

*Reports on Compliance*

**Guam Department of Education**  
(A Line Agency of the Government of Guam)

*Year Ended September 30, 2024*



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with confidence**

Guam Department of Education  
(A Line Agency of the Government of Guam)

Reports on Compliance

Year Ended September 30, 2024

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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*

Guam Education Board  
Guam Department of Education

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 and each major fund of the Guam Department of Education (GDOE) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise GDOE's basic financial statements, and have issued our report thereon dated December 31, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GDOE'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 GDOE's internal control. Accordingly, we do not express an opinion on the effectiveness of GDOE'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 2024-001 through 2024-002, and 2024-011 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether GDOE'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 instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-011.

### **GDOE's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on GDOE's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. GDOE'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*

December 31, 2025

## 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

Guam Education Board  
Guam Department of Education

### **Report on Compliance for Each Major Federal Program**

#### *Qualified and Unmodified Opinions*

We have audited the Guam Department of Education's (GDOE's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of GDOE's major federal programs for the year ended September 30, 2024. GDOE'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 the Child Nutrition Cluster; Special Education Cluster (IDEA); and ALN 84.425 Education Stabilization Fund*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, GDOE complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster; Special Education Cluster (IDEA); and ALN 84.425 Education Stabilization Fund for the year ended September 30, 2024.

#### *Unmodified Opinion on ALN 84.403 Consolidated Grant to the Outlying Areas*

In our opinion, GDOE complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ALN 84.403 Consolidated Grant to the Outlying Areas as identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2024.

#### *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 GDOE 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of GDOE’s compliance with the compliance requirements referred to above.

*Matters Giving Rise to Qualified Opinion the Child Nutrition Cluster; Special Education Cluster (IDEA); and ALN 84.425 Education Stabilization Fund*

As described in Findings 2024-003, 2024-004, 2024-006, and 2024-011 in the accompanying Schedule of Findings and Questioned Costs, GDOE did not comply with requirements regarding the following:

<b>Finding #</b>	<b>Assistance Listing #</b>	<b>Program or Cluster Name</b>	<b>Compliance Requirement</b>
2024-003	10.555	Child Nutrition Cluster	Eligibility
2024-004	10.555	Child Nutrition Cluster	Reporting
2024-006	84.027	Special Education Cluster (IDEA)	Period of Performance
2024-011	84.425	Education Stabilization Fund	Matching, Level of Effort, Earmarking

Compliance with such requirements is necessary, in our opinion, for GDOE 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 GDOE’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 GDOE’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 GDOE’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 GDOE'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 GDOE'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 GDOE'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 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 2024-005, 2024-007, 2024-008, 2024-009, 2024-010, and 2024-012. 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 GDOE's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. GDOE'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.

GDOE is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. GDOE'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 2024-003, 2024-004, 2024-006, and 2024-011 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 2024-005, 2024-007, 2024-008, 2024-009, 2024-010, and 2024-012, 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 GDOE's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. GDOE'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.

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 and each major fund of the Guam Department of Education (GDOE), a line agency of the Government of Guam, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise GDOE's basic financial statements. We issued our report thereon dated December 31, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Ernst + Young LLP*

December 31, 2025

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
Direct:				
Child Nutrition Cluster:				
National School Lunch Program (NSLP)	10.555		\$ 494,440	14,839,648
Supply Chain Assistance Funds	10.555		125,219	125,219
Subtotal Child Nutrition Cluster			<u>619,659</u>	<u>14,964,867</u>
Child and Adult Care Food Program	10.558		127,752	648,102
State Administrative Expenses for Child Nutrition	10.560			383,408
Food Distribution Cluster:				
Emergency Food Assistance Program (Administrative Costs)	10.568			3,986
Subtotal Food Distribution Cluster				<u>3,986</u>
Child Nutrition Technology Innovation Grant	10.541			148,409
Team Nutrition Training Grant	10.574			26,237
Farm to School Grant	10.645			14,242
Child Nutrition Discretionary Grants Limited Availability	10.579			79,076
Total U.S. Department of Agriculture			<u>\$ 747,411</u>	<u>\$ 16,268,327</u>
<b>U.S. DEPARTMENT OF DEFENSE:</b>				
Direct:				
Army JROTC	12.U01			\$ 220,601
Air Force JROTC	12.U02			190,116
Marine JROTC	12.U03			42,462
Total U.S. Department of Defense				<u>\$ 453,179</u>
<b>U.S. DEPARTMENT OF THE INTERIOR:</b>				
Pass-Through Government of Guam - Department of Administration:				
Economic, Social, and Political Development of the Territories	15.875	778904292		\$ 234,537
Technical Assistance Program	15.875	778904292		19,840
Total U.S. Department of the Interior				<u>\$ 254,377</u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>				
Direct:				
Special Education Cluster (IDEA):				
Special Education-Grants to States (IDEA, Part B)	84.027A			\$ 18,937,313
COVID-19, American Rescue Plan - Individuals with Disabilities Education Act (ARP)	84.027X			561,018
Subtotal Special Education Cluster (IDEA)				<u>19,498,331</u>
Special Education-Grants for Infants and Families	84.181			1,664,026
Project Hita Para M'ona / State Personnel Development	84.323			157,292
Striving Readers / Comp. Literacy Development	84.371			173,631
Statewide Longitudinal Data System	84.372			167,485
Consolidated Grant to the Outlying Areas	84.403			30,004,809
Student Support & Academic Enrichment	84.424F			331,968
Education Stabilization Fund:				
COVID-19, Education Stabilization Fund - State Educational Agency (Outlying Areas) (ESF-SEA)	84.425A			4,608,056
COVID-19, American Rescue Plan - State Agency Educational Agency (Outlying Areas) (ARP-OA SEA)	84.425X			105,406,901
Subtotal Education Stabilization Fund:				<u>110,014,957</u>
Total U.S. Department of Education				<u>\$ 162,012,499</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
Direct:				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			\$ 232,589
Head Start Cluster:				
Head Start	93.600			4,441,737
COVID-19/ ARP/CRRSA - Head Start Supplement	93.600			356,080
Subtotal Head Start Cluster				<u>4,797,817</u>
Total U.S. Department of Health and Human Services				<u>\$ 5,030,406</u>
Total Federal Awards Expended			<u>\$ 747,411</u>	<u>\$ 184,018,788</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Guam Department of Education  
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Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

**1. Scope of Audit**

The Guam Department of Education (GDOE) is a line agency of the Government of Guam, 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. Only the operations of the Guam Department of Education are included within the scope of the Single Audit.

**2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GDOE under programs of the federal government for the year ended September 30, 2024. 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 GDOE, it is not intended to and does not present the financial position, changes in net position or cash flows of GDOE.

**3. Summary of Significant Accounting Policies**

a. Basis of Accounting:

GDOE is named as the federal award recipient on federal award documents and is responsible for maintaining the accounting records for federal expenditures. 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 GDOE maintains its accounting records. 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. Pass-through entity identifying numbers are presented where available. GDOE does not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

b. Subgrants:

Certain program funds are passed through the Guam Department of Education to subrecipient organizations. Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how the subrecipients outside of the Guam Department of Education's control utilized the funds. If the subrecipient expends \$750,000 or more in federal awards, the subrecipient separately satisfies the audit requirements of the Uniform Guidance.

Guam Department of Education  
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Notes to Schedule of Expenditures of Federal Awards, continued

**4. High-Risk Grantee Status**

GDOE is designated a high-risk grantee by the U.S. Department of Education.

**5. Assistance Listing Number 10.555**

Expenditures for ALN 10.555 include expenditures for both the National School Lunch Program and the School Breakfast Program, which is listed in the Assistance Listing index as ALN 10.553. Only ALN 10.555 is presented in the Schedule as the U.S. Department of Agriculture awarded Child Nutrition Program funds under the one ALN in its Grant Award Document.

Guam Department of Education  
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Schedule of Findings and Questioned Costs

**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

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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?

  X   **Yes**             **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 84.403

Unmodified

All other federal major programs

Qualified

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

  X   **Yes**             **No**

Guam Department of Education  
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Schedule of Findings and Questioned Costs, continued

**Section I - Summary of Auditor's Results, continued**

Identification of major federal programs:

<u>Assistance Listing Numbers (ALNs)</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.555	National School Lunch Program
	Special Education Cluster (IDEA):
84.027	Special Education Grants to States
84.403	Consolidated Grant to the Outlying Areas
84.425	Education Stabilization Fund:
84.425A	Education Stabilization Fund - State Educational Agency (Outlying Areas) (ESF-SEA)
84.425X	American Rescue Plan - State Agency Educational Agency (Outlying Areas) (ARP-OA SEA)

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

\$3,000,000

Auditee qualified as low risk auditee?

Yes     No

**Section II - Financial Statement Findings**

<u>Finding Number</u>	<u>Area</u>
2024-001	Federal Grants Assistance Fund and SEFA Preparation
2024-002	Financial Statement Close Process
2024-011	Matching, Level of Effort, Earmarking

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Schedule of Findings and Questioned Costs, continued

**Section III - Federal Award Findings and Questioned Costs**

<u>ALN</u>	<u>Finding Number</u>	<u>Requirement</u>	<u>Questioned Cost</u>
10.555	2024-003	Eligibility	\$ ---
10.555	2024-004	Reporting	---
84.027	2024-005	Equipment and Real Property Management	1,391
84.027	2024-006	Period of Performance	39,665
84.027	2024-007	Procurement and Suspension and Debarment	---
84.403	2024-008	Cash Management	112,652
84.403	2024-009	Procurement and Suspension and Debarment	6,918
84.425	2024-010	Equipment and Real Property Management	1,842
84.425	2024-011	Matching, Level of Effort, Earmarking	825,567
84.425	2024-012	Special Tests and Provisions - Wage Rate Requirements	<u>45,750</u>
Total Questioned Costs			<u>\$1,033,785</u>

Guam Department of Education  
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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-001

Area: Federal Grants Assistance Fund and SEFA Preparation

Criteria:

Governmental Accounting Standards Board (GASB) Cod. N50.118 *Nonexchange Transactions* states that:

- recipients of grants considered voluntary non-exchange transactions should recognize receivables and revenues (net of estimated uncollectible amounts) when all applicable eligibility requirements, including time requirements, are met.
- receivables and revenues arising from voluntary non-exchange transactions should be recognized net of estimated uncollectible amounts.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) developed the Internal Control Framework to provide guidance for organizations in designing and implementing effective internal controls and aims to enhance the reliability of financial reporting and compliance with laws and regulations. The COSO framework consists of five key components that work together to create an effective internal control system. One of the five key components is control activities which pertain to policies and procedures that help ensure management directives are carried out, which include approvals, authorizations, verifications, reconciliations, and business performance reviews.

Condition:

GDOE's schedule of federal receivables and deferrals (SEFRAD) did not include sufficient detail of the reimbursable expenditures (e.g., account code, effective date, vendor name, and invoice number among others) to support the financial statement balances under the federal grants assistance fund. The final SEFRAD has been completed only 12 months after the financial reporting date.

Federal grants assistance fund receivables, revenues, expenditures and accruals were understated by \$1.27 million due to an unrecorded vendor invoice.

The Schedule of Expenditures and Federal Awards (SEFA) and supporting expenditure listing were not timely reconciled and completed, resulting in multiple versions being provided during the audit. Further, examination of expenditure listing revealed numerous credit balances that were not timely reconciled and removed from the listing.

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-001, continued  
Area: Federal Grants Assistance Fund and SEFA Preparation

Cause:

GDOE's Financial Affairs Division do not have qualified and trained personnel to maintain and reconcile the federal grants assistance fund accounts and prepare the SEFA.

Effect:

Several year-end post-closing adjustments were recorded to reconcile the federal grants assistance fund accounts. GDOE's Internal Audit Office stepped-in to assist in the reconciliation process.

Proposed auditors' adjustments were accepted and recorded by management to correct the understatement in federal receivables, revenues, expenditures and accruals.

Several revisions in the SEFA caused delay to the audit.

Identification as a Repeat Finding: Finding 2023-001

Recommendation:

GDOE's Financial Affairs Division should consider training and assigning accountants that are qualified to manage and regularly monitor its federal grants assistance fund. This includes ensuring that significant federal grants receivables are supported by a detailed listing of reimbursable expenditures and are collected within a reasonable period, considering estimated uncollectible amounts when necessary.

GDOE should strengthen internal controls related to Federal Grant Assistance Fund and SEFA preparation. Specifically, accrual process should incorporate review of subsequent payments to ensure that all federal expenditures are recorded and reported in the correct period. Also, a review process for SEFA preparation should be developed and implemented ensuring that it is supported by accurate expenditure detail and can be reconciled to the financial statements.

Views of Responsible Officials:

GDOE agrees with the finding but disagrees with the stated cause and provides details in its Corrective Action Plan. The finding remains.

Guam Department of Education  
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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-002

Area: Financial Statement Close Process

Criteria:

GASB Statement 62 provides that financed purchases shall be treated similar to capital leases. As such, the subsequent measurement of a related liability should consider the effect of principal payments made during the year.

GASB Cod. P20.148 through .184 *Pension Activities – Reporting for Benefits Provided through Trusts that Meet Specified Criteria* require the recording of a component unit’s proportionate share of collective total net pension liability and related pension amounts in the component unit’s stand-alone financial statements measured as of a date no earlier than the end of the employer’s prior fiscal year.

GASB N50.130 *Nonexchange Transactions* requires that an employer should recognize revenues and expenditures or expenses for on-behalf payments for fringe benefits and salaries.

GASB C60.106 *Compensated Absences* requires that a liability for compensated absences should be recognized in financial statements prepared using the economic resources measurement focus for (a) leave that has not been used and (b) leave that has been used but not yet paid or settled.

GASB Cod. P52.141 through .152 *Postemployment Benefits Other Than Pensions—Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria—Defined Benefit* require the recording of a component unit’s proportionate share of collective total OPEB liability and related OPEB amounts in a component unit’s stand-alone financial statements.

Conditions:

- 1) Liabilities related to financed purchases of schools were overstated by approximately \$9.60 million based on the corresponding amortization schedules.
- 2) Net pension liability was overstated by approximately \$22.51 million based on the schedule of employer allocations and schedule of pension amounts by employer for the measurement period ended September 30, 2023.

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-002, continued  
Area: Financial Statement Close Process

Conditions, continued:

- 3) Amounts paid by Government of Guam on behalf of GDOE amounting to approximately \$15.18 million for retiree healthcare benefits were not recorded in the statement of revenues, expenditures and changes in fund balances in the General Fund and statement of activities as revenue with a corresponding expense or expenditure.
- 4) Compensated absences payable and accrued sick leave liability were not adjusted to reflect the yearend balances and are overstated by \$682 thousand and \$2.94 million, respectively.
- 5) OPEB liability was understated by \$123.57million based on the schedule of employer shares (allocations) by component unit for the measurement period ended September 30, 2023.

Audit adjustments were proposed to correct the above misstatements identified and included in the summary of corrected misstatements.

Cause:

GDOE's Financial Affairs Division do not have qualified and trained personnel to monitor and review the accuracy and completeness of recorded transactions during the year-end closing process.

Effect:

Fiscal year-end adjustments may not be timely identified and reported in the financial statements.

Identified as a Repeat Finding: 2023-002

Recommendation:

GDOE management should consider training existing Financial Affairs Division personnel to monitor and review the accuracy and completeness of recorded transactions at each closing period.

Views of Responsible Officials:

GDOE agrees with the finding but disagrees with the stated cause and provides details in its Corrective Action Plan. The finding remains.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-003  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.555 Child Nutrition Cluster  
Federal Award No.: 7GU300GUB  
Area: Eligibility  
Questioned Costs: \$0

Criteria:

In accordance with the National School Lunch Act, state agencies are required to annually notify local educational agencies (LEAs) of district-wide eligibility for the community eligibility provision (CEP). By May 1 of each year, state agencies must publish lists of eligible and near-eligible LEAs and schools on their state agency websites.

Condition:

GDOE functions both as State Educational Agency (SEA) and LEA. As a state agency, it is required to fulfil the above criteria. As of December 4, 2025, the annual notification for School Year (SY) 2023-2024 and SY 2024-2025 was not published on GDOE's website. Specifically, the lists of eligible and near-eligible LEAs and schools was not published on GDOE's website. Furthermore, documentation of CEP approval was not provided.

Cause:

GDOE did not enforce controls over compliance with the applicable eligibility requirements relative to annual notifications and publications and retaining documentation of CEP approval.

Effect:

GDOE is in noncompliance with applicable eligibility requirements. No questioned cost is presented as non-compliance is related to a disclosure requirement and is not specific to a particular cost.

Identified as a Repeat Finding: 2023-004

Recommendation:

GDOE should establish and implement internal controls over compliance with applicable eligibility requirements. Responsible personnel should prepare and publish required notifications and retain documentation of CEP approval.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-003, continued  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.555 Child Nutrition Cluster  
Federal Award No.: 7GU300GUB  
Area: Eligibility  
Questioned Costs: \$0

Views of Responsible Officials:

GDOE agrees with the finding and provides details in its Corrective Action Plan.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-004  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.555 Child Nutrition Cluster  
Federal Award No.: 7GU300GUB, 7GU320GU3, 237GUGU3N8903  
Area: Reporting  
Questioned Costs: \$0

Criteria:

The School Food Authority (SFA) must submit SF-425 Federal Financial Report quarterly related to Supply Chain Assistance fund.

Further, financial reports should be traceable to accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Conditions:

1. The following quarterly SF-425 for Supply Chain Assistance fund were not prepared and submitted during fiscal year 2024:

<b>Award #</b>	<b>Quarter Ended</b>
7GU320GU3	December 31, 2023
7GU320GU3	March 31, 2024
7GU320GU3	June 30, 2024
237GUGU3N8903	September 30, 2023
237GUGU3N8903	December 31, 2023
237GUGU3N8903	March 31, 2024
237GUGU3N8903	June 30, 2024

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-004, continued  
 Federal Agency: U.S. Department of Agriculture  
 AL Program: 10.555 Child Nutrition Cluster  
 Federal Award No.: 7GU300GUB, 7GU320GU3, 237GUGU3N8903  
 Area: Reporting  
 Questioned Costs: \$0

Conditions, continued:

2. We noted variances between the expenditures reported in Financial Status Report FNS 777 against the underlying accounting records as summarized below:

STATUS OF FUNDS PROGRAMS/FUNCTIONS/ACTIVITIES	Reported during FY24 QTR 3 - (04/01/24 - 06/30/24)	Total per Expenditure Details	Over (Under) Reported variance
Net outlays previously reported	\$ 7,947,328	\$ 9,014,236	(\$1,066,908)
Total outlays this report period	1,434,331	2,395,557	( 961,226)
Less: Program income credits	-	-	-
Net outlays this report period (Line b minus line c)	<u>1,434,331</u>	<u>2,395,557</u>	<u>( 961,226)</u>
Net outlays to date (Line a plus line d)	9,381,659	11,409,793	(2,028,134)
Less: Non-Federal Share of outlays	-	-	-
Total Federal share of outlays (Line e minus line f)	<u>9,381,659</u>	<u>11,409,793</u>	<u>(2,028,134)</u>
Total unliquidated obligations	3,811,238	5,355,508	(1,544,270)
Less: Non-Federal Share of unliquidated obligations shown on line h	-	-	-
Federal share of unliquidated obligations	<u>3,811,238</u>	<u>5,355,508</u>	<u>(1,544,270)</u>
Total Federal share of outlays and unliquidated obligations	13,192,897	16,765,301	(3,572,404)
Total cumulative amount of Federal fund authorized	<u>12,239,790</u>	<u>12,239,790</u>	-
Unobligated balance of Federal funds	(\$ <u>953,107</u> )	(\$ <u>4,525,511</u> )	<u>\$ 3,572,404</u>

3. Subawards are not reported in FSRS, as follows:

Transactions Tested	Subaward Not Reported	Dollar Amount of Tested Transactions	Subaward Not Reported
2	2	\$609,093	\$609,093

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-004, continued  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.555 Child Nutrition Cluster  
Federal Award No.: 7GU300GUB, 7GU320GU3, 237GUGU3N8903  
Area: Reporting  
Questioned Costs: \$0

Cause:

GDOE lacks controls over compliance with applicable reporting requirements.

Effect:

GDOE is in noncompliance with applicable reporting requirements. No questioned cost is presented as the non-compliance was related to reporting requirements.

Identified as a Repeat Finding: 2023-006

Recommendation:

Responsible personnel should establish and implement controls over compliance with applicable reporting requirements relative to submitting quarterly SF-425, accurate reporting of FNS-777 and reporting subawards in FSRS.

Views of Responsible Officials:

GDOE agrees with the finding and provides details in its Corrective Action Plan.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-005  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.027 Special Education Grants to States  
 Area: Equipment and Real Property Management  
 Questioned Costs: \$1,391

Criteria:

FY2024 U.S. Department of Education Special Conditions, paragraph (5) states that “GDOE must ensure that all tangible personal property procured under Department grants is managed in accordance with the requirements of 2 CFR 200.313(a) and (c)-(e) to ensure that such property is properly inventoried, maintained, and stored to prevent loss, damage, or theft of such property”.

2 CFR 200.313(d) states that regardless of whether equipment is acquired in part or its entirety under the Federal award, the recipient must manage equipment (including replacement equipment) utilizing procedures that meet the requirement of having a control system in place to ensure safeguards for preventing property loss, damage, or theft. Any loss, damage, or theft of equipment must be investigated. The recipient or subrecipient must notify the Federal agency or pass-through entity of any loss, damage, or theft of equipment that will have an impact on the program.

Condition:

For four (or 10%) of forty items totaling with a net book value of \$545,378 subjected to equipment safeguarding test, items were tagged as “A” or active in the property record, however, they were not physically inspected as it was noted to be missing during the audit.

<u>Item #</u>	<u>Federal Award #</u>	<u>Asset #</u>	<u>Description</u>	<u>Net Book Value</u>	<u>Questioned Cost</u>
1	H027A120013	14101	Insprio Premium with ILapel	\$ -	\$ -
2	H027A180013	39573	RIFTON SMALL PACER GAIT TRAINER (RED)	\$ 58	58
3	H027A190013-19A	78062	OTICON XCEED PLAY 2 HEARING AID	\$ 313	313
4	H027X210013	98153	OTICON XCEED 1 HEARING AIDE	\$1,020	<u>1,020</u>
					<u>\$1,391</u>

Cause:

Responsible personnel did not properly safeguard the assets and were not made aware that assets are lost, hence, information on the property records were outdated.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-005, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.027 Special Education Grants to States  
Area: Equipment and Real Property Management  
Questioned Costs: \$1,391

Effect:

GDOE is in noncompliance with applicable equipment and real property management requirements. Questioned costs of \$1,391 was calculated based on the net book value of the equipment identified in the condition.

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable equipment and real property management requirements, specifically, ensuring safeguards for preventing property loss, damage, or theft.

Views of Responsible Officials:

GDOE disagrees with the finding and provides details in its Corrective Action Plan.

Auditor Response:

GDOE's property records as of September 30, 2024 show that assets are tagged as "A" or active. The finding remains.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-006  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.027 Special Education Grants to States  
 Area: Period of Performance  
 Questioned Costs: \$39,665

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.

Furthermore, 2 CFR 200.303(a) states that the recipient must establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework” issued by the COSO.

Conditions:

Of sixty items, aggregating \$384,666 of \$3,198,523 of expenditures subjected to period of performance test, deficiencies were noted, as follows:

1. For 4 items or (7%), GDOE charged costs to a federal award after the period of performance ended and liquidated obligations of a federal award after the approved liquidation end date:

<u>Federal Award</u> <u>No.</u>	<u>Purchase Order/</u> <u>Invoice No.</u>	<u>Invoice</u> <u>Date</u>	<u>POP End</u> <u>Date</u>	<u>Liquidation</u> <u>End Date</u>	<u>Liquidation</u> <u>Date</u>	<u>Expenditures</u>	<u>Questioned</u> <u>Costs</u>
H027A210013	20232230	08/27/2024	09/30/2023	01/28/2024	08/01/2025	\$ 3,240	\$ 3,240
H027A220013	20233151	01/28/2025	09/30/2024	01/28/2025	Not yet paid	17,953	17,953
H027A220013	20233151	01/28/2025	09/30/2024	01/28/2025	Not yet paid	10,636	10,636
H027A220013	20240021	04/29/2025	09/30/2024	01/28/2025	Not yet paid	<u>7,408</u>	<u>7,408</u>
						<u>\$39,237</u>	<u>\$39,237</u>

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-006, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.027 Special Education Grants to States  
Area: Period of Performance  
Questioned Costs: \$39,665

Conditions, continued:

2. For 1 item or (2%), compliance with period of performance of expenditure (PO# 20241462) amounting to \$428 could not be determined as supporting documents such as an invoice or canceled check was not made available for examination.
3. There is no review in place to ensure that liquidation of the obligation occur within the allowable time period.

Cause:

GDOE did not enforce monitoring controls over compliance with applicable period of performance requirements relating to charging of costs to a federal award within the period of performance. Also, GDOE's internal control policies and procedures in place are not suitably designed to ensure that liquidation of the obligation occurs within the allowable time period.

Effect:

GDOE is in noncompliance with applicable period of performance requirements. The reportable questioned cost is \$39,665.

Identified as a Repeat Finding: 2023-009

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 Division of Special Education is currently reviewing the details of the finding in order to provide an adequate response and corrective action plan.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-007  
Federal Agency: U.S. Department of Education  
AL Program: 84.027 Special Education Grants to States  
Federal Award No.: H027A220013, H027A230013  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

Criteria:

2 CFR 200.318(a) states the recipient or subrecipient must maintain and use documented procedures for procurement transactions under a Federal award or subaward, including for acquisition of property or services. These documented procurement procedures must be consistent with State, local, and tribal laws and regulations and the standards identified in §§ 200.317 through 200.327. Accordingly, documented procedures must ensure consistency to standards in 2 CFR 200.324(a) which articulates that the recipient or subrecipient must perform a cost or price analysis for every procurement transaction, including contract modifications, in excess of the simplified acquisition threshold.

Condition:

GDOE does not have procurement policies that meet the requirements of 2 CFR 200.318(a) and 2 CFR 200.324(a). Specifically, GDOE lacks documented procedures to ensure compliance with procurement transactions under a Federal award or subaward, requiring the performance and retention of cost price analysis for procurement transactions above the simplified acquisition threshold.

Cause:

GDOE lacks adequate internal control over periodic review of procurement policies, specifically, ensuring all required key provisions from the Compliance Supplement are included in the procurement policies.

Effect:

GDOE is in noncompliance with applicable procurement and suspension and debarment requirements. No questioned cost is presented because our procedures did not identify procurement of goods or services that would have required a cost price analysis in the current fiscal year.

Recommendation:

GDOE should revisit its procurement policies and ensure all required provisions stated in the Compliance Supplement are covered.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-007, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.027 Special Education Grants to States  
Federal Award No.: H027A220013, H027A230013  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

Views of Responsible Officials:

GDOE disagrees with the finding and provides details in its Corrective Action Plan.

Auditor Response:

Required key provision relating to the performance and retention of cost price analysis for procurement transactions above the simplified acquisition threshold is not included in the GDOE's procurement policies. The finding remains.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-008  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.403 Consolidated Grant to the Outlying Area  
 Area: Cash Management  
 Questioned Costs: \$112,652

Criteria:

FY2024 U.S. Department of Education Special Conditions, states that since GDOE is managing its Department funds independently without Third-Party Fiduciary Agent (TPFA) oversight, GDOE must continue to fulfill the responsibilities that were previously performed by the TPFA.

Responsibilities performed by TPFA per FY2023 U.S. Department of Education Special Conditions, Responsibilities and Requirements of the TPFA, states that “the Agent must pay vendors for the delivered goods or services and must, to the extent possible, disburse funds to the vendors on the same day the funds are deposited.”

Condition:

For forty-two (or 13%) of three hundred seventeen items, aggregating \$8,989,530 of \$28,876,832 in total cash draws, vendor was not paid either on the same day or within 24 hours after fund has been received, as follows:

<u>Item #</u>	<u>Federal Award #</u>	<u>Cash Draw Log #</u>	<u>Check #</u>	<u>Bank Clearance Date (Receipt of Fund)</u>	<u>Check Date (Payment to Vendor)</u>	<u>Questioned Cost</u>
1	S403A220002	DOEAM093	711239	06/10/2024	06/12/2024	\$ 31,137
2	S403A220002	DOEAM092	711238	06/10/2024	06/12/2024	6,832
3	S403A220002	DOEAM092	711238	06/10/2024	06/12/2024	6,832
4	S403A220002	DOEAM089	171717	06/10/2024	06/12/2024	3,468
5	S403A220002	DOEAM089	171717	06/10/2024	06/12/2024	3,468
6	S403A220002	DOEAM089	171717	06/10/2024	06/12/2024	3,468
7	S403A220002	DOEAM089	171717	06/10/2024	06/12/2024	3,468
8	S403A220002	DOEAM089	171719	06/10/2024	06/12/2024	1,258
9	S403A220002	DOEAM089	711234	06/10/2024	06/12/2024	1,080
10	S403A220002	DOEAM089	711231	06/10/2024	06/12/2024	899
11	S403A220002	DOEAM089	711234	06/10/2024	06/12/2024	705
12	S403A220002	DOEAM089	711233	06/10/2024	06/12/2024	525
13	S403A220002	DOEAM089	711234	06/10/2024	06/12/2024	480
14	S403A220002	DOEAM089	711234	06/10/2024	06/12/2024	330
15	S403A220002	DOEAM089	171718	06/10/2024	06/12/2024	324
16	S403A220002	DOEAM089	711234	06/10/2024	06/12/2024	255
17	S403A220002	DOEAM093	171721	06/10/2024	06/12/2024	185
18	S403A220002	DOEAM093	171721	06/10/2024	06/12/2024	41
19	S403A220002	DOEAM156	712181	10/01/2024	10/03/2024	24,520

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-008, continued  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.403 Consolidated Grant to the Outlying Area  
 Area: Cash Management  
 Questioned Costs: \$112,652

Condition, continued:

<u>Item #</u>	<u>Federal Award #</u>	<u>Cash Draw Log #</u>	<u>Check #</u>	<u>Bank Clearance Date (Receipt of Fund)</u>	<u>Check Date (Payment to Vendor)</u>	<u>Questioned Cost</u>
20	S403A220002 / S403A230002	DOEAM156	172632	10/01/2024	10/03/2024	7,535
21	S403A220002 / S403A230002	DOEAM156	172633	10/01/2024	10/03/2024	2,790
22	S403A220002 / S403A230002	DOEAM156	712178	10/01/2024	10/03/2024	2,160
23	S403A220002 / S403A230002	DOEAM156	712178	10/01/2024	10/03/2024	1,440
24	S403A220002 / S403A230002	DOEAM156	172632	10/01/2024	10/03/2024	1,370
25	S403A220002 / S403A230002	DOEAM156	172632	10/01/2024	10/03/2024	1,370
26	S403A220002 / S403A230002	DOEAM156	712181	10/01/2024	10/03/2024	1,280
27	S403A220002 / S403A230002	DOEAM156	172632	10/01/2024	10/03/2024	1,270
28	S403A220002 / S403A230002	DOEAM156	712181	10/01/2024	10/03/2024	1,159
29	S403A220002 / S403A230002	DOEAM156	712178	10/01/2024	10/03/2024	792
30	S403A220002 / S403A230002	DOEAM156	712178	10/01/2024	10/03/2024	630
31	S403A220002 / S403A230002	DOEAM156	712167	10/01/2024	10/03/2024	523
32	S403A220002 / S403A230002	DOEAM156	712182	10/01/2024	10/03/2024	159
33	S403A220002 / S403A230002	DOEAM156	712174	10/01/2024	10/03/2024	140
34	S403A220002 / S403A230002	DOEAM156	172631	10/01/2024	10/03/2024	139
35	S403A220002 / S403A230002	DOEAM156	712178	10/01/2024	10/03/2024	120
36	S403A220002 / S403A230002	DOEAM156	712183	10/01/2024	10/03/2024	105
37	S403A220002 / S403A230002	DOEAM156	712170	10/01/2024	10/03/2024	96
38	S403A220002 / S403A230002	DOEAM156	172634	10/01/2024	10/03/2024	96
39	S403A220002 / S403A230002	DOEAM156	712180	10/01/2024	10/03/2024	62
40	S403A220002 / S403A230002	DOEAM156	712178	10/01/2024	10/03/2024	60
41	S403A220002 / S403A230002	DOEAM156	712169	10/01/2024	10/03/2024	54
42	S403A220002 / S403A230002	DOEAM156	712175	10/01/2024	10/03/2024	27
						<u>\$112,652</u>

Cause:

GDOE lacks established internal control policies and procedures to disburse funds received from US Department of Education to the vendors on the same day the funds are deposited. The current Standard Operating Procedures (SOPs) do not effectively incorporate transitioned roles and responsibilities of the Third Party Fiduciary Agent (TPFA) for accountability to the specific conditions set by the US Department of Education, wherein management was not aware of this requirement.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-008, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.403 Consolidated Grant to the Outlying Area  
Area: Cash Management  
Questioned Costs: \$112,652

Effect:

GDOE is in noncompliance with applicable cash management requirements. The reportable questioned cost is \$112,652.

Recommendation:

GDOE should establish internal control policies and procedures over compliance with applicable cash management requirements, specifically, disbursing funds to the vendors on the same day the funds are deposited.

Views of Responsible Officials:

GDOE partially agrees with the finding and does not agree with the stated cause and provides details in its Corrective Action Plan.

Auditor Response:

FY24 (Amended) USEd Specific Conditions states that “Now that GDOE is managing its Department funds independently without TPFA oversight, GDOE must continue to fulfill the responsibilities that were previously performed by the TPFA.” The finding remains.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-009  
Federal Agency: U.S. Department of Education  
AL Program: 84.403 Consolidated Grant to the Outlying Area  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$6,918

Criteria:

2 CFR 200.319 states that:

(a) All procurement transactions under the Federal award must be conducted in a manner that provides full and open competition and is consistent with the standards of this section and 2 CFR 200.320.

(c) (6) Examples of situations that may restrict competition include specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement.

(d) (2) The recipient or subrecipient must have written procedures for procurement transactions. These procedures must ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the property, equipment, or service being procured. The description may include a statement of the qualitative nature of the property, equipment, or service to be procured. When necessary, the description must provide minimum essential characteristics and standards to which the property, equipment, or service must conform. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to clearly and accurately describe the technical requirements, a “brand name or equivalent” description of features may be used to provide procurement requirements. The specific features of the named brand must be clearly stated.

2 CFR 200.324(a) states that recipient or subrecipient must perform a cost or price analysis for every procurement transaction, including contract modifications, in excess of the simplified acquisition threshold.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-009, continued  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.403 Consolidated Grant to the Outlying Area  
 Area: Procurement and Suspension and Debarment  
 Questioned Costs: \$6,918

Conditions:

1. Of thirty-nine items, aggregating \$426,960 of \$4,195,502 of expenditures subjected to procurement test, deficiencies were noted, as follows:
  - a. For 1 item (or 3%), procurement did not provide full and open competition in the solicitation process. The request for quotation specified particular model, including a requirement for a specific “brand name” product instead of allowing “an equal” product to be offered.

<u>Item #</u>	<u>Federal Award No.</u>	<u>Purchase Order</u>	<u>Expenditures</u>	<u>Questioned Costs</u>
1	S403A220002	20240435	\$ <u>12,447</u>	\$ <u>6,918</u>

2. GDOE does not have procurement policies that meet the requirements of 2 CFR 200.318(a) and 2 CFR 200.324(a). Specifically, GDOE lacks documented procedures to ensure compliance with procurement transactions under a Federal award or subaward, requiring the performance and retention of cost price analysis for procurement transactions above the simplified acquisition threshold.

Cause:

GDOE did not enforce monitoring controls over compliance with applicable procurement requirements. Also, GDOE lacks adequate internal controls over periodic review of procurement policies, specifically, ensuring all required key provisions from the Compliance Supplement are included in the procurement policies.

Effect:

GDOE is in noncompliance with applicable procurement and suspension and debarment requirements. The reportable questioned cost is \$6,918. Also, we did not identify procurement of goods or services that would have required a cost price analysis.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-009, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.403 Consolidated Grant to the Outlying Area  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$6,918

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable procurement requirements. Also, GDOE should revisit its procurement policies and ensure all required provisions stated in the Compliance Supplement are covered.

Views of Responsible Officials:

GDOE disagrees with the finding and provides details in its Corrective Action Plan.

Auditor Response:

Solicitation or request for quotation indicated brand name and did not indicate that vendor could provide equivalent product. The finding remains.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-010  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.425 Education Stabilization Fund  
 ED Subprogram: 84.425X American Rescue Plan – Outlying Areas State  
 Educational Agency (ARP-OA-SEA)  
 Federal Award No.: S425X210003  
 Area: Equipment and Real Property Management  
 Questioned Costs: \$1,842

Criteria:

FY2024 U.S. Department of Education Special Conditions, paragraph (5) states that “GDOE must ensure that all tangible personal property procured under Department grants is managed in accordance with the requirements of 2 CFR 200.313(a) and (c)-(e) to ensure that such property is properly inventoried, maintained, and stored to prevent loss, damage, or theft of such property”.

2 CFR 200.313(d) states that regardless of whether equipment is acquired in part or its entirety under the Federal award, the recipient must manage equipment (including replacement equipment) utilizing procedures that meet the requirement of having property records that include a description of the property, a serial number or another identification number, the source of funding for the property (including the FAIN), the title holder, the acquisition date, the cost of the property, the percentage of the Federal agency contribution towards the original purchase, the location, use and condition of the property, and any disposition data including the date of disposal and sale price of the property.

Condition:

For one (or 3%) of forty items, aggregating \$84,774 of \$5,480,631 in total cost of assets subjected to equipment acquisition test, cost of asset was incorrectly recorded in the property records.

<u>Asset #</u>	<u>Description</u>	<u>Cost per Property Record</u>	<u>Cost per Invoice</u>	<u>Variance</u>	<u>Questioned Cost</u>
99813	APPLE A2696 10.9" IPAD	<u>\$1,842</u>	<u>\$533</u>	<u>\$1,309</u>	<u>\$1,842</u>

Guam Department of Education  
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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-010, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425X American Rescue Plan – Outlying Areas State  
Educational Agency (ARP-OA-SEA)  
Federal Award No.: S425X210003  
Area: Equipment and Real Property Management  
Questioned Costs: \$1,842

Cause:

Responsible personnel did not properly record the cost of the asset in the property records.

Effect:

GDOE is in noncompliance with applicable equipment and real property management requirements. Questioned cost is calculated as the value of the asset that was accumulated in the equipment listing and recorded as expenditure in the current fiscal year.

Recommendation:

Responsible personnel should ensure that asset information are accurately captured in the property records.

Views of Responsible Officials:

GDOE agrees with the finding and provides details in its Corrective Action Plan.

Guam Department of Education  
(A Line Agency of the Government of Guam)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-011  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425X American Rescue Plan – Outlying Areas State  
Educational Agency (ARP-OA-SEA)  
Federal Award No.: S425X210003  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$825,567

Criteria:

In accordance to the ARP-OA SEA Grant Conditions for Part A: Programmatic, Fiscal and Reporting Assurances to ARP-OA SEA Guam Department of Education, the Outlying Area State Educational Agencies (SEAs) must reserve not less than 20 percent of their ARP-OA SEA allocation to carry out, directly or through subgrants or contracts, activities to address the academic impact of lost instructional time by supporting the implementation of evidence-based interventions.

As issued in the Frequently Asked Questions for Outlying Areas Education Stabilization Fund and American Rescue Plan Programs for State Educational Agencies & Outlying Areas Education Stabilization Fund Governors Program issued by the U.S. Department of Education dated November 2021, answer A-4 states the following:

Use of ARP-OA SEA Funds to Address the Academic Impact of Lost Instructional Time. The SEA will use not less than 20 percent of its ARP-OA SEA allocation to carry out, directly or through subgrants to LEAs or through contracts, activities to address the academic impact of lost instructional time through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs, and ensure that such interventions respond to students' social, emotional, mental health, and academic needs and address the disproportionate impact of COVID-19 on underrepresented student subgroups (each major racial and ethnic group, economically disadvantaged students, children with disabilities, English learners, gender, migrant students), students experiencing homelessness, and children and youth in foster care, including by providing additional support to LEAs, as applicable, to fully address such impacts.

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-011, continued  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.425 Education Stabilization Fund  
 ED Subprogram: 84.425X American Rescue Plan – Outlying Areas State  
 Educational Agency (ARP-OA-SEA)  
 Federal Award No.: S425X210003  
 Area: Matching, Level of Effort, Earmarking  
 Questioned Costs: \$825,567

Criteria, continued:

*C-2. How may an Outlying Area use ESF-SEA, ESF-Governor, and ARP-OA SEA funds to support students who have lost instructional time due to the COVID-19 pandemic?* states the following:

ESF-SEA, ESF-Governor, and ARP-OA SEA funds may be used to provide a variety of activities and supports to help improve the achievement of students to address the impact of lost instructional time due to the COVID-19 pandemic. For example, funds may be used for costs associated with evidence-based approaches to accelerating learning, high-dose tutoring, leveraging technology to provide embedded assessment and differentiated instruction, diagnostic and curriculum-embedded assessments, and extending the school day or year to provide additional time for student learning, enrichment, and support. These costs may include *supplementing the salaries of educators* and other qualified personnel to perform additional services.

ESF-SEA, ESF-Governor, and ARP-OA SEA funds may be used to support the costs associated with hiring *additional* teachers and teacher aides to provide intensive support to students. These funds may further be used to *provide professional development* to educators on research-based strategies for meeting students’ academic, social, emotional, mental health, and college, career, and future readiness needs, including strategies to accelerate learning without remediation or tracking.

Conditions:

1. For thirty-eight (or 95%) of forty items, aggregating \$829,862 of \$55,435,193 in total expenditures used in earmarking calculation, deficiencies were noted, as follows:

<u>Item #</u>	<u>PO/ Other Reference</u>	<u>Description</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
1	ARP PP23	REGULAR SALARIES	\$ 10,884	\$ 10,884
2	ARP PP23	REGULAR SALARIES	5,457	5,457
3	ARP PP23	BENEFITS	9,034	9,034
4	ARP PP23	REGULAR SALARIES	48,336	48,336
5	ARP PP22	BENEFITS	50,687	50,687

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-011, continued  
 Federal Agency: U.S. Department of Education  
 AL Program: 84.425 Education Stabilization Fund  
 ED Subprogram: 84.425X American Rescue Plan – Outlying Areas State  
 Educational Agency (ARP-OA-SEA)  
 Federal Award No.: S425X210003  
 Area: Matching, Level of Effort, Earmarking  
 Questioned Costs: \$825,567

Conditions, continued:

<u>Item #</u>	<u>PO/ Other Reference</u>	<u>Description</u>	<u>Expense Amount</u>	<u>Questioned Cost</u>
6	ARP PP21	BENEFITS	29,593	29,593
7	ARP PP21	REGULAR SALARIES	95,785	95,785
8	ARP PP19	REGULAR SALARIES	12,955	12,955
9	ARP PP17	REGULAR SALARIES	70,074	70,074
10	ARP PP17	BENEFITS	1,152	1,152
11	ARP PP16	BENEFITS	1,226	1,226
12	ARP PP16	BENEFITS	56,740	56,740
13	ARP PP16	BENEFITS	1,132	1,132
14	ARP PP16	BENEFITS	9,973	9,973
15	ARP PP16	BENEFITS	12,100	12,100
16	ARP PP15	REGULAR SALARIES	1,794	1,794
17	ARP PP15	REGULAR SALARIES	103,677	103,677
18	ARP PP15	REGULAR SALARIES	61,981	61,981
19	ARP PP14	REGULAR SALARIES	135,654	135,654
20	ARP PP14	REGULAR SALARIES	3,209	3,209
21	ARP PP13	BENEFITS	1,262	1,262
22	ARP PP13	BENEFITS	15,804	15,804
23	ARP PP13	REGULAR SALARIES	70,081	70,081
24	ARP PP13	PART-TIME	219	219
25	SPC	BENEFITS	429	429
26	20240437	INSTRUCTIONAL	2,180	2,180
27	20241145	INSTRUCTIONAL	20	20
28	20240997	LIBRARY MATERIALS	940	940
29	20241458	INSTRUCTIONAL	6,481	6,481
30	20241425	LIBRARY MATERIALS	98	98
31	20241428	LIBRARY MATERIALS	72	72
32	20240756	INSTRUCTIONAL	226	226
33	20240824	INSTRUCTIONAL	2,894	2,894
34	20232899	ADMIN OFFICE SUPPLIES	64	64
35	20231916	SUPPLIES	44	44
36	20240723	INSTRUCTIONAL	130	130
37	20240410	INSTRUCTIONAL	2,564	2,564
38	20240377	INSTRUCTIONAL	616	616
			<u>\$825,567</u>	<u>\$825,567</u>

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-011, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425X American Rescue Plan – Outlying Areas State  
Educational Agency (ARP-OA-SEA)  
Federal Award No.: S425X210003  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$825,567

Conditions, continued:

Item #s 1 through 24 relate to the \$51 million instructor’s payroll expenses who have undergone training to implement accelerated learning in the classroom. There is no sufficient supporting documentation or evidence that the cost meets the activities stated in the criteria.

Item #s 25 through 38 relate to benefit, supplies or tools that assist teachers and instructional support staff with daily classroom instructions and library services. There is no sufficient supporting documentation or evidence that the cost meets the activities stated in the criteria.

2. GDOE did not meet the minimum 20% earmarking requirement of \$57,388,125, after considering the effect of the condition #1 above.

Cause:

GDOE incorrectly concluded that teachers that underwent training to implement accelerated learning in classrooms during regular hours to be an evidenced-based intervention to address the lost instructional time. Consequently, regular salaries and wages of those teachers are also incorrectly tagged as qualified expenditures that meet the earmarking requirement. Additionally, GDOE did not provide clear evidence that the non-payroll expenditures for supplies, tools, and materials purchased were aligned with an approved evidence-based intervention, including clear linkage to program objectives, intervention models, or measurable instructional outcomes.

Effect:

GDOE is in noncompliance with applicable earmarking requirement. The reportable questioned cost is \$825,567 based on the transactions examined in verifying the costs attributed to the earmarking requirement. At the error rate identified of 99.5% (known questioned cost divided by total cost of samples tested), we project that total qualified expenditures incurred by GDOE that meet the earmarking requirement is approximately \$302 thousand which is deficient by approximately \$57.09 million based on 20% of the grant of approximately \$287 million.

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-011, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425X American Rescue Plan – Outlying Areas State  
Educational Agency (ARP-OA-SEA)  
Federal Award No.: S425X210003  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$825,567

Recommendation:

Responsible personnel should verify that expenditures used in earmarking calculation meet the activities stated in the criteria. Furthermore, sufficient supporting documentation or evidence should be maintained to support that costs meet the activities stated in the criteria.

Views of Responsible Officials:

GDOE disagrees with the finding and provides details in its Corrective Action Plan.

Auditor Response:

There is no sufficient supporting documentation or evidence that costs meet the activities stated in the criteria. The finding remains.

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-012  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425A Education Stabilization Fund – State Educational Agency  
(Outlying Areas)  
Federal Award No.: S425A210003  
Area: Special Tests and Provisions - Wage Rate Requirements  
Questioned Costs: \$45,750

Criteria:

29 CFR sections 5.5 and 5.6 requires nonfederal entities to include in their construction contracts subject to the Wage Rate Requirements (the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Condition:

For 1 (or 33%) of the 3 construction contracts subjected to the Wage Rate Requirements test, there was no executed construction contract between GDOE and the contractor, consequently, certified payrolls were not submitted to GDOE. Total expenditure charged to the program related to the construction project with the contractor (vendor ID 80757) is \$45,750.

Cause:

GDOE incorrectly utilized the small purchase procurement upon solicitation (i.e., regular purchase order, instead of executing a contract).

Effect:

GDOE is in noncompliance with applicable special tests and provisions - wage rate requirements. The reportable questioned cost is \$45,750.

Recommendation:

Responsible personnel should enforce monitoring controls over compliance with applicable special tests and provisions - wage rate requirements.

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-012, continued  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425A Education Stabilization Fund – State Educational Agency  
(Outlying Areas)  
Federal Award No.: S425A210003  
Area: Special Tests and Provisions - Wage Rate Requirements  
Questioned Costs: \$45,750

Views of Responsible Officials:

GDOE agrees with the finding and provides details in its Corrective Action Plan.



**DEPARTMENT OF EDUCATION  
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**K. ERIK SWANSON PH. D**  
Superintendent of Education

Guam Department of Education  
Corrective Action Plan  
Year Ended September 30, 2024

Finding No.: 2024-001  
Area: Federal Grants Assistance Fund and SEFA Preparation

Views of Auditee and Corrective Actions:

GDOE disagrees with the stated cause that the Financial Affairs Division lacks qualified and trained personnel to maintain and reconcile federal grants assistance fund accounts or to prepare the Schedule of Expenditures of Federal Awards (SEFA).

The conditions identified were primarily the result of timing constraints, the volume and complexity of federal funding activity, and significant transitional operational challenges during the reporting period, rather than deficiencies in staff qualification or competency. These challenges were compounded by limited staffing levels and organizational transitions. Additionally, the sudden loss of a DFAS and Comptroller in FY 2024 and the gap in filling the position contributed to ongoing delays in properly reconciling financial trial balances and SEFA and SEFRAD.

Despite these constraints, the office continued to meet its core operational and reporting responsibilities. Financial Affairs Division worked collaboratively with Internal Audit and external auditors to reconcile balances, record necessary adjustments, and finalize the SEFA. These actions demonstrate the office's ability to identify, analyze, and resolve complex accounting matters in accordance with applicable requirements.

**Plan of action and completion date:**

The Financial Affairs Division will continue to strengthen documentation standards, reconciliation procedures, and review controls to enhance the timeliness and consistency of federal reporting in future reporting cycles. Corrective actions will be implemented no later than September 30, 2026.

**Plan to monitor and responsible officials:**

The Deputy Superintendent of Finance and Administrative Services (DFAS) and the Comptroller will monitor the timeliness and consistency of reconciliation to ensure accuracy and meeting audit deadlines.

Finding No.: 2024-002  
Area: Financial Statement Close Process

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Views of Auditee and Corrective Actions:

GDOE disagrees with the stated cause that the Financial Affairs Division lacks qualified and trained personnel to monitor and review the accuracy and completeness of recorded transactions during the year-end closing process.

The conditions identified were primarily the result of the complexity and timing of GASB-related reporting requirements, reliance on actuarial valuations and allocation schedules provided by external parties, and the timing of information received from other Government of Guam entities. These factors required post-closing analysis and adjustments once complete and reliable data became available and do not reflect deficiencies in staff qualification or competency.

**Plan of action and completion date:**

GDOE acknowledges the importance of strengthening the year-end close review process and is taking steps to formalize closing timelines, enhance review checklists, and improve coordination with external data providers to support more timely identification and recording of year-end adjustments. GDOE remains committed to continuous improvement of the financial statement close process to enhance accuracy, completeness, and timeliness in future reporting periods. Corrective actions will be implemented no later than September 30, 2026.

**Plan to monitor and responsible officials:**

The DFAS and the Comptroller will ensure the timeliness of the fiscal year end close process in line with Guam statutes and contract deadlines.

Finding No.: 2024-003  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.555 Child Nutrition Cluster  
Federal Award No.: 7GU300GUB  
Area: Eligibility  
Questioned Costs: \$0

Views of Auditee and Corrective Actions:

GDOE agrees with the finding.

**Plan of action and completion date:**

The Food and Nutrition Services Management Division (FNSMD) will implement an internal calendar reminder to ensure timely notification to School Districts and the annual upload of district-wide eligibility information for the Community Eligibility Provision (CEP) to the FNSMD and GDOE websites. Additionally, FNSMD will implement an internal process to conduct the Direct Certification Matching activity to determine student eligibility for free school meals (Lunch/Breakfast). This process will include matching student data with lists from the Department of Public Health & Social Services (DPHSS) for SNAP (Food Stamps), TANF, FDPIR, Medicaid, Foster Care, Homelessness, or Migrant status. All Direct Certification Matching activities will be completed by April 1st of each year.

**Plan to monitor and responsible officials:**

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The FNSMD Administrator, Anthony S. Monforte, and FNSMD Program Coordinator, Franklin J. Cruz, will be responsible for implementation and ongoing execution of corrective actions. Corrective actions will be implemented by March 31, 2026.

Finding No.: 2024-004  
Federal Agency: U.S. Department of Agriculture  
AL Program: 10.555 Child Nutrition Cluster  
Federal Award No.: 7GU300GUB, 7GU320GU3, 237GUGU3N8903  
Area: Reporting  
Questioned Costs: \$0

Views of Auditee and Corrective Actions:

GDOE agrees with the finding. Due to delays in processing draw requests for CNP federal reimbursement programs, discrepancies arose between expenditures (draw requests) and outlays (draws completed), resulting in differences in data with program outlays reported to USDA FNS.

**Plan of action and completion date:**

The FNSMD has increased staffing within the Financial Management of Child Nutrition Programs to ensure fiscal activities are monitored and that all required financial reports are submitted to USDA FNS in accordance with established deadlines. FNSMD will develop and implement internal controls and procedures for financial reporting, including processes to manage, reconcile, prepare, and post the required fiscal reports with appropriate supporting documentation.

FNSMD will also establish and implement internal controls to improve the claims reimbursement process prior to transmittal to the GDOE Business Office. These controls will include procedures to follow up on and confirm draws/payments to ensure timely reimbursement. In addition, FNSMD will conduct quarterly reconciliations of program expenditures, including a review of source documentation (monthly claims for reimbursement, reimbursement calculation summaries, requests/confirmations of reimbursement draws, and processing of reimbursements), to ensure accuracy.

**Plan to monitor and responsible officials:**

The FNSMD Administrator, Anthony S. Monforte, and FNSMD Program Coordinator, Franklin J. Cruz, will be responsible for implementation and ongoing execution of corrective actions. Corrective actions will be implemented by March 31, 2026.

Finding No.: 2024-005  
Federal Agency: U.S. Department of Education  
AL Program: 84.027 Special Education Grants to States  
Area: Equipment and Real Property Management  
Questioned Costs: \$1,391

Views of Auditee and Corrective Actions:

GDOE disagrees with the finding. During the audit fieldwork, the cited assets were in various stages of formal loss reporting, with police reports pending at that time. As of this response, all

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Year Ended September 30, 2024

certificates of loss and corresponding police reports have been completed and finalized in accordance with GDOE SOP 200-015. The condition noted during audit testing was due to the timing of the audit coinciding with ongoing administrative processing and does not indicate a breakdown in internal controls or safeguarding responsibilities. Of the assets cited, one was recovered, and certificates of loss were completed for the remaining four assets, ensuring proper documentation and compliance with established procedures.

Finding No.: 2024-006  
Federal Agency: U.S. Department of Education  
AL Program: 84.027 Special Education Grants to States  
Area: Period of Performance  
Questioned Costs: \$39,665

Views of Auditee and Corrective Actions:

The Division of Special Education is currently reviewing the details of the finding in order to provide an adequate response and corrective action plan.

Finding No.: 2024-007  
Federal Agency: U.S. Department of Education  
AL Program: 84.027 Special Education Grants to States  
Federal Award No.: H027A220013, H027A230013  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$0

Views of Auditee and Corrective Actions:

GDOE disagrees with the finding. Auditors cited the lack of procurement policies that meet 2 CFR 200.324(a), but did not find any evidence that GDOE did not comply with procurement regulations.

Finding No.: 2024-008  
Federal Agency: U.S. Department of Education  
AL Program: 84.403 Consolidated Grant to the Outlying Area  
Area: Cash Management  
Questioned Costs: \$112,652

Views of Auditee and Corrective Actions:

GDOE partially agrees with the condition identified; however, GDOE does not agree with the stated cause that the Financial Affairs Division lacks established internal control policies and procedures to disburse funds received from the U.S. Department of Education on the same day the funds are deposited.

The 24-hour payment to vendor requirement was a responsibility for the Third-Party Fiduciary Agent (TPFA). That specific condition was removed with the removal of the TPFA. The reference is no longer valid in the post TPFA environment. USEd's Risk Management Services Division acknowledged and stated it would update the specific conditions to reflect the correct process.

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Year Ended September 30, 2024

Notwithstanding this, GDOE is committed to processing vendor payments, when possible, within 24 hours, understanding the timing differences are influenced by operational and banking processing factors, including confirmation of fund receipt, internal review requirements, and payment processing timelines.

**Plan of action and completion date:**

GDOE acknowledges the importance of timely vendor payments and compliance with applicable cash management requirements. In response, the Financial Affairs Division is reviewing and updating standard operating procedures to more clearly incorporate the transitioned TPFA responsibilities, define roles and timelines, and strengthen monitoring controls under the current operating structure. GDOE remains committed to improving cash management processes to enhance compliance and consistency in future periods. We will now make vendor payments as soon as we see that the funds are "pending" in our bank accounts and not wait for those funds to be fully approved and deposited into our accounts.

**Plan to monitor and responsible officials:**

The DFAS and the Comptroller will ensure all payments are processed in a timely manner.

Finding No.: 2024-009  
Federal Agency: U.S. Department of Education  
AL Program: 84.403 Consolidated Grant to the Outlying Areas  
Area: Procurement and Suspension and Debarment  
Questioned Costs: \$6,918

Views of Auditee and Corrective Actions:

GDOE disagrees with the finding. GDOE does allow for vendors to provide quotes for brand name or equal products. In this case, the substitute product offered was not equal to the product GDOE was soliciting. The end user provided justification that the substitute product did not meet the needs or specifications requested.

Finding No.: 2024-010  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425X American Rescue Plan - Outlying Areas State Educational Agency (ARP-OA-SEA)  
Federal Award No.: S425X210003  
Area: Equipment and Real Property  
Questioned Costs: \$1,842

Views of Auditee and Corrective Actions:

GDOE agrees with the finding. The audit identified one asset for which the acquisition cost recorded in the property records did not match the vendor invoice amount. The discrepancy was attributed to a data entry error during the initial recording of the asset.

**Plan of action and completion date:**

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Year Ended September 30, 2024

The asset record has been corrected in Munis, the asset system of record, to accurately reflect the correct acquisition cost based on the vendor invoice and supporting documentation.

**Plan to monitor and responsible officials:**

The GDOE Property Management Office will continue to conduct periodic internal reviews of newly recorded assets to ensure that acquisition costs entered into Munis align with vendor invoices and receiving documentation prior to final posting. Any discrepancies identified will be promptly corrected and documented as part of routine compliance monitoring. The Inventory Management Officer, Maribeth Benavente, and Property Control Officers will be responsible for ensuring accurate asset records are maintained. Corrective action for this finding was completed as of December 28, 2025.

Finding No.: 2024-011  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425X American Rescue Plan - Outlying Areas State Educational Agency (ARP-OA-SEA)  
Federal Award No.: S425X210003  
Area: Matching, Level of Effort, Earmarking  
Questioned Costs: \$825,567

Views of Auditee and Corrective Actions:

GDOE disagrees with the finding. GDOE maintains that the implementation of the evidence-based instructional strategies by educators satisfies the 20% requirement, as approved by the USEd Outlying Areas team. The training documentation submitted to the USEd Outlying Areas team and to auditors was provided as supplemental information to demonstrate that educators were adequately prepared to implement these strategies in the classroom as part of efforts to address the academic impact of lost instructional time.

Additionally, all supplies, materials, and resources procured for schools were necessary to support the effective implementation of evidence-based strategies during instructional and supplemental instructional activities.

To resolve this finding, GDOE will work with the granting agency to obtain a Program Determination Letter outlining the specific deficiencies noted in the audit finding relative to the 20% requirement and seek USEd's concurrence to previous program office approvals to transfer ARP remaining balances to local teacher pay.

Finding No.: 2024-012  
Federal Agency: U.S. Department of Education  
AL Program: 84.425 Education Stabilization Fund  
ED Subprogram: 84.425 Education Stabilization Fund – State Educational Agency (Outlying Areas) (ESF-SEA)  
Federal Award No.: S425A210003  
Area: Special Tests and Provisions - Wage Rate Requirements  
Questioned Costs: \$45,750

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Views of Auditee and Corrective Actions:

GDOE agrees with the finding. While GDOE established the proper SOPs and internal controls to ensure compliance with law, GDOE acknowledges that this sample, where the wage requirements were not included, was an administrative oversight. Further review into other samples do indicate compliance to this special test provision for wage requirement.

**Plan of action and completion date:**

As indicated, GDOE already established the proper internal controls to address the deficiency noted in this finding.

**Plan to monitor and responsible officials:**

The Supply Management Administrator, Carmen Charfauros, will ensure that all construction contracts are properly executed to ensure that wage rate requirements are required from vendors.



**K. ERIK SWANSON PH.D**  
Superintendent of Education

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**FRANKLIN  
COOPER-NURSE**  
Chief Auditor

**Summary Schedule of Prior Audit Findings and Questioned Costs  
Year Ended September 30, 2024**

Finding Number	Assistance Listing Number	Area	Questioned Cost	Status
2020 -001	15.875	Equipment and Real Property Management  Capital Assets	\$ -	The finding does not warrant further action as (a) more than two years have passed since the audit report in which the findings occurred was submitted to the Federal Audit Clearinghouse, (b) the Federal Agency is not currently following up on the audit finding, and (c) a management decision was not issued.
2020 -001	93.600	Equipment and Real Property Management  Capital Assets	\$ -	The finding does not warrant further action as (a) more than two years have passed since the audit report in which the findings occurred was submitted to the Federal Audit Clearinghouse, (b) the Federal Agency is not currently following up on the audit finding, and (c) a management decision was not issued.
2020 -002	-	Unrecorded Expenditures	\$ -	The finding does not warrant further action as (a) more than two years have passed since the audit report in which the findings occurred was submitted to the Federal Audit Clearinghouse, (b) the Federal Agency is not currently following up on the audit finding, and (c) a management decision was not issued.
2021-001	-	Unrecorded Expenditures	\$ -	Corrective action ongoing.  GDOE transitioned off the TPFA system as of April 2023 and is only transacting on the GDOE system.
2021-002	-	Stale-dated checks	\$ -	Corrective actions are in progress and are partially implemented.
2021-003	84.425X	Activities Allowed or Unallowed	\$1,342,420	Pending Program Determination Letter from U.S. Department of Education.
2021-004	84.425A	Allowable Costs/Cost Principles	\$17,131	Corrective action ongoing. GDOE did not seek reimbursement of expenditures for overtime to exempt employees from ED. The GDOE Internal Audit Office provided the results of their review for management's disposition. Further, the Office of Public Accountability's conducted an investigative audit requiring corrective actions for noted deficiencies to include recovery of funds..
2022-001	-	Federal Grants Fund Receivables, Revenues, Expenditures	\$ -	Corrective Action ongoing.

		and Accounts Payable		
2022-002	-	Financial Statement Close Process	\$ -	Corrective Action ongoing.
2022-003	-	Loss Contingencies	\$ -	Corrective Action ongoing.
2022-004	84.027	Period of Performance	\$ 1,835	Pending Program Determination Letter from U.S. Department of Education.
2022-005	84.027	Procurement and Suspension and Debarment	\$ -	Pending Program Determination Letter from U.S. Department of Education.
2022-006	84.181	Period of Performance	\$ -	Pending Program Determination Letter from U.S. Department of Education.
2022-007	84.181	Procurement and Suspension and Debarment	\$ -	Pending Program Determination Letter from U.S. Department of Education.
2022-008	84.403	Procurement and Suspension and Debarment	\$ -	Pending Program Determination Letter from U.S. Department of Education.
2022-009	84.425	Activities Allowed or Unallowed	\$ -	Pending Program Determination Letter from U.S. Department of Education.
2022-010	84.425A	Matching, Level of Effort, Earmarking	\$ -	Pending Program Determination Letter from U.S. Department of Education.
2023-001	-	Federal Grants Fund Receivables, Revenues, Expenditures and Accounts Payable	\$ -	Unresolved.
2023-002	-	Financial Statement Close	\$ -	Unresolved.
2023-003	-	Budget	\$ -	Unresolved.
2023-004	10.555	Eligibility	\$ -	Unresolved.
2023-005	10.555	Procurement and Suspension and Debarment	\$ -	Unresolved.
2023-006	10.555	Reporting	\$ -	Unresolved.
2023-007	15.875	Period of Performance	\$ 113,767	Unresolved.

2023-008	15.875	Procurement and Suspension and Debarment	\$ -	Unresolved.
2023-009	84.027	Period of Performance	\$80,983	Unresolved.
2023-010	84.027	Procurement and Suspension and Debarment	\$ -	Unresolved.
2023-011	84.403	Period of Performance	\$11,004	Unresolved.
2023-012	84.403	Procurement and Suspension and Debarment	\$ -	Unresolved.
2023-013	84.403	Reporting	\$ -	Unresolved.
2023-014	84.425	Allowable Costs/Cost Principles	\$378,118	Unresolved.
2023-015	84.425	Matching, Level of Effort, Earmarking	\$ -	Unresolved.
2023-016	84.425	Reporting	\$ -	Unresolved.