



Financial Highlights Government of Guam Compliance Audit Fiscal Year 2024

April 27, 2026

The Government of Guam (GovGuam) Fiscal Year (FY) 2024 compliance audit identified widespread issues across major federal programs, primarily driven by missing documentation and weak oversight controls. The auditors issued disclaimer opinions on five major federal programs, meaning the Government could not demonstrate whether funds were used in compliance with federal requirements due to insufficient documentation. Additional programs received qualified opinions. Questioned costs totaled approximately \$22.6 million (M); however, for several findings, questioned costs could not be determined due to incomplete records.

Over the past four fiscal years, the compliance audit has been issued with increasing delay, from approximately 20 days late in FY 2021 to 298 days late in FY 2024, while the number of findings and questioned costs has also increased, indicating persistent challenges in financial management and oversight.

Audit Opinion

For FY 2024, GovGuam received a disclaimer of opinion on five major federal programs. A disclaimer does not indicate misuse of funds but reflects insufficient records and support to demonstrate compliance. In practical terms, this means:

- Some federal funds could not be fully verified, and
- Oversight systems were not consistently able to demonstrate accountability due to gaps in documentation, monitoring, and record retention.

Across findings, the most consistent issue was not isolated errors, but the Government's inability to consistently demonstrate compliance due to incomplete or unsupported records. These issues recur across multiple programs in how federal funds are documented, monitored, and reported. When agencies cannot demonstrate compliance:

- Decision-makers lack reliable information.
- Public confidence in financial stewardship may be weakened.

Continued weaknesses may affect GovGuam's ability to demonstrate compliance with federal requirements. These results underscore the need for stronger, coordinated oversight to ensure federal funds are properly tracked, supported, and accounted for. These conditions also affect the reliability and timeliness of financial information used for decision-making and oversight.

Key Compliance Risks

Across findings, the most consistent issue was the inability to demonstrate compliance due to missing, incomplete, or unsupported records, with the Department of Administration (DOA) have the most findings

and questioned costs, followed by the Department of Public Health and Social Services (DPHSS). See Table 1.

Table 1: FY 2024 Findings and Questioned Costs by Agency

| Agency | Questioned Costs in Millions (M) | Total # of Findings | # of Findings with Questioned Costs | # of Findings with Undeterminable Questioned Costs | # of Repeat Findings |
|-------------------------------------|----------------------------------|---------------------|-------------------------------------|--|----------------------|
| DOA | \$ 11.8 | 31 | 25 | 6 | 12 |
| DPHSS | \$ 10.8 | 10 | 8 | 2 | 1 |
| Department of Labor | \$ 0.02 | 1 | 1 | 0 | 0 |
| Bureau of Budget Mgmt. and Research | \$ - | 6 | 2 | 4 | 4 |
| Guam Homeland Security | \$ - | 4 | 1 | 3 | 0 |
| Guam Env. Protection Agency | \$ - | 1 | 0 | 1 | 1 |
| Grand Total | \$22.6 | 53 | 37 | 16 | 18 |

Documentation and Oversight

Agencies frequently could not provide complete records needed to support compliance.

- Inability to provide full populations for testing.
- Records unavailable due to system or retention issues.

When documentation is insufficient, compliance cannot be consistently confirmed based on available documentation.

Cash Management and Reconciliation

Controls over how federal funds are drawn and tracked were inconsistent.

- Costs were not always supported before reimbursement.
- Drawdowns were not consistently reconciled.

These gaps increase the risk of improper use of federal funds and inaccurate reporting.

Eligibility and Program Administration

Weaknesses were identified in determining who qualifies for federally funded benefits.

- Income and household verification.
- Citizenship or eligibility determination.
- Timeliness of eligibility decisions.

In some cases, eligibility could not be verified, resulting in questioned costs.

Procurement and Compliance Controls

Procurement records were often incomplete, including missing files, required checks, and cost analyses. As a result, compliance with federal requirements could not always be verified.

Monitoring and Internal Controls

Routine monitoring controls were not consistently effective. In several instances, issues were identified only during audit testing rather than through agency oversight.

Recurring Issues

Eighteen of the 53 findings were repeat findings from prior years, indicating that corrective actions were not consistently implemented or sustained. Specifically, in:

- Documentation practices.
- Monitoring controls.
- Reporting and financial processes.

These recurring patterns suggest that underlying control weaknesses are systemic rather than isolated to individual programs.

Audit Issuance Continues to be Delayed

Although this audit covers FY 2024, it is being issued nine (9) months after the statutory deadline of June 2025. Based on the past four fiscal years, the trend shows increasing delays in audit issuance, an increasing number of audit findings, and consistently high questioned costs indicating ongoing challenges in financial management and oversight. This trend indicates underlying financial management and compliance issues have persisted without full resolution. The table below summarizes the trend in audit timing, findings, and questioned costs over the past four fiscal years. See Table 2.

Table 2: FY 2021 to FY 2024 Compliance Audit Trends

| Fiscal Year | Statutory Deadline | Date Issued | Number of Days Late | Number of Months Late | Number of Findings | Questioned Costs in Millions (M) |
|-------------|--------------------|-------------------|---------------------|-----------------------|--------------------|----------------------------------|
| FY 2021 | June 30, 2022 | July 20, 2022 | 20 | 1 | 30 | \$ 41.7 |
| FY 2022 | June 30, 2023 | November 21, 2023 | 144 | 5 | 33 | \$ 11.2 |
| FY 2023 | June 30, 2024 | February 13, 2025 | 228 | 7 | 34 | \$ 15.5 |
| FY 2024 | June 30, 2025 | April 24, 2026 | 298 | 10 | 53 | \$ 22.6 |

DOA Response to Audit Timeliness

GovGuam, like many U.S. territories and some states, has experienced considerable delays in completing audits in a timely manner. DOA cited the following factors contributing to delays:

- Limited availability of qualified and experienced accountants across the Government and auditors.
- Increased federal funding, which in turn has increased the work needed to prepare, audit, and resolve the work needed to complete the federal compliance report required under the Single Audit Act.
- Late completion of audits for component units, including the FY 2024 Guam Department of Education audit.

GovGuam has received some assistance from the U.S. Department of Interior (DOI) to improve audit timeliness since it is the cognizant federal agency for the U.S. territories, except Puerto Rico. DOI is responsible to other federal grantor agencies for audit quality and timeliness. GovGuam, Ernst & Young, and DOI have initiated discussions to improve audit quality and timeliness.

Management Letter Comments

The management letter highlights underlying financial management issues, including:

- Weak financial closing and reconciliation processes.

- Long-standing unresolved balances and unrecorded liabilities.
- Inconsistent application of accounting standards.
- Reporting differences between submitted reports and accounting records.
- Gaps in procurement, grant tracking, and cash management policies.

These conditions indicate that system-level improvements are needed to strengthen consistency in documentation, monitoring, and reporting across programs.

For more details, please refer to the Reports on Compliance and Management Letter at <https://www.guamopa.org>.