10.542	Reporting	\$ ---
2022-010	10.551 10.561	Special Tests and Provisions – EBT Reconciliation	---
2022-011	10.551 10.561	Special Tests and Provisions – ADP System for SNAP	41,370
2022-008	15.875	Equipment and Real Property Management	---
2022-012	15.875	Period of Performance	---
2022-013	15.875	Procurement and Suspension and Debarment	1,370,831
2022-014	17.225	Eligibility	159
2022-015	17.225	Special Tests and Provisions – UI Program Integrity - Overpayments	475,704
2022-016	21.023	Eligibility	1,053
2022-017	21.023	Reporting	---
2022-018	21.023	Special Tests and Provisions	---
2022-019	21.026	Cash Management	82,083
2022-020	21.026	Reporting	---
2022-021	21.027	Allowable Costs/Cost Principles	11,423
2022-022	21.027	Procurement and Suspension and Debarment	5,986,031
2022-023	21.027	Subrecipient Monitoring	---
2022-024	84.425	Subrecipient Monitoring	2,140,366
2022-008	93.323	Equipment and Real Property Management	---
2022-025	93.323	Procurement and Suspension and Debarment	327,379
2022-026	93.558	Eligibility	2,010
2022-027	93.569	Eligibility	187,600
2022-028	93.575 93.596	Allowable Costs/Cost Principles	675
2022-029	93.575 93.596	Eligibility	25,979
2022-030	93.575 93.596	Reporting	---
2022-031	93.778	Eligibility	150,061
2022-032	93.778	Reporting	---
2022-033	93.778	Special Tests and Provisions – Refunding of Overpayments	362,653

Total Federal Questioned Costs

\$ 11,165,377

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-001

Area: Financial Management Information System (FMIS)

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

Condition: As of February 2023, the Department of Administration (DOA) had not closed the general ledger accounting system. Accordingly, the AS400 financial data provided for audit in February 2023 included data for both FY 2021 and FY 2022. Additional time and effort were required to segregate the financial data and to reconcile individual beginning fund balances to facilitate timely completion of the FY 2022 audit.

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

Effect: The Division of Accounts is not able to generate timely financial information throughout the fiscal year to support fiscal monitoring and decision-making, as well as to facilitate commencement and completion of the annual audit process.

Identification as a Repeat Finding: 2020-001, 2021-001

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

Views of Responsible Officials:

The replacement FMIS is in its final phase of development with accounting processes scheduled to 'go live' on January 8, 2024. Staffing requirements are impacted by the availability of qualified and suitable candidates. The shortage in appropriate manpower affects the timely preparation of financial statements and the timely audit of financial statements alike.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-002

Area: General Ledger and SEFA Reconciliations

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

Condition:

1. Opening fund balance (deficit) was not reconciled for the following funds:

<u>Fund Description</u>	<u>Per 2021 Financial Statements</u>	<u>Balance per 2022 General Ledger</u>	<u>Variance</u>
General Fund (100)	\$12,225,619	\$ 6,011,667	\$(6,213,952)
Tourist Attraction Fund (206)	2	2,314,033	2,314,031
Guam Highway Fund (208)	(37,213)	1,868,285	1,905,498
Enhanced 911 Emergency Report Sys (281)	(5,881,042)	(6,378,066)	(497,024)
Agana Fractional Lot Fund (309)	(90,169)	-	90,169
Residential Treatment Fund (329)	-	(64,364)	(64,364)
Solid Waste Operations Fund (416)	(9,987,486)	(10,146,638)	(159,152)
Healthy Futures Fund (602)	(6,030,797)	(6,100,799)	(70,002)
GU Ancestral Land Survey Infrs Dev Fund (673)	-	382,934	382,934

2. Various reconciling issues were identified, such as recording lease expenditures as prepayments, recording collections as liabilities, unadjusted net pension and OPEB liabilities and the related deferred inflow and outflow of resources, overstated capital lease liabilities, unreconciled differences in grant receivables and deferred revenues, recognizing grant contributions and receivables due from a grantor when expenditures were incurred, recognizing deferred revenues from a grantor when expenditures were not incurred, and reconciliation of SEFA to GL reported expenditures.

- a) General Fund prepayments of approximately \$4.569M were for lease payments that should be reported as expenditures. Such is included in the summary of uncorrected misstatements.
- b) Net pension, OPEB liabilities and related deferred inflow and outflow of resources were not adjusted to reflect current year changes. An audit adjustment was proposed to report net changes of \$53.907M and \$46.742M for related net pension and OPEB liabilities, respectively.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-002, continued

Area: General Ledger and SEFA Reconciliations

Condition, continued:

- c) Capital lease liabilities were overstated by \$7.893M. An audit adjustment was proposed to correct this misstatement.
 - d) The CARES Act Unemployment Assistance Fund (Fund 679) included \$7.942M of amounts due from the federal agency that did not reconcile with supporting schedules.
 - e) Approximately \$3.9M of amounts due to the federal agency were not traceable to the general ledger.
 - f) Journal voucher number J220621051 represents \$2.1M of prior year federal expenditures written off as of September 30, 2022. The SEFA is understated by this transaction, of which \$1.7M is related to the Medical Assistance Program (Medicaid; Title XIX)-ALN 93.778.
3. Approximately \$54.8M in SEFA expenditures administered by subrecipients were not presented as amounts passed through to subrecipients in the SEFA. Additionally, the SEFA erroneously identified clusters of programs, including the identification of a Maternal, Infant and Early Childhood Home Visiting Cluster, which is not a cluster of programs; the identification of ALN 20.602 in the Highway Safety Cluster; and the lack of identification of the FMCSA Cluster for ALN 20.218.
4. Approximately \$11.2M of amounts due from federal agencies were not identified by federal award for ALN 93.778 Medical Assistance Program (Medicaid: Title XIX) and ALN 20.205 Highway Planning and Construction Program. Period of performance was also incomplete for the listed grants for ALN 20.205.

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

Effect: The aforementioned accounts and SEFA amounts were misstated.

Identification as a Repeat Finding: 2020-002, 2021-002

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-002, continued

Area: General Ledger and SEFA Reconciliations

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

Liability accounts representing collections earned should be recognized as revenues. We also recommend timely billing of reimbursement costs.

Views of Responsible Officials:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-003

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

Criteria: Supplemental Nutrition Assistance Program (SNAP) and Pandemic EBT Benefits (P-EBT) transactions are required to be reported as revenues and expenditures. 

Condition: As of September 30, 2022, SNAP and P-EBT transactions totaling \$159,609,709 were not reported.

Cause: GovGuam did not effectively monitor compliance with GASB Statement No. 24 requirements.

Effect: GovGuam is in noncompliance with applicable GASB Statement No. 24 requirements.

Identification as a Repeat Finding: 2021-004

Recommendation: GovGuam should start recording SNAP transactions on at least an annual basis or before the close of the fiscal year end.

Views of Responsible Officials:

We agree with this finding. Currently in FY23 DPHSS (Department of Public Health and Social Services), has submitted a daily reconciliation of SNAP and P-EBT transactions that are recorded in the financial system on a weekly basis.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-004
Area: Revenue Recognition

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

Condition: For the year ended September 30, 2022, GovGuam recorded expenditures associated with the Emergency Rental Assistance Fund (681) for which related revenues of \$18,010,627 were not recognized. An audit adjustment was proposed to correct this misstatement. In addition, GovGuam recognized expenditures associated with certain other grants for which related revenues were not recognized. Specifically, the American Rescue Plan (ARP) Fund (682) and the Non-Entitlement Local Government Fund (688) with ARP funds for the Mayor's Council, recorded expenditures of \$194,435,773 and \$323,669, respectively, for which no related revenues were recognized. An audit adjustment was proposed to correct this misstatement.

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

Effect: Grant revenue and related grant receivables were misstated.

Recommendation: GovGuam Division of Accounts should develop monitoring procedures for financial reporting purposes that includes timely recognition of grant related transactions. Furthermore, GovGuam Division of Accounts should assess whether additional personnel well versed in accounting reconciliations, or additional training of existing responsible personnel, may be required to allow for accurate and complete financial reporting.

Views of Responsible Officials:

An adjustment was made on 3/9/23 to record the grant revenue amounts to the proper accounts. Moving forward GovGuam Division of Accounts will develop monitoring procedures for financial reporting purposes with timely recognition of grant related transactions.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-005
Area: OPEB Census Data

Criteria: Census data used to determine the total other post-employment benefits plan (OPEB) liability should represent accurate and complete information.

Condition 1: **Inactive Members** - For 4 (or 16%) of 25 inactive members tested, exceptions were identified as follows:

	Per Census Data				Per Personnel Records				
	Member ID- Status-Unit	Date of Birth	Date of Retirement	Spouse Date of Birth	Medical Plan/Class &. OR Dental Plan/Class	Date of Birth	Date of Retirement	Spouse Date of Birth	Medical Plan/Class &. OR Dental Plan/Class
1	19265-3-GPA	03/16/1943	10/31/2003			09/13/1948	09/14/2013		
2	16234-3-GPD	12/08/1921				06/25/1934			
3	17000-2-GTA			None			08/10/1949		
4	19063-2-GEPA				3,1 & 1,2				3,3 & 1,3
5	18550-2-GDOE				Med-1,1				None
6	18541-2-GDOE				Med-1,1				None

Condition 2: **Active Members** - For 4 (or 16%) of 25 active members tested, exceptions were identified as follows:

	Member ID	Unit	Per Census Data			Per Personnel Records		
			Date of Hire	Medical Plan	Dental Plan	Date of Hire	Medical Plan	Dental Plan
1	3372	GEDA	05/09/2016	Class II		01/05/2015	Class I	
2	6685	UOG		None	None		Class II	Class I
3	3596	GCC		Class I			Class II	
4	3709	GCC		Class II			Class I	

Cause: GovGuam did not implement procedures to determine that the census data is accurate.

Effect: Total OPEB liability is overstated by \$684,731, with a projected overstatement of \$222 million. The projected misstatement is included in the uncorrected summary of audit differences.

Recommendation: Responsible personnel should implement procedures to ascertain the accuracy of OPEB census data used in the actuarial evaluation.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-005, continued

Area: OPEB Census Data

Views of Responsible Officials:

It is considered difficult for the Department of Administration to provide a confirmation that data is accurate and complete in regards to data submitted by the autonomous agencies to the Department of Administration. To minimize inaccurate or incomplete data from being collected the Department of Administration will request the autonomous agencies to submit a certification statement with printed name, signature, and date attesting the census data records submitted is complete and accurate. Additionally, the Department of Administration will conduct its own random sampling of census data to ensure accuracy and completeness. Internal sampling will test the enrollment plans, enrollment class, and demographic data. It is through this dual-approach the Department of Administration will mitigate the collection of inaccurate or incomplete census data.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-006

Area: Implementation of GASB Statement No. 87, *Leases*

Criteria: GovGuam adopted GASB Statement No. 87, *Leases*, effective October 1, 2021, which required the lessee to recognize an intangible right-to-use lease asset and related lease liability. Such should be recognized and measured using the facts and circumstances that exist at the beginning period of implementation.

Condition: Adjustments resulting from the adoption of GASB Statement No.87 had not been determined until October 2023, over a year after the end of the fiscal year. Total present value of the recorded lease liability and right-to-use assets is approximately \$28.983 million with an annual amortization for the current year of approximately \$8.221 million.

Furthermore, the lease of the Office of Public Accountability was not considered in the schedule.

Cause: Management did not design measures for the timely assessment of the impact of GASB Statement No.87, *Leases*. Additionally, due to audit inquiries, several GASB Statement No.87 worksheet revisions were required.

Effect: The financial statements did not reflect the impact of adopting GASB Statement No. 87.

Recommendation: GovGuam, being a party to various lease agreements, should consider designating dedicated personnel with the necessary skill set and knowledge of the applicable government accounting standard to prepare a complete GASB Statement No. 87 list of leases and to maintain such records for ongoing pertinence. Additionally, management should consider automating its GASB Statement No. 87 identification, evaluation, computation, recording and reporting process through third-party service providers or advisors to avoid tedious reconciliations at each closing period.

Views of Responsible Officials:

With the new FMIS in its final phase and set to ‘go live’ January 2024, there will be a Fixed Assets Module in place that should help automate the tracking and reporting of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly (manually).

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-007

Area: Taxes Receivable

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

Condition: Taxes receivable are recognized by the DOA as revenues when the underlying exchange transaction occurs and when collectible within 60 days (real property taxes) or 90 days (business privilege and income taxes). Delinquent taxes receivable that are measurable but are not due within 12 months are not recorded by DOA. Recording of taxes receivable and related estimated allowance for uncollectible receivables for fiscal year 2022 was corrected by DOA after year end in the amount of \$152.5 million based on a summary activity report provided by the Department of Revenue and Taxation (DRT) in July 2023.

As the result of Report No. 23-02 issued by the Guam Office of Public Accountability (OPA), DOA became aware of two tax liens totaling \$15.1 million for tobacco taxes. DOA was unable to determine if the \$15.1 million or other such liens were included within the overall \$152.5 million adjustment. Furthermore, no executed promissory note agreement was provided by DRT for the two tax liens to assist DOA in determining relevant financial statement disclosures.

Cause: There is a lack of effective communication between DRT and DOA over the taxes receivable recording process.

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

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

Views of Responsible Officials:

A post-closing journal voucher (J22PC0001) was entered on 1/10/23 to accrue additional revenue in compliance with GASB 33. Moving forward GovGuam Division of Accounts will monitor and record prior to the year closing.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-008

AL Program: 15.875 DOI Economic, Social and Political Development of the Territories

AL Program: 93.323 HHS COVID-19 – Epidemiology and Laboratory Capacity for
Infectious Diseases

Area: Equipment and Real Property Management

Area: Capital Assets

Criteria:

1. In accordance with the applicable equipment management requirements, grantees that acquire equipment with Federal funds are required to perform a physical inventory of the property and reconcile results with property records at least once every two years. Such property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data, including the date of disposal and sale price of the property. In addition, adequate maintenance procedures must be established to keep the property in good condition.
2. Reconciliation with inventory records, capital asset ledgers and the general ledger should be timely performed.
3. Capital assets should be reviewed for ongoing pertinence to minimize the opportunity for misstatements and to identify retired assets that have been replaced, disposed, or that have no further value or use.
4. Capital assets should be recorded in accordance with the applicable capitalization policy.

Condition:

Equipment and Real Property Management

1. GovGuam's most recent comprehensive physical inventory of its property was in January 2016; however, the required reconciliation was not completed. As of September 30, 2022, the required biannual physical inventory and reconciliation were not performed.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-008, continued

AL Program: 15.875 DOI COVID-19 – Economic, Social and Political Development of the Territories

AL Program: 93.323 HHS COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases

Area: Equipment and Real Property Management

Area: Capital Assets

Condition, continued:

We are unable to assess the overall cumulative monetary value of this deficiency. However, the table below summarizes each of the Government of Guam FY 2022 major programs that has a level of total capital outlays over the past five years that is material to the major program. Additionally, relative to FY 2022 purchases, COVID-19 funding in the amount of \$401,678 was used for ALN 15.875 and \$303,998 for ALN 93.323.

Program	2022	2021	2020	2019	2018	
<u>ALN s</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Purchases</u>	<u>Total</u>
15.875	\$975,344	\$1,338,770	\$527,784	\$843,717	\$1,886,709	\$5,572,324
93.323	\$303,998	\$ 179,061	\$ 86,277	\$ 12,500	\$ -	\$ 581,836

Capital Assets

2. Non-depreciable assets were overstated by \$16.6M, and depreciable capital assets were understated by \$33.2M. The general ledger was not reconciled to subsidiary ledgers. An audit adjustment was proposed to correct this misstatement.
3. Depreciation expenditures were understated by \$61.9M. The general ledger was not adjusted to reflect current year depreciation. An audit adjustment was proposed to correct this misstatement.
4. For seven (or 100%) of seven assets tested, the asset was not made available for verification of physical existence.

This condition is reiterated from the prior year audit report.

5. Capital assets were disposed and surveyed, but were not removed from the capital asset register.

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

This condition is reiterated from the prior year audit report.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-008, continued

AL Program: 15.875 DOI COVID-19 – Economic, Social and Political Development of the Territories

AL Program: 93.323 HHS COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases

Area: Equipment and Real Property Management

Area: Capital Assets

Condition, continued:

Capital Assets, continued

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

	<u>Description</u>	<u>Cost</u>
1	P156A03634-2016 FORD EXPLORER	\$49,290
2	P156A03634-2016 FORD EXPLORER	49,290
3	P166A04872-2016 FORD TRANSIT VAN (VIN: 1FBZX2YM7GKB26591)	48,698
4	P166A04872-2016 FORD TRANSIT VAN (VIN: 1FBZX2YM9GKB26592)	48,698
5	P166A02867-2016 DODGE DURANGO (VIN: 1C4RDJGF1GC460444)	49,779
6	P166A02867-2016 DODGE DURANGO (VIN: 1C4RDJFGGC480394)	49,779
7	P166A02867-2016 DODGE DURANGO (VIN: 1C4RDJGF1GC460443)	49,779
8	LIC#6507 2014 CHEVROLET SILVERADO PICKUP VIN#1GC4KZC89EF125164 PRTLPMPT-P136A05260 (VIN#1GC4KZC89EF125164)	8,389
9	2020,TRANSIT 250XL, VAN (VIN: 1FTBR1C89LKB15355)	41,995
10	2020,TRANSIT 250XL, VAN (VIN: 1FTBR1C85LKB15353)	41,995
11	MODULAR FURNISHING WORKSTATIONS FOR DEPT OF ADMIN - DIRECTORS OFFICE/HR (P136A07698)	25,032
12	MODULAR FURNISHING WORKSTATIONS FOR DEPT OF ADMIN - DOA BENEFITS/HR (P136A07698)	15,240
13	MODULAR FURNISHING WORKSTATIONS FOR DEPT OF ADMIN - GSA CONTROL/ DOA DATA (P136A07698)	26,775
14	MODULAR FURNISHING WORKSTATIONS FOR DEPT OF ADMIN - GSA CONTROL/ DOA DATA (P136A07698)	13,523
15	MODULAR FURNISHING WORKSTATIONS FOR DEPT OF ADMIN - ACCOUNTING (P136A07698)	31,011
16	Cubical Workstations (P166A05140)	15,383
17	Cubical Workstations (P166A05140)	45,799
18	Cubical Workstations (P166A05140)	48,093
19	ONE EA THERMOPLASTIC APPLICATOR & HARDWARE MODEL CH265M 2013 TRANTEX/TRNING SVCS	8,000
20	AUG17,2014 PROJECT MGMT DYS AND TRAINING DAYS	12,000

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-008, continued

AL Program: 15.875 DOI COVID-19 – Economic, Social and Political Development of the Territories

AL Program: 93.323 HHS COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases

Area: Equipment and Real Property Management

Area: Capital Assets

Condition, continued:

Capital Assets, continued

	<u>Description</u>	<u>Cost</u>
21	AUG17,2014 SITE SUPPORT DYS 4EA@\$2400.00 (C140601390/D140700029)	8,773
22	LINUX JUMPSTART FOR UNIX SYS ADMINISTRAT ORS AND IBM TRAVEL & EXPENSES	27,000
23	DELL POWEREDGE M620 BLADE SERVER & BLADE SERVER ENCLOSURE	46,542
24	TRAINING PS HOURS (40)@ \$175.00 CONSOLE	7,999
25	TRAIN CHECK POINT SECURITY \$20,000.00	27,000
		<hr/>
		<u>\$795,862</u>

This condition is reiterated from the prior year audit report.

7. We noted that \$5M in CIP additions tested were pertaining to one project amounting to \$9M, which was already completed as of September 30, 2022, but not yet transferred to the proper account. A projected misstatement of capital assets for the current year of \$15M is presented and included in the summary of uncorrected misstatements.

8. Management did not maintain a subsidiary ledger that accumulates costs per project.

This condition is reiterated from the prior year audit report.

Cause:

DOA does not have sufficient and adequately trained personnel to maintain the capital asset records.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-008, continued

AL Program: 15.875 DOI COVID-19 – Economic, Social and Political Development of the Territories

AL Program: 93.323 HHS COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases

Area: Equipment and Real Property Management

Area: Capital Assets

Effect:

GovGuam is in noncompliance with applicable equipment management requirements. The underlying capital outlays are not considered questioned costs, as we are unable to quantify the extent of noncompliance. This noncompliance applies to ALNs 15.875 and 93.323, for which cumulative capital outlays over the past five years exceed the program's FY 2022 materiality level.

Amounts reported as depreciable assets and non-depreciable assets – construction-in-progress may not be adjusted to reflect assets placed in service and reflect completed or abandoned projects, respectively. Such potential misstatements were mitigated through the proposed audit adjustment.

Identification as a Repeat Finding: 2021-003

Recommendation:

GovGuam should complete the required biannual physical inventory and reconciliations during FY 2023 and should consider developing a more detailed corrective action plan with timetables for completing planned actions, such as requesting Federal assistance, processing required reconciliations and reports, training personnel, and coordinating with other governmental units on property management requirements.

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

The Division of Accounts should investigate if additional personnel trained in accounting reconciliations and processes are required to allow for timely review and recordation of capital assets. Furthermore, coordination with DPW and engineering firms must occur at project commencement so that accounts are established to track capital costs and to allow for the preparation of periodic reports documenting a project's percentage of completion.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-008, continued

AL Program: 15.875 DOI COVID-19 – Economic, Social and Political Development of the Territories

AL Program: 93.323 HHS COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases

Area: Equipment and Real Property Management

Area: Capital Assets

Recommendation, continued:

Equipment management has been a continuing finding in prior audit reports, and GovGuam management continues to be in the process of effecting corrective action to develop and fund an equipment management system.

Views of Responsible Officials:

With the new FMIS in its final phase and set to ‘go live’ January 2024, there will be a Fixed Assets Module in place that will help automate the tracking and reporting of capital assets. DOA will update the SOP for the Fixed Assets for capital asset reporting. In addition we will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-009
Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: COVID-19 The Families First Coronavirus Response Act, Section 1101
Area: Reporting
Questioned Costs: \$0

Criteria:

Applicable reporting requirements are, as follows:

1. FNS-292B, Report of Disaster Food Stamp Benefit Issuance, should be prepared and submitted.
2. Monthly issuances should be reconciled to actual benefit amounts; and other required key data reported on FNS-388, State Issuance and Participation Estimates, should agree to underlying records.

Condition:

1. FNS-292B reports were not prepared and submitted.
2. Four months of monthly issuances per FNS-388 were not reconciled to actual benefit amounts reported on FNS-46, Issuance Reconciliation Report as follow:

<u>Month</u>	<u>Issuances per FNS-388</u>	<u>Issuances per FNS-46</u>	<u>Variance</u>
Oct-21	\$11,897,437	\$12,010,320	\$ (112,883)
Nov-21	11,902,706	11,976,034	(73,328)
Dec-21	11,947,647	12,116,805	(169,158)
Jan-22	<u>11,787,058</u>	<u>11,870,950</u>	<u>(83,892)</u>
Total	<u>\$47,534,848</u>	<u>\$47,974,109</u>	<u>\$ (439,261)</u>

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-009, continued
Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: COVID-19 The Families First Coronavirus Response Act, Section 1101
Area: Reporting
Questioned Costs: \$0

Condition, continued:

3. For four months tested, other required key data reported on FNS-388 did not agree to underlying records, as follows:

a. Issuance

Issuance						
Month	FNS-388 Regular Ongoing	DAILY ASAP BALANCING Monthly Issuance Total	Variance	FNS-388 Disaster Supplement (Ongoing SNAP Households)	PHPro EBT Benefit Records	Variance
Apr-22	\$ 9,718,118	\$ 9,718,118	\$ -	\$ 2,514,249	\$ 2,514,003	\$246
Oct-21	9,161,440	9,274,323	(112,883)	2,706,157	2,706,062	95
Jan-22	9,283,059	9,366,951	(83,892)	2,503,999	2,503,904	95
Totals			\$(196,775)			\$436

b. Number of Participating People

Number of Participating People									
Month	FNS-388 Regular Ongoing	PHPro EBT Benefit Records	Variance	FNS-388 Disaster Supplements (Ongoing SNAP Participants)	PHPro EBT Benefit Records	Variance	FNS-388 Other (PEBT)	PHPro EBT Benefit Records	Variance
22-Apr	\$ 34,939	\$ 35,872	\$ (933)	\$ 34,939	34,940	(1)	34,703	34,703	-
21-Oct	36,862	35,706	1,156	35,396	35,015	381	24	96	(72)
22-Jan	36,184	35,201	983	34,938	34,523	415	-	-	-
22-Sep	36,476	36,476	-	36,756	35,646	1,110	-	-	-
Total			\$1,206			1,905			(72)

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-009, continued
Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: COVID-19 The Families First Coronavirus Response Act, Section 1101
Area: Reporting
Questioned Costs: \$0

Condition, continued:

c. Number of Participating Households

Number of Participating Households									
Month	FNS-388 Regular Ongoing	PHPro EBT Benefit Records	Variance	FNS-388 Disaster Supplements (Ongoing SNAP Participants	PHPro EBT Benefit Records	Variance	FNS-388 Other (PEBT)	PHPro EBT Benefit Records	Variance
Apr-22	12,852	12,969	(117)	12,852	12,644	208	34,703	34,703	-
Oct-21	13,351	12,803	548	12,740	12,598	142	2	96	(94)
Jan-22	13,137	12,732	405	12,695	12,511	184	-	-	-
Total			836			534			(94)

Cause:

1. GovGuam recently requested access to FNS-292B in the Food Program Reporting System and assistance to complete and submit the reports.
2. GovGuam did not enforce monitoring controls over report preparations and over compliance with applicable reporting requirements.

Effect:

GovGuam is in noncompliance with applicable FNS-292B and FNS-388 reporting requirements. No questioned cost is presented as we are unable to quantify the extent of the noncompliance.

Identification as a Repeat Finding: Finding 2021-005

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-009, continued
Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: COVID-19 The Families First Coronavirus Response Act, Section 1101
Area: Reporting
Questioned Costs: \$0

Recommendation:

GovGuam should establish and implement controls over applicable reporting requirements. Responsible personnel should monitor the status of required reports well in advance of report due dates and should commence the necessary actions to effect accurate and complete submissions in a timely manner. Responsible personnel should also review underlying records, perform reconciliations, and retain such documents to substantiate reported amounts and required key data.

Views of Responsible Officials:

The agency (DPHSS) agrees with the findings and recommendations. The Bureau of Economic Security, Division of Public Welfare has been granted access to FNS -292 to ensure reports are submitted on time.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-010
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2022 7GU400GU4
Area: Special Tests and Provisions – EBT Reconciliation
Questioned Costs: \$0

Criteria:

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

Condition:

For forty-three (or 66%) of sixty-five reconciliation dates tested, the reconciliation data contained no dates relative to signoffs, system extractions, or printing, etc., to substantiate whether the daily reconciliations occurred.

Cause:

GovGuam did not effectively monitor compliance with applicable EBT reconciliation requirements.

Effect:

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

Identification as a Repeat Finding: Finding 2021-008

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-010, continued
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2022 7GU400GU4
Area: Special Tests and Provisions – EBT Reconciliation
Questioned Costs: \$0

Recommendation:

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

Views of Responsible Officials:

DPHSS agrees with the recommendation. The Bureau of Economic Security, Division of Public Welfare is currently providing a copy of the daily reconciliation to Department of Administration, Division of Accounts. This has been in effect since June 1, 2022.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-011
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2022 7GU400GU4
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$41,370

Criteria:

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

Condition:

For five (or 13%) of forty case files tested, the data obtained from PHPro does not have files to substantiate all case file information inputted in the system, including the certification period.

Case Number	Certification Period per PHPro	Issued Benefit Amount per month tested	Issued Benefit Amount per Certification Period
300079333	10/01/21 to 09/30/22	\$ 95	\$ 4,246
830052052	05/01/21 to 04/30/22	542	6,023
201803265	04/20/22 to 05/31/22	95	4,216
201802607	08/01/21 to 07/31/22	369	5,568
300090947	11/23/21 to 11/30/22	95	11,317
		<u>\$ 1,196</u>	<u>\$ 41,370</u>

Cause:

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

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements for the ADP System for SNAP. The reportable questioned cost is \$41,370.

Recommendation:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-011, continued
Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 2022 7GU400GU4
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$41,370

Views of Responsible Officials:

DPHSS agrees with the finding. Effective 10/1/23 The Bureau of Economic Security, Division of Public Welfare supervisors are verifying documents and making sure it is complete and uploaded into the system. A checklist will be created to ensure all vital documents are completed and uploaded.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-012
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Period of Performance
Questioned Costs: \$0

Criteria:

In accordance with applicable period of performance (POP) requirements, a non-federal entity may charge only allowable costs incurred during a federal award’s period of performance. Unless the federal awarding agency authorizes an extension, a non-federal entity must liquidate all financial obligations incurred under the federal award not later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the federal award or in the approved extension.

Condition:

1. GovGuam charged costs to a federal award after the period of performance ended, as follows:

Federal Award No.	POP End Date	Description of Costs	Expenditures
CI-2009-1	12/31/2021	Obligations after 12/31/2021	\$114,796
CI-2010-1	12/31/2021	Payroll from 01/2022 – 08/2022	330,774
CI-2014-8	12/31/2021	Payroll from 01/2022 – 09/2022	99,459
			\$545,029

2. GovGuam liquidated obligations of a federal award after the approved liquidation end date, as follows:

Federal Award No.	Liquidation End Date	Liquidation Date	Expenditures
CI-2009-1	03/31/2022	04/2022 through 08/2022	\$18,264

Cause:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-012, continued
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Period of Performance
Questioned Costs: \$0

Effect:

GovGuam is in noncompliance with applicable period of performance requirements. No questioned cost is presented because GovGuam subsequently obtained grantor-approved extensions with obligation end dates in 2023.

Recommendation:

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

Views of Responsible Officials:

The extension was granted by the Department of Interior.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-013
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,370,831

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, when procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. Government of Guam procurement regulations specify that every procurement shall be made by competitive sealed bidding, with certain exceptions, including the following:

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

Additionally, all contracts made by the non-Federal entity under the Federal award must contain applicable provisions. Contractors that apply or bid for an award exceeding \$100,000 must file the required certification under the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). Each such contractor certifies that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, among others.

Condition: Of 40 procurement transactions tested, aggregating \$9.9M of \$12.8M in total applicable non-payroll program expenditures, we noted the following:

1. For 1 (or 3%), the procurement was for travel services based on a rotation plan; however, the travel agency rotation log does not appear to demonstrate logical rotations. No questioned cost is reported since the rotation log does demonstrate the selection of various travel service providers during the fiscal year.

Federal Award No.	Prior Reference	Vendor Number	Amount
D22AP00061	19	B0012515	\$5,998

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-013, continued
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,370,831

Condition, continued:

2. For one (or 3%), the sole source method was used to procure software implementation and integration services under purchase order P216A04028, dated 06/09/2021, for \$473,884. The written rationale stated that the supplier is the only provider of the required services. Such rationale is not sufficient, as it prevented other suppliers from competing for the opportunity to participate in this federally funded transaction.

Federal Award No.	Prior Reference	Vendor Number	Amount
CI-2020-2	P216A04028	H0044332	\$270,931

3. For 8 (or 20%), no Byrd Anti-Lobbying certification was provided, as follows:

Federal Award No.	Prior Reference	Vendor Number	Amount
CI-2018-2	C220600100	B6834001	\$329,736
D17AP00120	P216A01246	G3277101	6,000
D20AP00138	P216A03371	F0096865	166,825
CI-2020-2	P216A04028	H0044332	270,931
D20AP00138	P216A06425	M0463501	200,650
D20AP00048	P216A06487	G0016707	119,990
CI-2020-2	P226A01470	C0012761	498,882
D20AP00048	P226A04318	J5544401	156,000

No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-013, continued
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,370,831

Condition, continued:

4. For 12 (or 30%), no procurement file was provided.

Federal Award No.	Prior Reference	Vendor Number	Amount
D17AP00059	2		\$ 3,514
D17AP00093	C190600871	P0012401	111,538
CI-2020-2	D220101CS008	B0012646	5,708
CI-2020-2	D220101CS011	D0017217	52,500
CI-2020-2	D220101CS022	B0012319	10,264
D21AF10007	D221300020	S0097959	188,150
D22AF00023-01	D221300307	S0097959	541,273
COFA-2009-1	D222300024	J0436501	2,475
COFA-2009-1	D222300113	T0036996	6,800
CI-2017-2	D222300CS185	L0092578	13,380
CI-2017-2	D222300CS186	L0092578	64,298
D18AP00081	P216P00534	J0013214	100,000
			\$1,099,900

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$1,370,831 from Conditions 2 and 4.

Identification as a Repeat Finding: Finding 2021-009

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-013, continued
Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,370,831

Views of Responsible Officials:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-014
Federal Agency: U.S. Department of the Treasury
AL Program: 17.225 Unemployment Insurance (UI)
Federal Award No.: COVID-19 UI-34836-20-55-A-66
Grant Program: Pandemic Unemployment Assistance (PUA)
Grant Program: Federal Pandemic Unemployment Compensation (FPUC)
Area: Eligibility
Questioned Costs: \$159

Criteria:

In accordance with applicable eligibility requirements, a claimant must be a U.S. citizen or if not a U.S. citizen, then approved to work on Guam, to receive a federal public benefit. Additionally, the claimant must certify that he/she is able and available to work.

Condition:

For 2 (or 3%) of 60 case files tested, case file documentation was not sufficient to support the claimant's eligibility to receive federal public benefits.

<u>Subclaim ID</u>	<u>Amount Tested</u>
45266	\$ 99
179196	<u>60</u>
	<u>\$159</u>

Cause:

GovGuam did not effectively monitor compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$159 because the projected questioned cost exceeds the threshold.

Identification as a Repeat Finding: Finding 2021-011

Recommendation:

GovGuam should strengthen monitoring controls over recordkeeping to substantiate compliance with applicable eligibility requirements. Responsible personnel should obtain and file documents such as identification cards and updated activity logs to document communication with claimants prior to determining eligibility.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-014, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 17.225 Unemployment Insurance (UI)
Federal Award No.: COVID-19 UI-34836-20-55-A-66
Grant Program: Pandemic Unemployment Assistance (PUA)
Grant Program: Federal Pandemic Unemployment Compensation (FPUC)
Area: Eligibility
Questioned Costs: \$159

Views of Responsible Officials:

The agency (Guam Department of Labor) agrees with the findings. The agency is currently working with both claimants to resolve the matter.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-015
Federal Agency: U.S. Department of the Treasury
AL Program: 17.225 Unemployment Insurance (UI)
Federal Award No.: COVID-19 UI-34836-20-55-A-66
Grant Program: Pandemic Unemployment Assistance (PUA)
Grant Program: Federal Pandemic Unemployment Compensation (FPUC)
Area: Special Tests & Provisions – UI Program Integrity - Overpayments
Questioned Costs: \$475,704

Criteria:

In accordance with applicable special tests and provisions requirements for overpayments, states should recover PUA and FPUC overpayments.

Condition:

Of 60 case files tested, aggregating \$475,704 of \$15.3 million in total overpayments of program benefits, we noted the following:

1. For 37 (or 62%), the notice of overpayment was mailed to the claimant during FY2022. No subsequent documentation was provided to substantiate recoupment of the overpayments, which total \$475,704.
2. For 60 (or 100%), the notice of overpayment mailed to the claimant did not specify when payments are due. According to the requirements, claimants have a 30-day limit to repay the overpayments from the date the Notice of Determination was delivered.

Cause:

GovGuam did not effectively monitor compliance with applicable special tests and provisions requirements for overpayments.

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements for overpayments. The reportable questioned cost is \$475,704.

Identification as a Repeat Finding: Finding 2021-012

Recommendation:

GovGuam should periodically monitor compliance with applicable special tests and provisions requirements for overpayments. Responsible personnel should timely perform quality control reviews and enforce recovery of overpayments.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-015, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 17.225 Unemployment Insurance (UI)
Federal Award No.: COVID-19 UI-34836-20-55-A-66
Grant Program: Pandemic Unemployment Assistance (PUA)
Grant Program: Federal Pandemic Unemployment Compensation (FPUC)
Area: Special Tests & Provisions – UI Program Integrity - Overpayments
Questioned Costs: \$475,704

Views of Responsible Officials:

The Agency (Guam Department of Labor) states that based on the final determination for FY 2021 Finding No. 2021-012, USDOL determined that the costs are disallowed and subject to federal debt collection, however, collection efforts which is a required activity of the grant will have to continue. The amount that was allowed was overpayment recovery in the amount of \$7,152,222.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-016
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021
Area: Eligibility
Questioned Costs: \$1,053

Criteria:

In accordance with applicable eligibility requirements, a grantee may only use funds provided in the Emergency Rental Assistance (ERA) program to provide financial assistance and housing stability services to eligible households. Eligibility is limited to households with income that does not exceed 80 percent of the median income for the area in which the household is located.

Condition:

For 1 (or 2%) of 60 case files tested, aggregating \$308,951 of \$16.7 million in total program rental assistance costs, documentation for case file number 21-02662 in the amount of \$1,053 demonstrates a household member exceeded the income threshold. Therefore, the household is ineligible.

Cause:

GovGuam did not effectively monitor compliance with applicable eligibility requirements. GovGuam did not effectively document approvals within the case files for compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$1,053 because the projected questioned cost exceeds the threshold.

Identification as a Repeat Finding: Finding 2021-017

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-016, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021
Area: Eligibility
Questioned Costs: \$1,053

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable eligibility requirements. Prior to approving applications, responsible personnel should verify that such documents as pay stubs and tax forms are on file to substantiate income eligibility.

Views of Responsible Officials:

Department of Administration does not agree with the questioned cost. The file in question does not match any amounts in said file. Additional, ERA did not have a cost threshold in the cycle by the case number. The claimant's income was below the 30% threshold as per their documents submitted and therefore qualified for the program.

Auditor Response:

We acknowledge that the finding amount of \$1,053 does not match the file amount of \$1,150. The finding amount is based on the transaction amount sampled from the AS400 financial management system. The claimant's household income, as documented in the case file, is below the 30% threshold of \$49,100 because the monthly income amount was multiplied by only 5 months, with no documented rationale for using a partial year. Our recalculation of the annualized income is \$55,858, which exceeds the threshold. Therefore, the household did not qualify for the program.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-017
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, the number of unique homeowners assisted, and expenditures reported in monthly and quarterly reports, should be supported by underlying accounting records.

Condition:

The number of unique homeowners assisted and expenditures reported in the quarterly reports differ from amounts recorded in AS400, as follows:

Number of Unique Homeowners Assisted:

Report	Period	Per AS400	Per Report	Variance
Monthly Report – August	08/01/22-08/31/22	272	619	347
Quarterly Report – Q2	04/01/22-06/30/22	1,184	3,092	1,908

Expenditures:

Report	Period	Per AS400	Per Report	Variance
Monthly Report – August	08/01/22-08/31/22	\$ 613,236	\$ 746,123	\$ 132,887
Quarterly Report – Q2	04/01/22-06/30/22	\$ 3,967,461	\$ 4,779,150	\$ 811,689
SF-425 FFC	01/17/21-09/30/22	\$ 23,584,082	\$ 24,709,370	\$ 1,125,288

Cause:

GovGuam did not effectively monitor compliance with applicable reporting requirements.

Effect:

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

Identification as a Repeat Finding: Finding 2021-018

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-017, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021
Area: Reporting
Questioned Costs: \$0

Recommendation:

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

Views of Responsible Officials:

The timing of required reporting by the US Treasury may not align with reported AS400 expenditures after reporting has been posted. There is no provision in quarterly ERA reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-018
Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance
Federal Award No.: COVID-19 Section 501 of the Consolidated Appropriations Act, 2021
Federal Award No.: COVID-19 Section 3201 of the American Rescue Plan Act, 2021
Area: Special Tests and Provisions
Questioned Costs: \$0

Criteria:

In accordance with applicable special tests and provisions requirements, all redirected ERA1 award funds should be deposited to the official, authorized bank account of the receiving grantee in accordance with the ERA 1 Award Terms.

Condition:

No documents were provided to substantiate compliance.

Cause:

GovGuam did not establish and implement controls over compliance with special tests and provisions requirements.

Effect:

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

Recommendation:

GovGuam should establish and implement controls over compliance with applicable special tests and provisions requirements. Responsible personnel should maintain underlying accounting records to demonstrate that redirected funds are deposited, as required.

Views of Responsible Officials:

We disagree with this finding. Funds were properly deposited in the Federal account, which was subsequently moved to a different bank account to make sure the funds were not being comingled with other federal funds. We maintained identification for said funds, and moving forward will make sure that reconciliation is done in a timely manner.

Auditor Response:

No documentation was provided to substantiate the deposits.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-019
Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowners Assistance Program
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021
Area: Cash Management
Interest Liability: \$82,083

Criteria:

In accordance with applicable cash management requirements and the Treasury-State Agreement, the approved funding technique for Guam is Payment Schedule – Weekly, whereby the State shall request funds in an amount that is the prorated share of the lesser of (1) the annual grant divided by 52, or (2) the total amount of Federal funds expected to be paid out for program purposes during the year divided by 52. This funding technique is interest neutral.

Condition:

During FY 2022, GovGuam requested funds only one time on or about January 28, 2022 in the amount of \$12,228,806. During FY 2022, GovGuam expended only \$5,439,199, of which \$178,020 was paid after September 30, 2022. The remaining cash advance as of 09/30/2023 was \$6,967,627. The interest liability for the advance is estimated to be \$82,083.

Cause:

GovGuam did not enforce controls over compliance with applicable cash management requirements.

Effect:

GovGuam is in noncompliance with applicable cash management requirements. The reportable interest liability and questioned cost is \$82,083.

Recommendation:

GovGuam should implement monitoring controls over compliance with applicable cash management requirements. Prior to requesting Federal funds, responsible personnel should follow the guidelines described in the Treasury-State Agreement. If the approved funding technique is not followed, responsible personnel should calculate and remit interest earned on advances to the Federal Government.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-019, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowners Assistance Program
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021
Area: Cash Management
Interest Liability: \$82,083

Views of Responsible Officials:

The agency (Department of Administration) disagrees with this finding. Per Homeowner's Assistance Fund guidance, funds are requested from US Treasury and remitted in advance. This is not a reimbursement program and not subject to the State Cash Management Improvement Act as is the case for other funding advances under American Rescue Plan Act of 2021.

Auditor Response:

We agree that funds are requested in advance. Advances are subject to the Cash Management Improvement Act and Treasury-State Agreement, and the OMB Compliance Supplement identifies cash management as a requirement that is subject to audit.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-020
Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowner Assistance Fund
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021
Area: Reporting
Questioned Costs: \$0

Criteria:

In accordance with applicable reporting requirements, the number of unique homeowners assisted, and expenditures reported in interim and quarterly reports, should be supported by underlying accounting records.

Condition:

The number of unique homeowners assisted, and expenditures reported in the reports differ from amounts recorded in AS400, as follows:

Number of unique homeowners assisted:

Report	Period	Per AS400	Per Report	Variance
Quarterly Report – Q2	04/01/22-06/30/22	753	704	(49)

Expenditures:

Report	Period	Per AS400	Per Report	Variance
Interim compliance Report	As of January 31, 2022	\$ 87,530	\$ 105,759	\$ 18,229
Quarterly Report – Q2	04/01/22-06/30/22	\$2,846,329	\$3,215,325	\$368,996

Cause:

GovGuam did not effectively monitor compliance with applicable reporting requirements.

Effect:

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

Recommendation:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-020, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowner Assistance Fund
Federal Award No.: COVID-19 Section 3206 of the American Rescue Plan Act of 2021
Area: Reporting
Questioned Costs: \$0

Views of Responsible Officials:

The timing of required reporting by the US Treasury may not align with reported AS400 expenditures after reporting has been posted. There is no provision in quarterly ERA reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-021
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Allowable Costs/Cost Principles
Questioned Costs: \$11,423

Criteria:

In accordance with applicable allowable costs/cost principles requirements, costs must be necessary and reasonable for the performance of the Federal award in order to be allowable under the Federal award.

Condition:

For 1 (or 5%) of 22 non-payroll transactions tested, aggregating \$60M of \$160M in total non-payroll program costs, the cost of unoccupied hotel rooms during the period from 08/23/2020 through 10/31/2021 does not appear to be a necessary and reasonable. Of the total 74 rooms charged to the Program during the period, 67 rooms (or 91%) remained unoccupied at a daily rate of \$150. Although we understand that mass reservations may have been necessary to secure rooms to accommodate unknown numbers of quarantined travelers in FY 2020, we are not aware of monitoring efforts and analytics to more accurately project the required number of room reservations and to minimize costs for unoccupied rooms when experience with the pandemic progressed in FY 2021.

<u>Transaction No.</u>	<u>Prior Reference</u>	<u>Date</u>	<u>Vendor Number</u>	<u>Amount Tested</u>
EFT_111521	D220660236	11/10/2021	D0017231	\$11,423

Cause:

GovGuam did not effectively monitor compliance with applicable allowable costs/cost principles requirements.

Effect:

GovGuam is in noncompliance with applicable allowable costs/cost principles requirements. The reportable questioned cost is \$11,423 because the projected questioned cost exceeds the threshold.

Recommendation:

GovGuam should effectively monitor program costs for compliance with allowable costs/cost principles requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-021, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Allowable Costs/Cost Principles
Questioned Costs: \$11,423

Views of Responsible Officials:

To maintain effective isolation of infection person(s), these two facilities are the only facilities that could offer the required distance needed. It was not practical to only reserve a portion of the facility as it is unknown as to how many passengers would be arriving. Therefore, a reservation of portions of the hotel were needed for the uncertainty and to maintain separation from personnel not designated for direct quarantine duties. This was done to maintain an effective distance to avoid the spread of the virus, in turn this action help reduce the number of fatalities from over 3,000 to about 470.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-022
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Procurement and Suspension and Debarment
Questioned Costs: \$5,986,031

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, when procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. Government of Guam procurement regulations specify that every procurement shall be made by competitive sealed bidding, with certain exceptions, including the following:

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

Additionally, all contracts made by the non-Federal entity under the Federal award must contain applicable provisions. Contractors that apply or bid for an award exceeding \$100,000 must file the required certification under the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). Each such contractor certifies that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, among others.

Condition: Of 60 procurement transactions tested, aggregating \$14.4M of \$16.6M in total applicable non-payroll program expenditures, we noted the following:

1. For 3 (or 5%), documentation in the procurement file is insufficient to demonstrate compliance with sole source procurement:

Prior Reference	Vendor Number	Amount
P226A01403	K3537201	\$ 364,758
P226A01491	D3366001	1,252,033
P226A01840	K3537201	703,018
		\$2,319,809

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-022, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Procurement and Suspension and Debarment
Questioned Costs: \$5,986,031

Condition, continued:

2. For 2 (or 5%), documentation in the procurement file is insufficient to demonstrate compliance with emergency procurement:

Prior Reference	Vendor Number	Amount
P226E00004	J7106401	\$1,046,273
P226E00006	C0012494	587,510
		\$1,633,783

3. For 11 (or 18%), no Byrd Anti-Lobbying certification was provided, as follows:

Prior Reference	Vendor Number	Amount
C210600621	G4226001	\$ 434,981
C210601240	H0303201	3,261,786
P216A05200	D3366001	110,902
P226A01433	C2408101	941,650
P226A01434	C2408101	627,234
P226A01491	D3366001	1,252,033
P226A01916	D3366001	371,000
P226A04320	C0097139	189,740
P226E00004	J7106401	1,046,273
P226E00006	C0012494	587,510
P226E00014	C2408101	96,969

No questioned cost is presented as we are unable to quantify the extent of noncompliance.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-022, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Procurement and Suspension and Debarment
Questioned Costs: \$5,986,031

Condition, continued:

4. For 26 (or 43%), no procurement file was provided.

Prior Reference	Vendor Number	Amount
D220101001	D4386001	\$ 2,590
D220101CS025	C2408101	33,951
D220101CS028	G0097467	808
D220200056	S0017641	9,308
D220660236	D0017231	311,202
D220660237	D0017231	434,000
D220660392	C0012494	344,485
D220660739	D0017231	350,741
D220660746	C0012494	252,300
D220661077	C0012494	210,805
D220682CS001	B0012319	9,120
D220682CS002	D0017217	52,500
D221060CS118	G0097467	515
EFT_112922	B0012319	-
EFT_120522	B0012319	-
HR61022106	B0012319	120
HRD22067	B0012319	80
INV#5304	B0012319	300
SVMS10201		34
SVMS10329		44
SVMS10503		5,326
SVMS10519		3,749
SVMS10520		8,434
SVMS10613		51
SVMS10613		82
SVMS10616		1,894
		\$2,032,439

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-022, continued
Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Procurement and Suspension and Debarment
Questioned Costs: \$5,986,031

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$5,986,031 from Conditions 1, 2 and 4.

Identification as a Repeat Finding: Finding 2021-020

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Responsible Officials:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-023
Federal Agency: U.S. Department of The Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Subrecipient Monitoring
Questioned Costs: \$0

Criteria:

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

1. Clearly identify to the subrecipient the award as a subaward by providing the ALN (Assistance Listings Number) and name.
2. Include the total amount provided to subrecipients from each Federal program.
3. Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. This includes the verification that subrecipients expected to be audited as required by 2 CFR 200, subpart F, met the audit requirements.

Condition:

For the year ended September 30, 2022, GovGuam reported \$195.6 million in total program expenditures in the Schedule of Federal Awards (SEFA). A total of \$104M represents amounts passed through to GovGuam line agencies and component units, . Of this amount, approximately \$48.9 million represents payments for various programs administered by Guam Economic Development Authority (GEDA). Only \$55.1 million was identified as amounts passed through to GovGuam line agencies and component units in the final SEFA, which did not include the amounts administered by GEDA.

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

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-023, continued
Federal Agency: U.S. Department of The Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Subrecipient Monitoring
Questioned Costs: \$0

Condition, continued:

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

Cause:

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

Effect:

GovGuam is in noncompliance with applicable subrecipient monitoring requirements. No questioned cost is reported because GEDA is undergoing a Single Audit for FY 2022.

Identification as a Repeat Finding: Finding 2021-021

Recommendation:

GovGuam should enforce compliance with applicable subrecipient monitoring requirements. Responsible personnel should monitor subrecipients for compliance with Single Audit Act requirements. Also, GovGuam should consider seeking guidance and confirmation from the Grantor Agency regarding the classification of GEDA as either a subrecipient or a contractor.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-023, continued
Federal Agency: U.S. Department of The Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19 Section 9901 of the American Rescue Plan Act of 2021
Area: Subrecipient Monitoring
Questioned Costs: \$0

Views of Responsible Officials:

As for Fiscal Year 2022, payments to beneficiaries under the GEDA program were made directly by DOA. GEDA was not in receipt of any funds and by that plain language cannot be considered a subrecipient. DOA determined in accordance with 2CFR 200.331 that GEDA was not a Subrecipient: Auditors may, but have not to date, requested access to GEDA and DOA records for verification eligibility. CFR§200.331 reads: ***“(c) Use of judgment in making a determination. In determining whether an agreement between a pass-through entity and another non-federal entity cast the latter as a Subrecipient or a contractor, the substance of the relations is more important than the form of the agreement. All the characteristics listed above may not be present in all cases, and the pass-through entity must use judgement in classifying each agreement as a subaward or a procurement contract.”***

Auditor Response:

DOA’s determination differs from our judgement in classifying the agreement with GEDA. CFR§200.331 also reads: ***“(a) Subrecipients. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient.... Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity: (1) Determines who is eligible to receive what Federal assistance;....”***

The substance of the relations is for GEDA to carry out a key portion of the Federal award by determining who is eligible to receive Federal assistance, as well as how much each beneficiary should receive, which is more important than the form of the agreement for DOA to act as a financial institution in writing the check. Therefore, GEDA meets the definition of a subrecipient, which is consistent with the fact that GovGuam did not subject the selection of GEDA to a procurement process. Examination by auditors of GEDA’s records as to beneficiary eligibility is not required because the compliance requirement of eligibility is not subject to audit per the OMB Compliance Supplement. Moreover, such eligibility tests would not address this finding relative to subrecipient monitoring. There is no evidence that DOA monitored GEDA’s eligibility determinations for FY 2022.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-024
Federal Agency: U.S. Department of Education (ED)
AL Program: 84.425 Education Stabilization Fund
ED Subprogram: 84.425H Education Stabilization Fund – Governors (Outlying Areas)
Federal Award No.: COVID-19 S425H210004
Area: Subrecipient Monitoring
Questioned Costs: \$2,140,366

Criteria:

In accordance with applicable subrecipient requirements, a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. This includes the verification that subrecipients expected to be audited as required by 2 CFR 200, subpart F, met the audit requirements.

Condition:

Amounts passed through to subrecipient Guam Educational Telecommunications Corporation (GETC) totaled \$2,140,366 during FY 2022. As such, PBS Guam is expected to be audited as required by the Single Audit Act and 2 CFR part 200. We are aware that the issued audit report on GETC's FY 2022 financial statements was dated May 18, 2023. However, GETC did not obtain a Single Audit.

Cause:

GovGuam did not effectively monitor compliance with applicable subrecipient monitoring requirements.

Effect:

GovGuam is in noncompliance with applicable subrecipient monitoring requirements. The reportable questioned cost is \$2,140,366.

Identification as a Repeat Finding: Finding 2021-023

Recommendation:

GovGuam should more closely monitor subrecipients in accordance with subrecipient monitoring requirements and should obtain the required Single Audits from its subrecipients, as applicable.

Views of Responsible Officials:

GETC will contact OPA and EY to start their Uniform Guidance Single Audit.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-025
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Federal Award No.: COVID-19
Area: Procurement and Suspension and Debarment
Questioned Costs: \$327,379

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, when procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. Government of Guam procurement regulations specify that every procurement shall be made by competitive sealed bidding, with certain exceptions, including the following:

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

Additionally, all contracts made by the non-Federal entity under the Federal award must contain applicable provisions. Contractors that apply or bid for an award exceeding \$100,000 must file the required certification under the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). Each such contractor certifies that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, among others.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-025, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Procurement and Suspension and Debarment
Questioned Costs: \$327,379

Condition:

Of 18 procurement transactions tested, aggregating \$3.8M of \$4.8M in total applicable non-payroll program expenditures, we noted the following:

1. For 2 (or 11%), no Byrd Anti-Lobbying certification was provided, as follows:

	<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Vendor Number</u>	<u>Amount</u>
COVID-19	6NU50CK000531-02-12	P226E00001	M0098076	\$270,000
COVID-19	6NU50CK000531-01-05	P226A01900	I0012191	88,016

No questioned cost is presented as we are unable to quantify the extent of noncompliance.

2. For 3 (or 17%), no procurement file was provided:

	<u>Federal Award No.</u>	<u>Prior Reference</u>	<u>Vendor Number</u>	<u>Amount</u>
COVID-19	6NU50CK000531-02-08	D221703CS087	F1126701	\$147,300
COVID-19	6NU50CK000531-02-08	D221703CS107	I0012191	162,619
	5NU50CK000531-03-00	D221703015	I0012191	<u>17,460</u>
				<u>\$327,379</u>

Cause:

GovGuam did not enforce compliance with applicable procurement requirements.

Effect:

GovGuam is in noncompliance with applicable procurement requirements. The reportable questioned cost is \$327,379 from Condition 2.

Identification as a Repeat Finding: Finding 2021-024

Recommendation:

Responsible procurement personnel should enforce compliance with applicable procurement requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-025, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Area: Procurement and Suspension and Debarment
Questioned Costs: \$327,379

Views of Responsible Officials:

The agency (DPHSS) agrees with the first condition advising moving forward they will create an SOP to ensure that the Byrd Anti-Lobbying Certification is included. The other 2 conditions they disagree with citing that all documentation was submitted to EY.

Auditor Response:

A prior reference number beginning with “D” represents a direct payment form. When procurement procedures are performed, the resulting prior reference number is either a purchase order number or a contract number. The documentation provided to EY did not constitute a procurement file for the service period covered by the direct payment forms.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-026
Federal Agency: Department of Health and Human Services
AL Program: 93.558 Temporary Assistance for Needy Families
Federal Award No.: 2022G996117
Area: Eligibility
Questioned Costs: \$2,010

Criteria:

In accordance with applicable eligibility requirements, lead agencies must have in place procedures for documenting and verifying eligibility in accordance with the federal requirements, as well as the specific eligibility requirements selected by each Lead Agency in its approved Plan.

Condition:

Of 40 case files tested, aggregating \$13.8K of \$1.9M in total Program benefits, we noted the following:

- 1. For 1 or (3%), the benefit amount was not in accordance with the ratable reduction provision, as program benefits did not agree with 75% of the authorized amount.

<u>Case Number</u>	<u>Benefit Month</u>	<u>Benefit Amount</u>	<u>FY 2022 Benefits and Questioned Cost</u>
201501772	Nov-21	\$120	\$358

- 2. For 1 (or 3%), the applicant did not meet the Pay for Performance work task requirement.

<u>Case Number</u>	<u>Benefit Month</u>	<u>Benefit Amount</u>	<u>FY 2022 Benefits and Questioned Cost</u>
201601356	Sep-22	\$287	\$287

- 3. For 1 (or 3%), an overpayment was made to the applicant due to unacceptable processing of a notarized legal guardianship form. A court document is required.

<u>Case Number</u>	<u>Benefit Month</u>	<u>Benefit Amount</u>	<u>FY 2022 Benefits and Questioned Cost</u>
300022017	Dec-21	\$1,172	\$1,365

Cause:

GovGuam did not effectively monitor compliance with applicable eligibility requirements.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-026, continued
Federal Agency: Department of Health and Human Services
AL Program: 93.558 Temporary Assistance for Needy Families
Federal Award No.: 2022G996117
Area: Eligibility
Questioned Costs: \$2,010

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$2,010 because the projected questioned cost exceeds the threshold.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable eligibility requirements. Responsible personnel should review case files for accuracy and completeness prior to approving applications.

Views of Responsible Officials:

The agency (DPHSS) agrees with the findings. Moving forward they will develop SOP to make sure all proper documentation is in place prior to the approval of cases.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-027
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.569 Community Services Block Grant
Federal Award No.: 2101GUCOSR
Area: Eligibility
Questioned Costs: \$187,600

Criteria: In accordance with applicable eligibility requirements, the State must identify recipients of Federal award benefits and maintain proper records for documenting and verifying eligibility in accordance with Federal requirements, approved State Plan, as well as the State Standard Operating Procedures.

Condition:

1. There is no available list of recipients who received benefits in the amount of \$160,705 charged to account no. 5101H211760PA105290.
2. Of 13 case files selected for testing, aggregating \$26,895 of \$350,663 total Program benefits, we noted the following:
 - a. For six (or 46%), the case file was not provided for examination.

	Family Identifier	Benefits	Questioned Costs
1	Foster Family 36	\$14,105	\$14,105
2	Foster Family 6	779	779
3	Foster Family 82	779	779
4	Foster Family 24	2,883	2,883
5	Foster Family 49	1,891	1,891
6	Foster Family 122	1,153	1,153
	Total	\$21,592	\$21,592

- b. For the remaining seven (or 54%), no documentation of family foster home visitation is maintained in the case files.

	Family Identifier	Benefits	Questioned Costs
1	Foster Family 75	\$ 577	\$ 577
2	Foster Family 15	577	577
3	Foster Family 63	577	577
4	Foster Family 8	577	577
5	Foster Family 40	577	577
6	Foster Family 57	1,153	1,153
7	Foster Family 101	1,267	1,267
	Total	\$5,303	\$5,303

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-027, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.569 Community Services Block Grant
Federal Award No.: 2101GUCOSR
Area: Eligibility
Questioned Costs: \$187,600

Condition, continued:

- c. For two (or 29%), the applicant did not meet the minimum required three letters of references.

	Family Identifier	Benefits	Questioned Costs
1	Foster Family 40	\$ 577	See b. above
2	Foster Family 57	1,153	See b. above
		\$1,730	

- d. For one (or 8%), no social evaluation of the applicant, as well as home environment, is maintained in the case file.

	Family Identifier	Benefits	Questioned Costs
2	Foster Family 57	\$1,153	See b. above

Cause:

GovGuam did not effectively monitor compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$187,600.

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable eligibility requirements. Responsible personnel should maintain a master file of eligible participants and should review case files for accuracy and completeness prior to approving applications.

Views of Responsible Officials:

The agency (DPHSS) agrees with the findings. Moving forward, DPHSS will develop an SOP and evaluation to ensure that the minimum requirements are met for references for family foster homes, and that they can be easily identified.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-028
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2001GUCCDF, COVID-19 2101GUCDC6
Area: Allowable Costs/Cost Principles
Questioned Costs: \$675

Criteria:

In accordance with applicable allowable costs/cost principles requirements, the award amount paid to program participants should be based on the stated calculation not exceeding \$400,000 per business and should be adequately documented.

Condition:

Of 25 transactions tested, aggregating \$7.4M of \$29M in total Program non-payroll expenditures, we noted the following:

1. For 1 (or 4%), no underlying support was provided for costs charged to Federal award number 2001GUCCDF, as follows:

Tran No.	Tran Date	Vendor No.	Amount
EFT_092922	09/28/22	L0015602	\$675

2. For 2 (or 8%), the child care provider reported expenses less than \$400k, but received the maximum award from COVID-19 funding under Federal award number 2101GUCDC6.

Tran No.	Prior Reference	Vendor No.	Amount	Expenses	Questioned Cost
742855	D220660CV665	8P176828	\$400,000	\$379,347	\$ 20,653
742856	D220660CV665	8R088266	400,000	\$394,674	5,326
					\$ 25,979

Cause:

GovGuam did not effectively monitor compliance with applicable allowable costs/cost principles requirements.

Effect:

GovGuam is in noncompliance with applicable allowable costs/cost principles requirements. The reportable questioned cost at this finding is \$675 from Condition 1. The questioned costs from Condition 2 are reported in Finding 2022-029.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-028, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2001GUCCDF, COVID-19 2101GUCDC6
Area: Allowable Costs/Cost Principles
Questioned Costs: \$675

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable allowable costs/cost principles requirements. Responsible personnel should review case files for accuracy and completeness prior paying benefits.

Views of Responsible Officials:

The agency disagrees with the findings. The agency provided how the calculations were established by each priority to determine the amount that is allowed not to exceed \$400k.

Auditor Response:

Our recalculation for each child care provider described above is based on documented case file data and shows that the \$400k in benefits exceed the amount that is allowed, respectively.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-029
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: COVID-19 2101GUCDC6
Area: Eligibility
Questioned Costs: \$25,979

Criteria:

In accordance with applicable eligibility requirements, lead agencies must have in place procedures for documenting and verifying eligibility in accordance with the federal requirements, as well as the specific eligibility requirements selected by each Lead Agency in its approved Plan.

Condition:

For 2 (or 12%) of 17 case files tested, aggregating \$7.5M of \$20.7M in total Program benefits, we noted the case file documentation is insufficient to demonstrate that the provider exceeded \$400k of combined expenses from specific calculations: (Part 1) 80% of projected monthly expenses, (Part 2) One-time expenses for previous or prospective renovations or improvements, and (Part 3) Net enrollment impact multiplied by monthly average cost of childcare.

Child Care Provider	Expenditures	Threshold	Questioned Cost
8P176828	\$379,347	\$400,000	\$ 20,653
8R088266	\$394,674	\$400,000	5,326
			\$ 25,979

Cause:

GovGuam did not effectively monitor compliance with applicable eligibility requirements.

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$25,979.

Identification as a Repeat Finding: Finding 2021-025

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-029, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: COVID-19 2101GUCDC6
Area: Eligibility
Questioned Costs: \$25,979

Recommendation:

GovGuam should strengthen monitoring controls over compliance with eligibility requirements. Responsible personnel should review case files for accuracy and completeness prior to approving applications.

Views of Responsible Officials:

The agency (DPHSS) disagrees with the findings. The grant eligibility criteria in question are the CAPS21 Grant. All grantees demonstrated compliance with the eligibility criteria in the attached GY21 GU APRA Stabilization Notice of Award Supplemental Terms and Conditions on page 6 item 2 that was provided to EY.

Auditor Response:

We acknowledge that the child care providers are eligible to receive an amount of program benefits. However, our recalculation of benefits for each child care provider in the Condition above is based on documented case file data and shows that the child care provider received excess benefits.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-030
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2019G999003, 2101GUCCDF, 2201GUCCDD, 2001GUCCC3, 2101GUCCDC6, 2101GUCSC6, 2101GUCCC5, 2201GUCCDF
Area: Reporting
Questioned Costs: \$0

Criteria:

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

Condition:

- Grant years 2020 and 2019 Quarterly ACF-696, *Child Care and Development Fund Financial Report* were not provided. Recorded expenditures per AS400 financial management system are as follows:

Fiscal Year	Grant Year				Total
	2020			2019	
	<u>Discretionary</u>	<u>Cares Act</u>	<u>ARPA</u>	<u>Discretionary</u>	
2022	\$ 2,466,518	\$ 364,367	\$ -	\$ 386,700	\$ 3,217,585
2021	5,493,690	2,001,321	2,885	1,558,059	9,055,955
2020	-	-	-	7,089,058	7,089,058
2019	-	-	-	243,240	243,240
Total	\$ 7,960,208	\$ 2,365,688	\$ 2,885	\$ 9,277,057	\$ 19,605,838

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-030, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2019G999003, 2101GUCCDF, 2201GUCCDD, 2001GUCCC3, 2101GUCCDC6, 2101GUCSC6, 2101GUCCC5, 2201GUCCDF
Area: Reporting
Questioned Costs: \$0

Condition, continued:

- Grant years 2021 and 2022 expenditures reported per ACF-696 are not accurately supported by underlying accounting records as follows:

		Grant Years					Total
		2022		2021			
Fiscal Year		<u>Discretionary</u>	<u>Mandatory</u>	<u>Discretionary</u>	<u>CRRSA</u>	<u>ARPA</u>	
	2022	\$ 66,361	\$1,432,712	\$ 4,134,976	\$ 22,863	\$21,152,922	\$26,809,834
	2021	-	-	10,685	-	-	10,685
AS400	Total	66,361	1,432,712	4,145,661	22,863	21,152,922	26,820,519
ACF-696		60,457	250,660	4,650,667	22,863	21,155,806	26,140,453
Variance		\$ 5,904	\$1,182,052	\$ (505,006)	\$ -	\$ (2,884)	\$ 680,066

Cause:

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

Effect:

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

Recommendation:

GovGuam should enforce monitoring controls over compliance with reporting requirements. Responsible personnel should review underlying accounting records, perform reconciliation, and prepare and submit the required reports.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-030, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.575/93.596 CCDF Cluster
Federal Award No.: 2019G999003, 2101GUCCDF, 2201GUCCDD, 2001GUCCC3,
2101GUCCDC6, 2101GUCSC6, 2101GUCCC5, 2201GUCCDF
Area: Reporting
Questioned Costs: \$0

Views of Responsible Officials:

The agency (DPHSS) disagrees with the findings. CW is compliant with reporting requirements, however, unable to provide copies of report as requested due to lack of access. Requests have been made to the federal counterparts to obtain copies and will be provided. Moving forward agencies will also submit a copy to the Division of Accounts.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-031
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Eligibility
Questioned Costs: \$150,061

Criteria:

In accordance with applicable eligibility requirements, lead agencies must have in place procedures for documenting and verifying eligibility in accordance with the federal requirements, as well as the specific eligibility requirements selected by each Lead Agency in its approved Plan.

Condition:

Of 60 case files tested, aggregating \$6.98M of \$159.68M in total Program benefits, we noted the following:

1. For 2 (or 3%), the Social Security card number per the case file did not match the SS card number for one or more household members on the system.

<u>Case Number</u>	<u>FY 2022 Claims Paid</u>	<u>Claims Service Date</u>
20170207407	\$ 7,832	20220525
20170258601	83,623	20220511

2. For 1 (or 2%), the case file lacked documentation of a Notice of Action to indicate and inform participant of certification period and approved benefit amount.

<u>Case Number</u>	<u>FY 2022 Claims Paid</u>	<u>Claims Service Date</u>
34002674001	\$73,819	20220321

3. For 1 (or 2%), the case file lacked documentation of a Renewal Form and limited identification of household information.

<u>Case Number</u>	<u>FY 2022 Claims Paid</u>	<u>Claims Service Date</u>
33005061801	\$ 2,956	20210413

Cause:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-031, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Eligibility
Questioned Costs: \$150,061

Effect:

GovGuam is in noncompliance with applicable eligibility requirements. The reportable questioned cost is \$150,061 (\$168,230 x 89.2% Federal share).

Recommendation:

GovGuam should strengthen monitoring controls over compliance with applicable eligibility requirements. Responsible personnel should review case files for accuracy and completeness prior to approving applications.

Views of Responsible Officials:

The agency (DPHSS) agrees with the findings. Moving forward, DPHSS will develop an SOP and checklist to ensure that all applicants submit the proper documentation within a certain number of days.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-032
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Reporting
Questioned Costs: \$0

Criteria:

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

Conditions:

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

	<u>FY 2022 Expenditures</u>	<u>Federal Share</u>	<u>Local Share</u>
CMS-64	\$170,982,681	\$151,645,279	\$19,337,402
AS400 financial management system	172,850,817	153,143,670	19,707,147
Variances	<u>\$(1,868,136)</u>	<u>\$ (1,498,391)</u>	<u>\$(369,745)</u>

Cause:

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

Effect:

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

Identification as a Repeat Finding: 2021-027

Recommendation:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-032, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Reporting
Questioned Costs: \$0

Views of Responsible Officials:

The agency (DPHSS) agrees with the findings. Currently in Fiscal Year 2023, DPHSS and DOA have reviewed the CMS 64 reports prior to the submission to the grantor.

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-033
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Special Tests and Provisions – Refunding of Federal Share of Medicaid Overpayments to Providers
Questioned Costs: \$362,653

Criteria:

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

Condition:

During FY 2022, the Program reported overpayments to and recoupments from providers of \$362,653 and \$201,927, respectively. The schedule of overpayments and recoupment were not in sufficient detail to identify the discovery date. Therefore, it cannot be determined whether Federal share of overpayments is properly reported and refunded.

Cause:

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

Effect:

GovGuam is in noncompliance with applicable special tests and provisions requirements relative to the refunding of overpayments made to providers. The reportable questioned cost is \$362,653.

Recommendation:

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

Government of Guam

Schedule of Findings and Questioned Costs, continued

Finding No.: 2022-033, continued
Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 75X0512
Area: Special Tests and Provisions – Refunding of Federal Share of Medicaid
Overpayments to Providers
Questioned Costs: \$362,653

Views of Responsible Officials:

The agency (DPHSS) agrees with the findings. Moving forward, DPHSS will develop an SOP and provide Overpayment letters to providers of the offset amount towards positive claims. If there are no positive claims, DPHSS will provide a letter to providers with a due date for the payment for those cases that were overpaid.



EDWARD M. BIRN
Director (Direktot)
ELIZABETH T. FISHER
Deputy Director (Sigundo Direktot)

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

October 12, 2023

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

Set forth below is the Government of Guam's Corrective Action Plan for Findings to be noted on the Government of Guam's Single Audit Report for the Year Ending September 30, 2022.

Finding No.: 2022-001 **Financial Management System (FMIS)**

Responding Agency: Department of Administration (DOA)

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

The replacement FMIS is in its final phase of development and with our accounting processes scheduled to 'go live' on January 8, 2024. The availability of qualified and suitable candidates impacts staffing requirements. The shortage of appropriate manpower affects the timely preparation of financial statements and the timely audit of financial statements alike.

Finding No.: 2022-002 **General Ledger And SEFA Reconciliation**

Responding Agency: Department of Administration (DOA)

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

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

Finding No.: 2022-003 **GASB 24 Transactions – SNAP and P-EBT**

Responding Agency: Department of Administration (DOA)

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

We agree with this finding. Currently in FY23 DPHSS, has submitted a daily reconciliation of SNAP and P-EBT transactions that are recorded in the financial system weekly.

Finding No.: 2022-004

Revenue Recognition

Responding Agency: Department of Administration (DOA)

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

An adjustment was made on 3/9/23 to record the grant revenue amounts to the proper accounts. Moving forward GovGuam Division of Accounts will develop monitoring procedures for financial reporting purposes with timely recognition of grant-related transactions.

Finding No.: 2022-005

OPEB Census Data

Responding Agency: Department of Administration (DOA)

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

It is considered difficult for the Department of Administration to confirm that data is accurate and complete in regards to data submitted by the autonomous agencies to the Department of Administration. To minimize inaccurate or incomplete data from being collected the Department of Administration will request the autonomous agencies to submit a certification statement with a printed name, signature, and date attesting the census data records submitted is complete and accurate. Additionally, the Department of Administration will conduct its random sampling of census data to ensure accuracy and completeness. Internal sampling will test the enrollment plans, enrollment class, and demographic data. It is through this dual approach the Department of Administration will mitigate the collection of inaccurate or incomplete census data.

Finding No.: 2022-006

Implementation of GASB 87

Responding Agency: Department of Administration (DOA)

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

With the new FMIS in its final phase and set to 'go live' in January 2024, there will be a Fixed Assets Module in place that should help automate the tracking and reporting of the leases. Prior to the system going live, DOA will continue to monitor, track, and reconcile all leases quarterly (manually).

Finding No.: 2022-007

Taxes Receivable

Responding Agency: Department of Administration (DOA)

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

A post-closing journal voucher (J22PC0001) was entered on 1/10/23 to accrue additional revenue in compliance with GASB 33. Moving forward GovGuam Division of Accounts will monitor and record prior to the year closing.

Finding No.: 2022-008 **Capital Assets/Equipment Management**

Responding Agency: Department of Administration (DOA)

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

With the new FMIS in its final phase and set to 'go live' in January 2024, there will be a Fixed Assets Module in place that will help automate the tracking and reporting of capital assets. DOA will update the SOP for the Fixed Assets for capital asset reporting. In addition, we will require all line agencies to designate a property manager to periodically track tagged assets on a revolving basis.

Finding No.: 2022-009 **Reporting**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency agrees with the findings and recommendations. The Bureau of Economic Security, Division of Public Welfare has been granted access to FNS -292 to ensure reports are submitted on time.

Finding No.: 2022-010 **EBT Reconciliation**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

DPHSS agrees with the recommendation. The Bureau of Economic Security, Division of Public Welfare is currently providing a copy of the daily reconciliation to the Department of Administration, Division of Accounts. This has been in effect since June 1, 2022.

Finding No.: 2022-011 **ADP System for SNAP**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

DPHSS agrees with the finding. Effective 10/1/23 The Bureau of Economic Security, and Division of Public Welfare supervisors are verifying documents and making sure it is complete

and uploaded into the system. A checklist will be created to ensure all vital documents are completed and uploaded.

Finding No.: 2022-012

Period of Performance

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

The extension was granted by the Department of Interior.

Finding No.: 2022-013

Procurement and Suspension and Debarment

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

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

Finding No.: 2022-014

Eligibility

Responding Agency: Department of Labor (DOL)
Responsible Personnel: David Dell'Isola, Director (DOL)

The agency agrees with the findings. The agency is currently working with both claimants to resolve the matter.

Finding No.: 2022-015

UI Program Integrity-Overpayments

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

The Agency states that based on the final determination for FY 2021 Finding No. 2021-012, USDOL determined that the costs are disallowed and subject to federal debt collection, however, collection efforts which is a required activity of the grant will have to continue. The amount that was allowed was an overpayment recovery of \$7,152,222.

Finding No.: 2022-016

Eligibility

Responding Agency: Department of Administration (DOA)

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

The agency does not agree with the questioned cost. The file in question does not match any amounts in said file. Additionally, ERA did not have a cost threshold in the cycle by the case number. The claimant's income was below the 30% threshold as per their documents submitted and therefore qualified for the program. Furthermore, any review and approval will have the program manager's signature as required by ERA's SOP.

Finding No.: 2022-017 **Reporting**

Responding Agency: Department of Administration (DOA)

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

The timing of required reporting by the US Treasury may not align with reported AS400 expenditures after reporting has been posted. There is no provision in quarterly ERA reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section.

Finding No.: 2022-018 **Special Test and Provisions**

Responding Agency: Department of Administration (DOA)

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

We disagree with this finding. Funds were properly deposited in the Federal account, which was subsequently moved to a different bank account to make sure the funds were not being combined with other federal funds. We maintained identification for said funds, and moving forward will make sure that reconciliation is done in a timely manner.

Finding No.: 2022-019 **Cash Management**

Responding Agency: Department of Administration (DOA)

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

The agency disagrees with this finding. Per Homeowner's Assistance Fund guidance, funds are requested from the US Treasury and remitted in advance. This is not a reimbursement program and not subject to the State Cash Management Improvement Act as is the case for other funding advances under the American Rescue Plan Act of 2021.

Finding No.: 2022-020 **Reporting**

Responding Agency: Department of Administration (DOA)

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

The timing of required reporting by the US Treasury may not align with reported AS400 expenditures after reporting has been posted. There is no provision in quarterly ERA reporting for adjustments of previously reported values. Moving forward all reporting will be reviewed and approved by the Federal and Compliance Section.

Finding No.: 2022-021 **Activites Allowed and Unallowed**

Responding Agency: Department of Administration (DOA)

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

To maintain effective isolation of infected person(s), these two facilities are the only facilities that could offer the required distance needed. It was not practical to only reserve a portion of the facility as it is unknown as to how many passengers would be arriving. Therefore, a reservation of portions of the hotel was needed for the uncertainty and to maintain separation from personnel not designated for direct quarantine duties. This was done to maintain an effective distance to avoid the spread of the virus, in turn, this action helped reduce the number of fatalities from over 3,000 to about 470.

Finding No.: 2022-022 **Procurement and Suspension and Debarment**

Responding Agency: Department of Administration (DOA)

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

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

Finding No.: 2022-023 **Subrecipient Monitoring**

Responding Agency: Department of Administration (DOA)

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

As for Fiscal Year 2022, payments to beneficiaries under the GEDA program were made directly by DOA. GEDA was not in receipt of any funds and by that plain language cannot be considered a subrecipient. DOA determined in accordance with 2CFR 200.331 that GEDA was not a Subrecipient: Auditors may, but have not to date, requested access to GEDA and DOA records for verification eligibility. CFR§200.331 reads: ***“(c) Use of judgment in making a determination. In determining whether an agreement between a pass-through entity and another non-federal entity casts the latter as a subrecipient or a contractor, the substance***

of the relations is more important than the form of the agreement. All the characteristics listed above may not be present in all cases, and the pass-through entity must use judgement in classifying each agreement as a subaward or a procurement contract.”

Finding No.: 2022-024 **Subrecipient Monitoring**

Responding Agency: Department of Administration (DOA)

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

GETC will contact OPA and EY to start their Uniform Guidance Single Audit.

Finding No.: 2022-025 **Procurement and Suspension and Debarment**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency agrees with the first condition advising moving forward they will create an SOP to ensure that the Byrd Anti-Lobbying Certification is included. The other 2 conditions they disagree with citing that all documentation were submitted to EY.

Finding No.: 2022-026 **Eligibility**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency agrees with the findings. Moving forward they will develop SOP to make sure all proper documentation is in place prior to the approval of cases.

Finding No.: 2022-027 **Eligibility**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency agrees with the findings. Moving forward, DPHSS will develop an SOP and evaluation to ensure that the minimum requirements are met for references for family foster homes, and that they can be easily identified.

Finding No.: 2022-028 **Allowable Costs/Cost Principles**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency disagrees with the findings. The agency provided how the calculations were established by each priority to determine the amount that is allowed not to exceed \$400k.

Finding No.: 2022-029 **Eligibility**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency disagrees with the findings. The grant eligibility criteria in question are the CAPS21 Grant. All grantees demonstrated compliance with the eligibility criteria in the attached GY21 GU APRA Stabilization Notice of Award Supplemental Terms and Conditions on page 6 item 2 that was provided to EY.

Finding No.: 2022-030 **Reporting**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency disagrees with the findings. CW is compliant with reporting requirements, however, unable to provide copies of report as requested due to lack of access. Requests have been made to the federal counterparts to obtain copies and will be provided. Moving forward agencies will also submit a copy to the Division of Accounts.

Finding No.: 2022-031 **Eligibility**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency agrees with the findings. Moving forward, DPHSS will develop an SOP and checklist to ensure that all applicants submit the proper documentation within a certain number of days.

Finding No.: 2022-032 **Reporting**

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency agrees with the findings. Currently in Fiscal Year 2023, DPHSS and DOA have reviewed the CMS 64 reports prior to the submission to the grantor.

Finding No.: 2022-033

Special Test and Provisions – Refunding of Overpayments

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

Responsible Personnel: Arthur San Augustin, Director (DPHSS)

The agency agrees with the findings. Moving forward, DPHSS will develop an SOP and provide Overpayment letters to providers of the offset amount towards positive claims. If there are no positive claims, DPHSS will provide a letter to providers with a due date for the payment for those cases that were overpaid.

Senseramente,



EDWARD/M. BIRN
Director



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November 17, 2023

Mizpah C Wiegand
Ernst & Young LLP
231 Ypao Road Suite 201
Tamuning, GU 96913

**RE.: FY 2022 Single Audit Reports – Schedule of
Prior Years Single Audit Findings**


Hafa Adai Ms. Wiegand:

Department of Administration is actively pursuing resolutions to matters reported on the Schedule of Findings and Questioned Costs for the year ended September 30, 2022. Department of Administration notes that some of the findings are generally repeated from FY2018 to FY2021. This is the result of reporting these findings for the previous year close to the end of the following financial year. These findings are the subject of ongoing resolutions.

Enclosed with this memorandum are our responses to the audit findings for FY2021 and prior.

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

Senseramente,



EDWARD M. BIRN
Director

Enclosures

**AUDIT FINDINGS
FISCAL YEAR 2018**

AUDIT FINDING NO.	STATUS
2018-001	<p>Department of Administration</p> <p>The replacement of the current legacy accounting systems is long overdue. The system has defects other than the periodical closing process noted above and the inflow of federal funds associated with pandemic relief and recovery together with its enhanced reporting requirements has stressed the to the point where replacement has become an emergency.</p> <p>Procurement of a new system is in progress.</p> <p>On-going. Recommend Closure (Noted as repeat finding and Corrective Action Plan in place)</p>
2018-002	<p>Department of Administration</p> <p>DOA will require DPHSS to submit dated copy of daily EBT reconciliations.</p> <p>In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (Recommend to close)</p>
2018-003	<p>Department of Administration</p> <p>Procurement officer will review and issue further policy statements regarding expired contracts and renewal conditions. In addition, personnel will be assigned to conduct a review of all existing contracts and their expiration dates and provide respective agency heads with this report and require a report detailing their plan of action to address contracts nearing expiration. In addition, each agency will also conduct a review of procurement records to ensure completeness and provide DOA with findings and measures taken to correct deficiencies. Procurement personnel will continue to enforce compliance with applicable procurement requirements.</p> <p>Require reason for a "no quote" submission and if received request for additional quotation from other potential suppliers.</p> <p>On-going – Recommend Closure (Noted as repeat finding and Corrective Action Plan in place)</p>

2018-004 Department of Administration

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

A fixed asset module will be integrated into an updated accounting system that will allow tracking of project costs.

Capitalization policy will be updated to record all government vehicles.

Complete physical inventory of fixed assets was scheduled to be completed in FY 2020, the impending and sudden occurrence of the Public Health emergency caused by the COVID-19 coronavirus, resulted in a transfer of available resources to addressing the public health emergency. Non-essential GovGuam departments were closed and those employees who were working either in offices with restricted access to protect the health of workers or remotely were directed to focus on the emergency and facilitating the essential efforts of curtailing the virus. Fixed assets inventory will be addressed in FY2024.

On-going – Recommend closure (Noted as repeat finding and Corrective Action Plan in place)

**AUDIT FINDINGS
FISCAL YEAR 2019**

AUDIT FINDING NO.	STATUS
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2019-001 Department of Administration

DOA will include an internal audit review of the processes as part of the program to ensure that the corrective action plan provided is implemented. DOA will also make certain that DPHSS improves their training on the responsibilities of all Eligibility Specialists Supervisors (ESSs) to effectively review ES eligibility determinations for completeness prior to case finalization.

On-going

2019-002 Department of Public Health & Social Services

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

Mandate 100% supervisory reviews will prevent errors from occurring. DPHSS will submit Standard Operating Procedures (SOP) to address each condition noted on report and submit to DOA/Accounting no later than the end of FY20 to enforce management of case files and to monitor eligibility determinations for compliance of program requirements.

DPHSS must complete the following items by end of September 30, 2023:

- Administrator of the program must identify and correct weaknesses found with the PHPro system and to ensure that responsible are trained to report any system related issues they come upon.
- Complete an inventory of current case files that are in the Eligibility Verification System and submit a record of survey for any case files not found if any.

- Responsible personnel will develop a checklist and immediately conduct a review of current case files for completeness utilizing checklist requirements and correct all deficiencies found.
- Must conduct improved initial/ annual/refresher training for staff responsible for intake and posting of information to IEVS to document training received.

On-going

2019-003 Department of Administration

DOA will require DPHSS to submit dated copy of daily EBT reconciliations.

In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (Recommend to close)

2019-004 Department of Administration

The procurement officer will review and issue further policy statements regarding expired contracts and renewal conditions. In addition, personnel will be assigned to conduct a review of all existing contracts and their expiration dates and provide respective agency heads with this report and require a report detailing their plan of action to address contracts nearing expiration. In addition, each agency will also conduct a review of procurement records to ensure completeness and provide DOA with findings and measures taken to correct deficiencies.

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

Require reason for a "no quote" submission and if received request for additional quotation from other potential suppliers.

On-going

2019-005 Department of Administration

DPHSS will submit Standard Operating Procedures (SOP) to address each condition noted on report and submit to DOA/Accounting no later than the end of FY20 to enforce management of case files and to monitor eligibility determinations for compliance of program requirements.

DPHSS must complete the following items by end of September 30, 2023:

- The administrator of the program must identify, and correct weaknesses found with the PHPro system and ensure that the person responsible is trained to report any system related issues they come upon.
- Complete an inventory of current case files that are in the Eligibility Verification System and submit a record of survey for any case files not found if any.
- Responsible personnel will develop a checklist and immediately conduct a review of current case files for completeness utilizing checklist requirements and correct all deficiencies found.
- Must conduct improved initial/ annual/refresher training for staff responsible for intake and posting of information to IEVS to document training received.

On-going

2019-006 Department of Administration

DPHSS responsible personnel will submit a draft of CMS-64 report for review to DOA/Accounting 15 days prior to submission deadline to ensure amounts reported reconcile with accounting records.

DPHSS must provide the following items for each report submitted for review:

- Accounting records substantiating reported amounts

In FY23, DPHSS provides a copy of CMS 64 to DOA to review prior to submitting report.

2019-007 Department of Administration

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

On-going

2019-008 Department of Administration

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

A fixed asset module will be integrated into an updated accounting system that will allow tracking of project costs.

Capitalization policy will be updated to record all government vehicles.

Complete physical inventory of fixed assets was scheduled to be completed in FY 2020, the impending and sudden occurrence of the Public Health emergency caused by the COVID-19 coronavirus, resulted in a transfer of available resources to addressing the public health emergency. Non-essential GovGuam departments were closed and those employees who were working either in offices with restricted access to protect the health of workers or remotely were directed to focus on the emergency and facilitating the essential efforts of curtailing the virus. Fixed assets inventory will be addressed in FY2024.

On-going

**AUDIT FINDINGS
FISCAL YEAR 2020**

AUDIT FINDING NO.	STATUS
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2020-001 Department of Administration

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

On-going

2020-002 Department of Administration

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

On-going

2020-003 Department of Administration

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

The fixed assets inventory will be addressed in FY 2024.

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

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

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

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

On-going

2020-004 Department of Administration

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

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

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

DPH&SS must complete the following items by September 30, 2023:

- Administrator of the program must identify and correct weaknesses found with the PHPro system and ensure that those responsible are trained to report any system related issues.
- Complete an inventory of current case files that are in the eligibility Verification System and submit a record of survey for any case files not found.
- Responsible personnel will develop a checklist and immediately conduct a review of current case files for completeness utilizing checklist requirements and correct all deficiencies found.

- Conduct improved initial/annual/refresher training for staff responsible for Intake and posting of information to IEVS to document training received.

On-going

2020-005 Department of Administration

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

In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (Recommend to close)

2020-006 Department of Administration

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

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

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

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

On-going

2020-007 Department of Administration

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

On-going

2020-008 Department of Administration

Procurement personnel will continue to enforce compliance with applicable procurement.

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

On-going

2020-009 Department of Administration

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

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

On October 14,2021, DOL received a letter from US DOL stating that this finding has been corrected. Recommend to close.

2020-010 Department of Labor

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

On October 14,2021, DOL received a letter from US DOL stating that this finding has been corrected. Recommend to close.

2020-011 Department of Administration

1. The absorption of credit card fees by GovGuam was not primarily driven by expected collection enhancements, which would be susceptible to justification by metrics, although some acceleration of collections was noted. The primary goal is to permit and encourage payments to GovGuam remotely by citizens especially using website access. This was designed to minimize contact between GovGuam workers and potential COVID positive Guamanians, especially when government offices were closed and movement outside homes discouraged. Even with infection rates under control, safe practices necessitate continuation of this benefit
2. Procurement of quarantine and isolation facilities was necessarily done without the benefit of significant data on expected travellers and infections. Because of the health risk, potential bidders were

hesitant to price services without a significant commitment to defray their fixed and variable costs. This translated into contacts containing room minimums. In the event, quarantine facility minimums were generally exceeded whereas isolation facilities are generally not full, due to the successful infection containment measures in place. Future commitments will take into consideration data gathered by the usage over the last few months.

On-going

2020-012 Department of Administration

Quarterly reports are submitted to U.S. Treasury through the CRF portal.

Quarterly reports were submitted with final being submitted in January 2023. Recommend to close.

2020-013 Department of Administration

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

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

On-going

2020-014 Department of Administration

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

On-going

2020-015 Department of Administration

Procurement personnel will continue to enforce compliance with applicable procurement regulations and require no less than three (3) price quotations on file and requests for documentation that shows evidence of solicitation from other potential suppliers to participate in federally funded transactions. In addition, require reasons for a “no quote” submission and to solicit from other potential suppliers should a “no quote” be received.

On-going

2020-016 Department of Administration

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

On-going

2020-017 Department of Administration

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

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

- Reports substantiating reported amounts.

On-going

2020-018 Department of Administration

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

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

- Reports substantiating reported amounts.

On-going

**AUDIT FINDINGS
FISCAL YEAR 2021**

AUDIT FINDING NO.	STATUS
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2021-001 Department of Administration

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

On-going

2021-002 Department of Administration

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

On-going

2021-003 Department of Administration

Although a complete physical inventory of fixed assets was scheduled to be completed in FY 2021, the impending and sudden occurrence of the Public Health emergency caused by the COVID-19 coronavirus, resulted in a transfer of available resources to addressing the public health emergency. Non-essential GovGuam departments were closed and those employees who were working either in offices with restricted access to protect the health of workers or remotely were directed to focus on the emergency and facilitating the essential efforts of curtailing the virus.

The fixed assets inventory will be addressed in FY 2024.

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

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

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

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

On-going

2021-004 Department of Administration

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

In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (Recommend to close)

2021-005 Department of Administration

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

In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (Recommend to close)

2021-006 Department of Administration

DPHSS Division of Public Welfare will work with DMR and FIS to ensure reports include accurate reporting of expungements.

On-going

2021-007 Department of Administration

Procurement personnel will continue to enforce compliance with applicable procurement.

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

On-going

2021-008 Department of Administration

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

In FY23, SNAP has provided DOA with daily issuances that are being recorded on a weekly basis. (Recommend to close)

2021-009 Department of Administration

Procurement personnel will continue to enforce compliance with applicable procurement.

On-going

2021-010 Department of Administration

Program coordinators will ensure that ATPs are received prior to approving program cost.

On-going

2021-011 Department of Administration

GDOL will continue to collect overpayments for benefits payments that were determined ineligible by staff or determined as a result of the appeals process. USDOL has continued to ratify payments to claimants, which do not comply with criteria but were determined to be free from fraud. Collection efforts were appropriated will continue through Guam's period of performance currently set through June 30, 2023.

On January 18, 2023, DOL received a letter from US DOL stating that this finding has been corrected. Recommend to close

2021-012 Department of Administration

GDOL will continue or collect overpayments for benefit payments that were determined ineligible by staff or as result of the appeals process. Collection efforts will continue through June 30, 2023.

On January 18, 2023, DOL received a letter from US DOL stating that this finding has been corrected. Recommend to close

2021-013 Department of Administration

GDOL will ensure policies and procedures for all discretionary grants are followed and case files are complete.

On January 18, 2023, DOL received a letter from US DOL stating that this finding has been corrected. Recommend to close

2021-014 Department of Administration

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

On-going

2021-015 Department of Administration

Quarterly reports are submitted to U.S. Treasury through the CRF portal.

Quarterly reports were submitted with final being submitted in January 2023. Recommend to close

2021-016 Department of Administration

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

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

On-going

2021-017 Department of Administration

All files have been provided to auditors for verification.

On-going

2021-018 Department of Administration

The timing of required reporting by US Treasury may not align with reported AS400 expenditures after final reporting has been posted. There is no provision in quarterly ERA reporting for an adjustment of previously reported values.

On-going

2021-019 Department of Administration

It was essential during the height of the pandemic to continue the provision of quarantine facilities after CARES Act funding expired and before ARPA, funding was effective. Expected FEMA reimbursements mitigating this expenditure has not been received. Discussion with FEMA are ongoing.

On-going

2021-020 Department of Administration

Procurement personnel will continue to enforce compliance with applicable procurement.

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

On-going

2021-021 Department of Administration

Guam Small Business Pandemic Assistance Grant was treated as a direct payment, which has been administered by the Guam Economic Development Authority (GEDA). GovGuam had adhered to this

treatment in its quarterly reporting statement to U.S. Treasury on the use of Coronavirus Relief fund monies, including the required reporting of recipients into the portal.

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

On-going

2021-022 Department of Administration

Procurement personnel will continue to enforce compliance with applicable procurement.

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

On-going

2021-023 Department of Administration

DOA has determined in accordance with 2CFR §200.331 the Guam Educational Telecommunications Corporation (PBS Guam) is a subrecipient of the program funds. DOA has advised PBS Guam that a compliant audit report is required by Single Audit Act and 2CFR §200.331 and should be provided.

On-going

2021-024 Department of Administration

Procurement personnel will continue to enforce compliance with applicable procurement.

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

On-going

2021-025 Department of Administration

DOA will include an internal audit review of the processes as part of the program to ensure that the corrective action plan provided is implemented. DOA will also make certain that DPHSS improves their training on the responsibilities of all Eligibility Specialists Supervisors (ESSs) to effectively review ES eligibility determinations for completeness prior to case finalization.

On-going

2021-026 Department of Public Health & Social Services

BCSS will continue with random inspections of CCDF certified providers through the year to ensure compliance with health and safety standard.

On-going

2021-027 Department of Administration

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

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

- Reports substantiating reported amounts

In FY23, DPHSS provides a copy of CMS 64 to DOA to review prior to submitting report.

On-going

2021-028 Department of Administration

DPHSS will create a Standing Operating Procedure (SOP) on the effective handling of revalidating providers' enrolments regardless of provider type at least every five (5) years.

On-going

2021-029 Department of Administration

Procurement personnel will continue to enforce compliance with applicable procurement.

Require no less than three (3) price quotations on file and request for documentation that shows evidence of solicitation from other potential

suppliers to participate in federally funded transactions. In addition, require a reason for a “no quote” submission and to solicit from other potential suppliers should a “no quote” be received.

On-going

2021-030 Department of Administration

GDOL has a worked with their vendor. All ineligible benefits payments have been established as an overpayment, and collection efforts have been initiated. GDOL will advise DOA monthly of the amount subject to offset so it may be posted to the financial system.

On-going. DOL is currently working on it with FEMA.